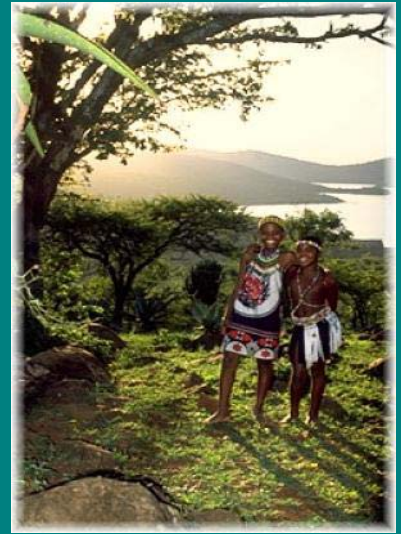
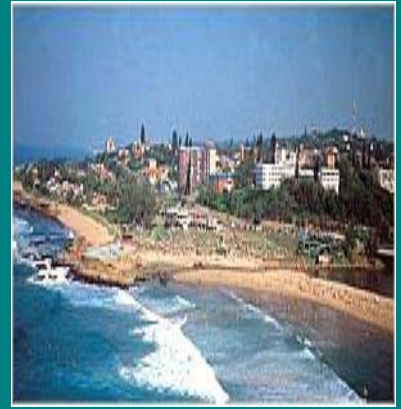


Ugu District Regional Management Business Plan



November 2006

*Bridging the Gap with the Private Sector
Improving Implementation of Integrated
Development Plans in Ugu.*



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Ugu Regional Management Business Plan

7 November 2006

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Photo Source: Kwazulu Natal Tourism website

UGU DISTRICT MUNICIPALITY REGIONAL MANAGEMENT BUSINESS PLAN

CHAPTER 1 INTRODUCTION

Ugu District Municipality has set an ambitious vision for the district that *“By 2009 Ugu will have developed sustainable agriculture, tourism, and commerce with balanced infrastructure and social amenities. Its people will be empowered through education, skills development, good health and safety. There will be sufficient water services and land for development, investors and settlement. The imbalances of the past, gender equity, and the needs of the youth, the elderly and people with disabilities will have been seriously addressed.”*

The municipality has set an ambitious vision and recognises that the achievement of this will require the deployment of considerable financial, human, infrastructural and other related resources, both from the public as well as from the private sectors. The municipality is in the process of preparing a wide range of strategies and plans¹, dealing with infrastructural, urban and rural, social and economic development in the district. Of these, the implementation of economic development strategies depends to a large extent on the involvement and investment of the private sector. However, the private sector has not responded to the economic opportunities identified by the municipalities in a significant manner or at best have responded in a manner not in concert with broader developmental objectives of significant job creation, broad based economic empowerment, human resource development, poverty reduction and sustainable growth.

The current approach of merely including development proposals in the IDPs and proceeding with public investment, hoping that the private sector will respond, is not producing the desired results. Bridging the gap between the public and private sector requires therefore the exploration and application of new, innovative and creative growth management tools and mechanisms, in addition to conventional methods and *Regional Management* offer one such opportunity.

Regional Management focusing on the identification of key interventions required to unlock the investment and other resources of the private sector through public-private partnerships. Regional Management concentrates on immediate actions to stimulate the implementation of programmes and projects that are being pursued by the private sector. Although these may not be included in current IDP's, they must, however, respond to the district's development objectives. Ugu District Municipality has explored the concept of Regional Management over the last few years and the purpose of this document is to set out a Business Plan for the implementation of this management tool.

¹ See Section 3.1: Analysis and Assessment of Ugu Development Context.

CHAPTER 2 REGIONAL MANAGEMENT PURPOSE

2.1 ORIGIN AND CHARACTERISTICS OF REGIONAL MANAGEMENT

Origin

The need for regional management arose in Europe in the 1970's as a result of concerns that planning was not being translated into implementation. The establishment of the European Economic Union (EEU) necessitated the need for more localised interventions and regional management was introduced as a measure to promote the interest of rural peripheral areas. Regional management also emerge in the context of regions with disparate and independent municipalities and where economic development was identified as a key goal.

Municipalities countrywide, including Ugu District Municipality, are challenged to be more developmental orientated and this is advocated through the Constitution, legislation such as the White Paper for Local Government; the Municipal Systems Act, Municipal Structures Act; Municipal Demarcation Act as well as through regular presidential and ministerial parliamentary addresses and public statements.

A key priority of developmental local government is to ensure that efficient and effective management and operating systems and structures are put into place municipal wide, to improve service delivery, in particular in poor areas. In addition is the need to create an environment that is more conducive to economic and associated social development. These objectives are generally identified and detailed by interventive projects and programmes by municipalities in their Integrated Development Plans (IDP's). Thus, in most municipalities IDP's forms the foundation for the prioritisation of infrastructure projects, access to services, and opportunities for economic promotion.

However, in spite of significant progress with housing related infrastructural developments, many municipalities have been influenced economic investment in a manner that deals with its broader social development objectives. Some areas have also not attracted significant private investment in comparison with competing municipalities. Investment patterns in coastal municipalities vs largely rural municipalities is a case in point. This is where there is potential exists to apply the concept of regional management to assist an area to achieve its economic development objectives.

Regions, Regional Planning vs Regional Management

Regions can be defined in many ways and may be viewed as economic regions; infrastructural regions; eco or bioregions, cultural regions; administrative or even political regions. Regional planning in the classical sense, has been primarily concerned with unemployment, inequality and poverty. Policies and strategies have therefore typically been aimed at development of lagging parts of a region, issues pertaining to settlement pattern and core-periphery relationships, human resource and social development, broader environmental and sustainable resource utilisation issues as well as the development of the regional economy.

Districts in the RSA context are sufficiently large in extent to be classified as regions as they incorporate a collection of smaller municipalities, a number of towns, natural systems, extensive infrastructural network and a significant population. Although Ugu District is in essence a political and administrative region, it also functions as entity in terms of its geography and infrastructural systems. Its regional administrative role is also achieved through its incorporation of six local municipalities, covering a large area of approximately 5 866 km². The scale of districts in South Africa, calls for the conceptualisation and challenges and possible interventions as a regional level, and *regional planning* provides an appropriate point of departure.

Although regional management coincides with regional planning in terms of analysis an intervention at a regional scale, it differs in that regional management emphasises the need for implementation and ongoing immediate interventions, without necessarily concluding on regional planning *per se*. Regional Management can therefore be described as tool for the implementation of regional planning objectives.

Characteristics of Regional Management

Regional Management is a relatively new concept to local government in RSA, but elsewhere where it has been applied it has displayed the following characteristics:

- It focuses on the regional, rather than local, scale.
- It aims to mobilise the inherent development potential of a region.
- It strives towards achieving common objectives, regional awareness and regional identity.
- It is based in public-private based partnerships
- It relies on the presents of well-established networks between role players and high levels of cooperation and collaboration.
- It is primarily concern with coordinating and facilitating implementation of project and programmes, within the context of the regions overall development objectives and strategies
- It is based on sustainable development and should incorporate all four dimensions of sustainability. This means that it should aim to achieve a balance between economic,

ecological, and social objectives, within the context achieving to sustain livelihoods and decreases inequity and poverty.

Regional management in the European context is concerned with virtually all aspects of social, economic and environmental development. Given, the focus in South Africa on IDPs and current initiatives on building institutional capacity to provide bulk infrastructure, housing and social services through various government agencies, the emphasis on regional management in districts such as Ugu, should be primarily on *economic development*.

It is not the objective of a regional management entity to necessarily have direct control of significant financial, human and other resources. It should rather be in an influential position to able to activate these resources through its relationships and agreements with key (private sector) role players in the region. Private sector in this context does not only refer to large established business, but also include emerging SMMEs and historically disadvantaged entrepreneurs.

2.2 UGU DISTRICT PREVIOUS INVOLVEMENT WITH REGIONAL MANAGEMENT

South African officials (including Ugu Officials) were exposed to the practical ideas of regional management during an Intergovernmental Planning Study Tour to Germany in September 2002. It was decided to investigate the potential of utilising regional management for the development of rural areas and specifically at a district level. A follow-up visitation was hereafter undertaken to Germany in the period 4-21 October 2003 (GTZ², 2003). This included visits to a number of areas where regional management have been initiated, such as Regina GmbH in Neumarkt County, Free State of Bavaria as well as “Waldviertel Management” in Austria. The findings of this study tour are captured in a separate report.

Regional management pilot study areas were identified in the RSA and visitations were undertaken during 2-29 June 2004 to Ugu District Municipality in Kwazulu- Natal (KZN). A GTZ delegation was hosted by the Mayor Cllr M B Khawula; the Deputy Mayor, Cllr B Cele; the Municipal Manager Mr K E Mpungose; the heads of departments as well as by Khetha Zulu, the PIMS Manager.

Ugu District Municipality organised a number of meetings with key role players within the region. Meetings were held with Illova Sugar Mill, Coca Cola factory, Natal Portlands Cement (NPC) and Paddock Tea Producers. Other organisations engaged include Oribi Gorge Resort, the Kwazulu-Natal Manufacturing Advisory Centre (KZNmac) as well as the Hibiscus Coast Development Agency. The Multi-Purpose Centre (MPC) in Vulamehlo Municipality was also visited.

² GTZ – German Technical Support Agency.

The engagement with all of the key businesses highlighted the potential to use regional management as a tool in the Ugu District. Meetings with the CEO's and directors of businesses over a two-day period provided insights into their intended business development plans as well as the implications for current and future employment and other economic opportunities. The interactions also provided indications on how the municipality could play a facilitative and proactive role in economic development and employment creation in the district.

Regional management is based on intervening in issues that are current. The above case studies were considered more than two years ago and events would have changed since then. New and currently relevant interventions should therefore be identified – but the above suggest key starting points and provide typical examples of the activities that should be given priority. Reviewing these actions and situation should be the first task for the driver of regional management.

2.3 PURPOSE OF BUSINESS PLAN: BRIEF AND PROJECT OBJECTIVES

Ugu District Municipality appointed MCA as service providers to prepare Business Plan for Regional Management for Ugu District Municipality. Funding for this project was obtained from the Gijima KZN LED Business Enabling Fund.

Overall Project Objectives

The overall aim of the project is to develop a Business Plan that could be used to develop Regional Management as an economic growth and development implementation tool for the Ugu District.

Specific Project Objectives

The specific project objectives are as following:

- To explore and develop Regional Management as a unique approach to the implementation of IDP goals and objectives, in the Ugu District, thereby improving economic development and social equity and contributing to the achievement of the priorities and goals of national and provincial government.
- To create opportunities to be exposed to the practice of Regional Management in selected overseas case studies with the intention of using experience gained from this exposure in the Ugu region.
- To create a platform to share ideas and experiences amongst participants as well as with other districts in KwaZulu-Natal and further afield.

Expected Project Activities and Outcomes

The envisaged project activities and outcomes are as follows:

- *Desktop Research and Analysis of Regional Management:* This included a review of the economic development challenges in Ugo and an assessment of the role of the district and local IDPs in this regard. The level of participation of the private sector in the economy and the degree to which the district development objectives are being addressed, was also assessed.
- *Primary Research and Interviews:* The analytical method used included literature research and selective case studies on Regional Management in order to identify best practice and lessons that could be applied to Ugu District. The case study research was conducted through interviews and bilateral meetings with key role players within the Ugo District in order to determine the possible level of support and eagerness to participate in Regional Management.
- *Seminars and Workshops:* This included organising and hosting seminars and workshops and in order to discuss ways and means to implement Regional Management within the context of Ugo District Municipality.
- *Case Study Visitations and Lessons:* The purpose of case visitations was to obtain first hand experiences of Regional Management in selected case overseas studies and includes the City of Curitiba; Parana State and City of Rio de Janeiro, all located in Brazil.
- *Formulation of Regional Management Business Plan:* This focussed on development of the Business Plan was aimed at generating mechanisms to devise and implement proposals and recommendations emanating from the research, discussions and lessons. These are specific to Ugo District but components of it will be applicable to other districts in KZN. Key components include the process of analysis and assessment of the development context; scanning and consultations; use of case studies; process of selection; possible methods of intervention.
- *Identification of Programmes and Projects and Appraisal:* This focused on specific initiatives aimed at implementing Regional Management in Ugo District. A set of evaluative criteria informed by the Ugu IDP, were formulated to appraise the possible initiatives.
- *Guidelines for the Establishment of Regional Management Institutions:* This focused on the importance of public-private partnerships; options and implications of the various institutional options to implement regional management in the Ugo District Municipality. This includes consideration of the institutional; financial, human resource; operational and other factors in order to establish an appropriate regional management institutional framework.
- *Guidelines for Training and Support:* Targeted training programmes will be required for Regional Management practitioners focussing on aspects such as knowing your region; links with the IDP; linkages with LED; funding and finance as well as monitoring and evaluation. The possible training required will be identified within the Business Plan.
- *Consolidation and Reports for Discussion:* A number of reports were reviewed throughout the process, including work in progress and requesting comments and inputs from role players. These reports are listed in the reference list and informed discussion at the workshops and seminars.

This chapter sets out a methodological approach to Regional Management. There are no blue print approach and the method set out is based on an understanding of the Ugu context and lessons from case studies where regional management has been practised.

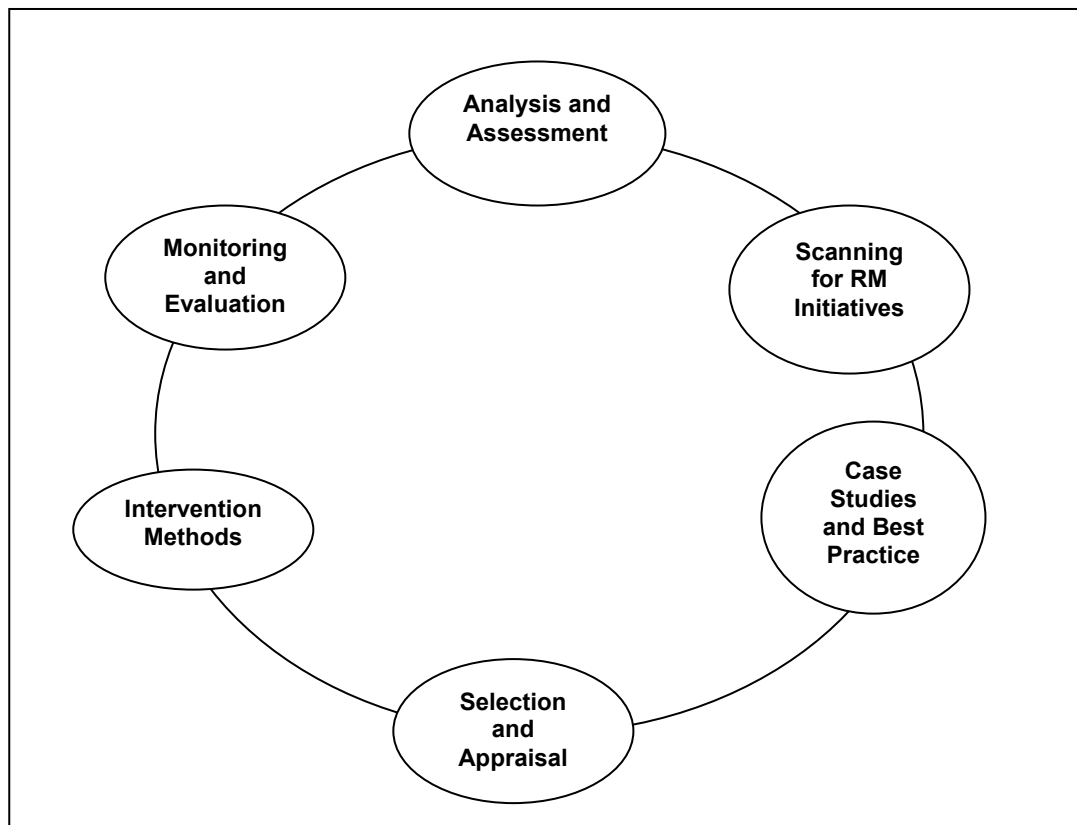
3.1 REGIONAL MANAGEMENT PROCESS

A five-stage approach is suggested, recognising the need for the process to be reiterative and the need for stages to overlap and compliment each other:

- *Analysis and Assessment of Development Context:* This is critical pre-condition and requires a development an understanding of the assets and comparative advantages, opportunities, constraints and challenges faced by a region. This process takes into consideration current national and provincial policy directives and identifies possible areas of intervention to deal with issues pertaining to stimulating sustainable growth, job creation, poverty reduction, broad based black economic empowerment. The district's IDP and vision on how to deal with developmental challenges is essential.
- *Undertaking a Scan to Identify Regional Management Initiatives:* This process involves means of engaging various private sector role players strategically in order to ascertain where immediate interventions are required in order to optimise on an opportunity, to unblock development processes or to avoid or reduce the impact of a decrease in economic or social investment (e.g. closure or scaling down of factory operations)
- *Using Local and Overseas Case Studies:* Most regional management interventions would be derived from an assessment and assessment of the district wide development context and may emerge from a regional planning process. However, consideration of case studies and good practice elsewhere will assist with the identification of new, innovative and 'cutting edge' interventions from outside the region and outside the country.
- *Scope of RM Interventions: Selecting and Appraisal of Possible Initiatives:* Deciding on the scope of Interventions (what to focus on) could be derived from the Ugu's development challenges and the ideas emanating from the case studies. Selection and appraisal of possible initiatives needs to be subject to a clear set of criteria, that response to national, provincial and local policy directives and also within the framework of district and locally agreed to development priorities.
- *Methods of Intervention:* Once the areas of intervention have been decided upon, then the appropriate method of intervention needs to be determined. This deals with aspects relating to communication and networking; mobilising resources; quick response to opportunities and crisis; development facilitation; conflict resolution; etc.

- *Monitoring and Evaluation:* Monitoring and evaluation of programmes and projects being implemented forms part of regional management. The success (or failure) of intervention should be monitored and feedback should be used to propose adjustment to new rounds of interventions.

Fig 3.1 Typical Regional Management Process



3.2 ANALYSIS AND ASSESSMENT OF UGU'S DEVELOPMENT CONTEXT

An important part of regional management is 'knowing your region'. Developing a perspective on the unique characteristics of Ugu District is a key pre-condition to undertake regional management. A regional perspective implies being knowledgeable about the social, economic, organisational, environmental, financial and other dimensions of development in a region. The overlay of these and other related characteristics provides the '*regional profile*', focus primarily on district level issues, as appose to local level concerns.

Many of these features are described and explored in other Ugu documentation and Ugu is fortunate as a number of recent documents capture's aspects its regional profile quite well. These reports are listed in the bibliography. As the focus of this Regional Management Business Plan, is on improving implementation of Ugu's economic capacity, some of the key economic features of Ugu's economy are briefly reflected below, as a means to illustrate how the regional management

process and methodology could unfold. However, a brief summary of Ugu District IDP's development goals and priorities is provided.

3.2.1 Ugu District IDP

The Ugu IDP 2006/7 focuses on a new developmental path, which endeavours to ensure social, economic, environmental and institutional sustainability across the district. The following six development goals are identified, which focused on inter-sector clusters:

- i). Sustainable conservation and harnessing of natural assets;
- ii). Combating poverty by enabling the poor to achieve sustainable livelihoods;
- iii). Sustainable agriculture, tourism, rural and urban development;
- iv). Sustainable land and human settlement development;
- v). Sustainable infrastructure development;
- vi). Sustainable social services, health, water and sanitation provision;
- vii). Sustainable financial and institutional development

The IDP Review acknowledges the noticeable rural-urban divide in Ugu, which is accompanied by high poverty levels in the rural areas. This poverty can be viewed as originating from, and being sustained by, the lack of access to basic services, health services, employment and land. Thus, these four factors form the core of the Ugu District's development priorities, which are as follows:

- i). Provision of basic services and infrastructure
- ii). Refurbishment and expansion of existing infrastructure (focus on development pressure in the coastal strip)
- iii). Promoting and enhancing local economic development
- iv). Ensuring sustainable integrated rural development (including local agenda 21 issues)
- v). HIV & AIDS, TB and STDs
- vi). Tourism development and marketing and broadening access in the industry
- vii). Speeding land reform
- viii). Institutional development
- ix). Programmes for youth, women and the disabled.

Issues raised during the IDP review process is also an important source, when scanning for possible regional management interventions.

3.2.2 Key Ugu Economic Features

The purpose of this section is not to reiterate the findings of past studies on economic development, but rather to briefly highlight the salient features of Ugu's economy, *firstly*, as it will provide insight into Ugu's economic development challenges and *secondly*, it will provide clues as to the appropriate form regional management intervention to be considered.

The Ugu District Municipality is located along the Kwa-Zulu Natal Coast and the district's economic hub is concentrated within coastal towns such as Scottsburg, Park Rynie, Sezele, Hiberden, Margate, Port Edward and with Port Shepstone as the main town. Ugu District Municipality is one of the ten districts of KwaZulu-Natal, and comprises six local municipalities and these include :

- *Vulamehlo Municipality*: Comprises the north eastern section of the Ugu district region, and consists of deep valleys and plateaus.
- *Umdoni Municipality*: Situated in the eastern part of the Ugu district, this region is characterised by sub-tropical coastal terrain with hills and valleys.
- *Umzumbe Municipality*: Forms the central section of the Ugu region and consists of deep valleys and plateaus.
- *Hibiscus Coast Municipality*: Constitutes the southern coastal portion of the Ugu region, the terrain of this sub-tropical coastal region consists of hills and valleys.
- *Ezingolweni Municipality*: Situated in the central portion of the Ugu district, the terrain of this region varies from mountainous to flat farming plateau.
- *Umuziwabantu Municipality*: Located in the west of the Ugu district, this region has mountainous terrain and forms part of the Lesotho region.



Map Source: Ugu DM website.

The main features of Ugu's economy is summarised in Fig. 3.2. The district has a 120-kilometre coastline from Scottburgh in the North to Port Edward in the South as well as a large rural hinterland. It covers an area of 5866 km², of which almost 59 % is under the control of traditional tenure. The Ugu GDP was estimated at R 5.25bn for 2004³. Economically, Ugu is known for its extensive coastal sugar plantations and associated processing plants, commercial, industrial and office developments located predominantly in coastal towns and from a tourism perspective its blue flag beaches (such as at Hiberdene, Lucien, Ramsgate, Uvongo and Marina Beach); world famous Oribi Gorge and numerous golf courses.

³ Monitor Group, 2006.

Fig 3.2 Basic Facts on the Ugu District Municipality's Economy

Ugu's Population				
	Number	%		
Hibiscus Coast	218168	31.0		
Umzumbe	193764	27.5		
Umuziwabantu	92322	13.1		
Vulamehlo	83045	11.8		
Umdoni	62290	8.8		
Ezinqoleni	54427	7.7		
Total	704016	100.0		

Racial Breakdown of the Ugu Population				
	Number	%		
Black African	646008	91.8		
Coloured	5219	0.7		
Indian	24054	3.4		
White	28738	4.1		

Age and Gender Breakdown of the Ugu Population				
Age	Male	Female	Total	%
0-19	174617	177444	352061	50.0
20-64	131359	177339	308698	43.8
over 65	14371	28900	43271	6.1
Total	320347 (46%)	383683 (54%)	704030 (100%)	

Highest Level of Education Among Ugu District Adults				
	Number	%		
No schooling	95516	27.1		
Some primary school	82958	23.6		
Complete primary school	21206	6.0		
Some secondary school	89116	25.3		
Grade 12 (Matric)	46578	13.2		
Higher Education	16592	4.7		

Labour and Employment				
	Male	Female	Total	%
Employed	46794	39162	85956	21.4
Unemployed	42469	51796	94265	23.4
Not economically active	87520	134840	222360	55.2
Total Labour Force	176783	225798	402581	100.0

Basic Facts on the Ugu District Municipality's Economy

Sector Shares - 2004	GDP %	Employment %
Agriculture, forestry and fishing	12.2	17.5
Manufacturing	13.7	11.8
Construction	3	4.5
Electricity and water	4.5	0.6
Wholesale and retail trade, catering and accommodation	17.7	15.4
Transport and communication	9.3	1.6
Financial and business services	15.6	9
Community, social and other personal services	8.3	19.8
Mining	1.6	0.6
General Government Services	14.1	16.2

Skills Distribution in the Ugu District	Number	%
Legislators; senior officials and managers	3592	4.2
Professionals	3341	3.9
Technicians and associate professionals	8263	9.6
Clerks	6519	7.6
Service workers; shop and market sales workers	8928	10.4
Skilled agricultural and fishery workers	3726	4.3
Craft and related trades workers	8012	9.3
Plant and machine operators and assemblers	7059	8.2
Elementary occupations	29126	33.9
Undetermined	7390	8.6
Total	85956	100

Population Characteristics

- Ugu has a population conservatively estimated at 704016⁴. Of this, 84 % live in the rural areas whilst the remaining 16 % live along the urban coastal strip. The majority of the population is black (92 %), overwhelmingly female (54%) and youthful (50 %).
- There is also a high incidence of migration (eThekweni and elsewhere) and due to the HIV/AIDS epidemic, there is also high prevalence of young, female-headed households, many of whom are in dire poverty.
- The inter-related problem of migration, HIV/AIDS, and a youthful population characterised by many young, female-headed households has important policy implications.

Education, Skills and Employment

- Education levels are low, with 24% of the population with the highest level of schooling as “some primary” school, whilst another 27% have no schooling whatsoever. Thus, in total, 51% of the population has not completed primary school.

⁴ 2001 Census

- Only 18% of the population has completed Matric (Grade 12), of which only 4.7% of these have continued to tertiary studies.
- The total labour force (classified as those individuals aged between 15 – 65 years) in the Ugu District is 402 581. Of these individuals, 21.4 % are employed, 23.4 % are unemployed, and 55.2 % are not economically active.
- In terms of the skills distribution, the largest category is “Elementary Occupations”, which encompasses 33.9 % of the skills distribution in the district. This is followed by “Service Workers, Shop and Market Sales Workers”; and “Technicians and Associate Professionals”, with 10.4 and 9.6 % of the skills distribution respectively.
- There are low levels of ‘higher skills’, such as managerial and technical skills, within the Ugu district, as shown by the fact that “Skilled Agricultural and Fishery Workers”; “Legislators, Senior Officials and Managers”; and “Professionals” encompass only 4.3 %; 4.2% and 3.9 % of the skills distribution respectively.
- These skills are generally supplied to the Ugu district by professionals who reside in the larger metropolitan area of eThekweni and commute to work daily. This creates a situation whereby the salaries earned by these individuals leaks out of the Ugu district.

Sectoral Contribution to the Economy

- The “Wholesale and Retail Trade, Catering and Accommodation” sector is the most important contributor to the Ugu economy in terms of its 17.7 % contribution to GDP. This is followed closely by “Financial and Business Services” (15.6 %); “General Government Services (14.1%)”; “Manufacturing” (13.7%); and the “Agriculture, Forestry and Fishing” sector (12.2 %).
- The “Community, Social and Other Personal Services” sector is the biggest employer in the district and accounts for 19.8 % of employment. This is followed closely by the “Agriculture, Forestry and Fishing” sector (17.5 %); “General Government Services” (16.2%); and “Wholesale and Retail Trade, Catering and Accommodation” (15.4 %) of employment respectively.
- Although not reflected in these statistics, the contribution of tourism (estimated at perhaps 10-15 %) is significant and is captured in a number of sectors such as wholesale, retail, catering and accommodation, but also in personal, financial and business services.

The Monitor Group report (August, 2006) provides a full review of challenges and growth prospects for each of these sectors.

3.2.3 Key Ugu Economic Development Challenges

The Ugu District Municipality IDP, the Ugu documentation listed in the Bibliography as well as engagement with district wide role players indicate that the region faces a number of economic development challenges, and these include the following:

- The need to significantly increase the *education and skill levels* of the poor rural residents, constituting the majority of the population. This should include strategies aimed at improving Early Childhood, Primary, Secondary and Tertiary Education Development Programmes as well as Worker Skills Development and Training programmes.
- The need for improved *basic utility services and social services* in rural areas, with focus on the needs for young, female headed households and those affected by HIV/AIDS.
- Stimulating and supporting the appropriate industrial, manufacturing and high technology industries that will increase the *competitive advantage* of the region, but also create job opportunities, for example through downscale economic activities.
- Systematically *reducing poverty* through focus on the sustainable livelihoods approach, emphasising the need to simultaneously increase households access to financial, physical, social, natural and human capital
- Sustainable utilisation of the region's unique *natural resources*, as the bases for its tourism sector, but in a manner that avoids degrading the natural environment and significantly increases the benefits derived from tourism for the majority of the population.
- Improvement of rural *transportation network* between the established coastal towns and the rural hinterland and the establishment of an affordable, effective and efficient district wide public transport system.
- Extensive support for *small scale farming* in rural areas, land reform and provision of required infrastructural development.

The primary focus of regional management is on job creation and ultimately improving the quality of life of marginalised communities, in particular those located in the rural hinterland.

3.3 UGU REGIONAL MANAGEMENT FOCUS AREAS AND SCANNING PROCESS TO IDENTIFY INTERVENTIONS

There is the danger that regional management could be overwhelmed by request for assistance and become ineffective and therefore, systems need to put in place to evaluate and prioritise each request. This should, however, be done in a manner that is efficient and not bureaucratic in terms of lengthy procedures. A distinction should be made between interventions of a regional economic nature and those activities that should not be considered as a focus areas for regional management. The key difference should be with regard to the scale (regional) and nature (economic) of the activities.

Proposed Regional Management Focus Areas

- Manufacturing and industrial initiatives such as regional industrial and office parks as well as processing plants.
- Key physical utility infrastructural development of a regional nature.
- Incubators and other business support in historically marginalised areas of the region, such as townships and rural areas.
- Commercial developments of a significant size in townships, in collaboration with the local municipality.
- Mixed-use waterfront developments, working in closely with the local municipality.
- Regional Shopping Centres that do not undermine the viability of existing local CBDs.
- Marketing the region, if identified as key regional strategy
- Business development support, including small-scale farming in rural areas
- Regional poverty reduction measures.
- Regional waste recycling programmes.
- Safety and security issues of a regional nature.
- Regional sports stadiums with associated commercial and retail developments.
- Regional wide conservation with significant economic impact on historically disadvantaged communities.
- Other initiatives of a regional nature.

Non-Regional Management Activities

- Large residential developments.
- Golf course estates that do not have a profile in terms of hosting international tournaments and events.
- Localised developments with no significant regional impact.

- Other initiatives of a local nature.

Once an assessment has been undertaken of the Ugu Development context, then the process of scanning to identify potential regional management initiatives can proceed. Key questions that could guide this scanning process from an economic development perspective include the following:

- What are the current and future patterns of private sector investment and can any of these contribute towards achieving government's social development objectives?
- What are the long, short and medium term plans of key industries within a region? A key industry is defined as an economic activity that contributes significantly to the regional domestic product and/or employs a significant number of people.
- What impacts, both positive and negative, do district, municipal, provincial and national authorities actions (rates; levies; taxes; incentives, etc) have on specific businesses?
- What are the anticipated actions of specific businesses in terms of additional employment or reduced use of labour or increase or decrease of capital investment in the region?
- What is the relationship, if any, between specific businesses and their respective representative organisations (e.g chamber of commerce or industry; farmers associations; etc) and the relevant municipalities? Is this positive and negative and how can this be improved?
- Which authorisation and licensing procedures can be accelerated, handled more cost-effectively or be prepared in advance?

Most of these questions can only be effectively answered through strategic and ongoing interaction, in essence scanning the view points and perceptions of business leaders and 'captains of industry'. A clear indicator of this interaction is the degree of institutional networking that may exist within a district as well as the extent to which it is representative in terms of public, private, community and NGO role players. The Monitor Group (August, 2006) notes that communication between the municipality and the private sector doesn't work because of political/ethnic patterns (that is the building of fraternity, predominantly White, and the District, predominantly Black).

Specific methods to undertake the process of scanning could include the following:

- *One-to-one interviews*, with the CEO, management or owners of an key businesses, preferably with no set agenda and the discussion guided by the interest and concerns of the business.
- *Presenting the Regional Management Approach* at appropriate business and NGO gatherings, seminars and conferences, dealing with development issues directly impacting on Ugu.
- *Advertising* in the local press, radio and perhaps even television, inviting local businesses and NGOs to approach the Ugu Regional Management for assistance, in terms of facilitating and supporting initiatives coinciding with development objectives of the district.

- *Active participation* in business and NGO organisations functioning as associations or intermediaries for local entities.

3.4 USE OF LOCAL AND OVERSEAS CASE STUDIES

A review of possible local and overseas case studies indicate that a wide range of regional management interventions is possible and emerged from:

- a) Possible interventions that have emanated from the engagement with role players in Ugu, as well as other studies such as the Economic Profiling Project (Monitor Group, August 2006) and the Ugu Local Economic Development Study.
- b) Other ideas for intervention emanating from overseas case studies.

Ugu Case Studies

Discussions were held with a number of businesses and role players involved in economic development in Ugu District during July and August 2006. In order to familiarise role-players with the general topic of the interview, a brief background description on the concept of Regional Management was e-mailed to role-players prior to the interviews. However, no finite agendas were set for the meetings with the role-players.

In general, discussions were initiated by requesting the role-player to provide a brief overview of the organisation, its activities, and any key concerns that it was currently experiencing. This provided the basis for further questions relating to the role that municipalities as well as other spheres of government could play to facilitate further economic developments or to accelerate interventions so that a programme or project pursued by the organisation could be implemented sooner. The potential role that private and public sector interventions could play in reducing the levels of unemployment, poverty, inequality and social degradation in Ugu, was used to guide interview questions.

Some of the findings of these interviews are briefly highlighted below:

Sezela Small-Scale Sugar Cane Growers

- *Interviewee*: Mr Rick Thomson: Branch Manager of the South African Cane Growers' Association.
- *Key Concerns*: The Sezela region is populated by approximately 4 500 historically disadvantaged, small-scale sugar cane growers (SSGs). The poor condition of the roads (approximately 50 km of road) in the Sezela region is hampering the collection of cane from the SSGs and its subsequent delivery to the mill. In many cases, it was no longer possible for the large transport vehicles to access the sugar cane collection points on SSG farms.

Where access was possible, Unitrans, the company currently responsible for collecting the cane from the SSGs farms and transporting it to the mill, has noted that the poor conditions of these roads are resulting in major unplanned repair costs that will ultimately be passed on to the already disadvantaged small scale growers, estimated at 2 315 SSGs. The South African Cane Growers' Association believed that many had already been forced to shut down. If Unitrans were to pass their repair costs on to the SSGs, these additional costs would seriously affect the SSGs profitability and competitiveness, and would force many SSGs out of business.

- *Possible Action:* Facilitating a joint meeting between the Department of Agriculture, Department of Transport, Ugu District Municipality, private land owners and private sector organisations such as Illovo and Coca-Cola, who are heavily reliant on the sugar industry, to investigate and consider possibly funding sources for all or part of the maintenance of the roads.

The Banana Express

- *Interviewee:* Julian Pereira, Operator, Patons Country Railway
- *Key Concerns:* This was at one stage a key international tourism attraction in the area. Its closure has resulted in reported 31 immediate job losses, of which 28 were historically disadvantaged individuals. According to the operator there has been a drastic drop in tourism to the area and this has impacted on the viability of the operation. Other reports merely indicate that the business has been liquidated.
- *Possible Action:* Transet should be engaged to urgently place tender(s) for the preparation of a business plan and the selection of operator(s) of this important tourist attraction.

The Development of Cooperatives in Ugu

- *Interviewee:* Mr Naphthal Mzama, the Coordinator of co-operatives in Ugu
- *Key Concerns:* There was an urgent need for a "one-stop service centre", which would provide support and advice to members of co-operative start-ups. However, a lack of funding was preventing the development of the service centre.
- *Possible Action:* Exploring possible locations for such a centre, securing a lease with the owners and consideration of other ways to capacitate the centre.

Other potential regional management issues identified includes the following

- Margate Airport: The movement of Durban International to King Shaka Airport, north of Durban has placed emphasis on the need to upgrade Margate Airport to a regional facility in order to sustain growth in tourism and other economic activity in the South Coast.

- Blue-Flag Beaches: Recent sewerage inflow impacting on the Blue-Flag status of beaches and associated on tourism. This issue is currently being addressed by Ugu District Municipality.
- Potentials around 2010 Soccer World Cup: Ugu District is already exploring this opportunity and should also include consideration of the economic implications of hosting a team (s)
- Amalgamation of tourism associations: This should be managed by the tourism fraternity, but requires facilitation and monitoring by Ugu District Municipality.
- Access to land information (ownership, zoning, approval of plans): A number of developers have indicated that land information from the municipalities is not easily accessible. Intervention could take the form of facilitating improved and more transparent land information systems.
- Proposed Business Forum: This should also be driven by businesses organizations in the district and be inclusive of emerging businesses. The intervention could be in the form of facilitation, co-ordination and mediation.
- Capacity of business support services: This is a critical need for emerging and expanding SMMEs and further engagement with SEDA (Small Enterprise Development Agency) will be required. Given resource limitations, perhaps consideration should be given to a centralized resource base, coupled with a decentralised service provision.

The Economic Profile Project (August 2006) identifies also a number of other possible interventions and those of a regional scale includes the following:

- Tourism: Increase marketing of the area and development of more tourism infrastructure.
- Agriculture: Proactively addressing land claims, prioritising land with high agricultural value; upgrading irrigation systems; promoting co-operatives; improving access to markets, etc
- Development of the Port Shepstone Beachfront: Assisting the Hibiscus Development Agency as required.

Brasil Study Tour

A delegation from the Ugu District Municipality visited Curitiba, Parana State as well as Rio in Brasil Between the 3 and 10 October, 2006. Curitiba is located in Parana State, one of Brasil's most productive States. Curitiba covers an area of nearly 200 000km², with a population of just over 9.5million people.

The purpose of the study tour was to explore best practice examples of the role municipalities in Brazil in facilitating economic development, in particular through public-private partnerships. This will not have necessary evolved out of a lengthy planning process, but based on developing a regional perspective and through discussions and engagements with the private sector and non-

government organisations, ascertaining what activities they are engaged in and exploring ways to facilitate this.

It was recognised from the onset that Regional Management may not be an explicit strategy within Brazil. However, Brazil is well known for managing towns/cities within a context of a broader region (States). Municipalities such as Curitiba, Sao Paulo and Rio de Janeiro have also been successful in facilitating partnerships with the private sector, in the context of developing challenges such as high levels of poverty, unemployment and inequality. The findings of the study are captured in a separate report: Ugu Regional Management Strategy. Brasil Study Tour: Draft Report. 3-10 October 2006

IPPUC – Instituto de Pesquisa e Planejamento Urbano de Curitiba (Institute of Research and Urban Planning)

- *Background:* The institute forms part of Curitiba Municipality and is responsible for integrated land use and transport planning. Successful planning and implementation activities undertaken by Curitiba Municipality include the City Spatial Development Plan; development of bus-based transportation corridors, accompanied by medium density mixed use developments, innovative use of transfer of development rights; a system of modal interchanges; network of public open spaces; waste recycling programmes and business support programmes. Some of these programmes are discussed in a bit of more detail below.
- *Lessons:* There are two aspects which may be relevance to regional management:
 - The importance ascribed to the Curitiba Spatial Plan: The Spatial Plan is developmental orientated (Curitiba is known as the City for the People). It is not something that is done just for the planning department, but central activity to the developmental approach of the City. The plan is the single tool used to guide all strategic action, intervention and investment. All departments and role players must adhere to this plan as a law.
 - The role of the Strategic Action Directorate: A special directorate is tasked with the implementation of the Spatial Plan and working with other role-players – private, governmental and community.

Companhia de Desenvolvimento de Curitiba - CURITIBA S.A. Curitiba Development Company

- *Background:* The Curitiba Development Company (Curitiba SA) is a key department within the Institutional structure of Curitiba. Like IPPUC, it reports directly to the Executive Mayor. Curitiba SA is responsible for running a number of programmes and these include:
 - Supporting and assisting new investment into the City (for example a new IT district being set-up in the City Centre)

- Attracting investment into the City, including through the use of creative incentives and partnerships (e.g. Volvo)
- Supporting and developing new businesses and entrepreneurs
- Provision of a incubators in decentralized locations, but through a centralised business support services within Curitiba SA.
- Providing technical advice on the investment environment in Curitiba
- *Implications for Regional Management:* The most interesting aspect of Curitiba SA's programmes is the manner in which it runs business support programme. This includes providing business management training course offered a local venues throughout the City for free. The emphasis is on practical, everyday, business operations that improve turnover and sales. An unique aspect is that services is centralised from a resource perspective within the Company with the business support services (training and incubator support) being provided as a mobile and outreach services throughout the City. This is in contrast to an approach that attempts to provide such services through fully-fledged localised services, which is normally not affordable. This reduces costs and maximise use of available human resources and training programmes. It also highlights a potential role for a regional authority in a context where individual municipalities cannot afford to provide all the required services on their own and need to share resources.

SE-PA-RE: 'O lixo que não é lixo' > Separate: 'Garbage that is not garbage' programme

- *Background:* The Garbage Recycling Programme is one of the most interesting and innovative programmes run by the City of Curitiba. Garbage from all households is separated at source into five categories – organic, plastic, paper, metal/tin and other material and the recyclable components are then sold to companies who use them as an input to their production processes. In the favelas and poor districts the City runs a Food for Garbage Programme. The collection of garbage is often organised by streets committees, with a specific or group responsible for collecting every two weeks. For every 4kg of recyclable garbage delivered, residents are offered 1kg of fresh produce in return. This programme ensures the favelas are free of garbage (and the cost of collection is reduced) and it ensure that residents in these poor areas received fresh food and produce
- *Implications for Regional Management:* A similar programme could be developed and implemented for Ugu. Regional management could play a role in conceptualising and preparing a business plan. Perhaps the programme could be initiated at a local municipal level with support from the district, followed with a regional wide role-out eventually.

Citizen Street Multi-Purpose Community Centre/Batho Pele service centre

- *Background:* The Citizen Streets are the location of all government information and services, in essence urban multi-purpose centres. Within them are located federal, state

and municipal Services. Each one of the nine Citizen Streets is located on a major transport corridor and so is easily accessible by public transport. The design of the Citizen Streets also follows a standard format, with each being designed as an enclosed street, and in addition to the various government departments and services, they also have a Multi-Purpose sports facility, along with various other halls and meeting rooms.

- *Implications for Regional Management:* Although Ugu has two multi-purpose centres (MPCC -now called Batho Pele service centres, which are located in rural areas in the RSA), the Curitiba experience highlights the huge benefit of located them in urban areas (for example the townships) and including a wider range of services. This in line with expectations that each local Municipality should, where feasible, have at least one Batho Pele service centre

COMEC – Coordenação da Região Metropolitana de Curitiba. Curitiba's Metropolitan Area Coordination

- *Background:* Curitiba's metropolitan area includes 389 municipalities (grouped into 10 sub-regions, of which the Curitiba Metro region is one) and a GGP of US\$54.2 billion (R379.4 billion @ R7 to the US\$). The Curitiba Metropolitan Region has just under thirty municipalities and covers a land area of just over 15 500km². It contains a population of approximately 3.2 million (33% of the State's population). Most of these live in Curitiba and other urban settlements. Planning for this sub-region is captured within the Curitiba Metropolitan Plan.
- *Implications for Regional Management.* A key feature of the Curitiba Metropolitan Plan is investment within a 'ring of infrastructure' linking all of the towns in the region. This 'ring' is the focus of road, IT and other infrastructural investment and facilitate linkages and connectivity between the regional towns. This intervention emphasis the need for sound regional planning, an important compliment for regional management interventions.

SEAB – Secretaria de Estado da Agricultura e Abastecimento. Agriculture Department of Parana State Government

- *Background:* Parana's makes up 2.3% of Brazil. However, it produces 20% of the country's gain and 8% of all its export crops. In total it has 350 000 farms of which 86% are below 50ha. In order to promote farming, the department has developed strategic partnerships with a number of local, regional and federal bodies. Parana itself has been broken-up into a number of distinct 'regions' or 'territories'. Each of which has specific character in terms of the climate, vegetation, crop types and so forth. There are then specific strategies for each area depending on it composition. Each territorial area has its own Commission, made up of key stakeholders. Key project and focus areas include

training and qualifying development agents to work in the territories; developing territorial development plans; technical assistance and rural extension; infrastructure for the commercialisation of farming; rural electrification; agrarian regularization; agrarian reform, etc. The agrarian reform programme in particular has much of interest to South Africa and rural development. The State runs a specific programme of purchasing land (and expropriating if necessary). The land purchased or expropriated is done along the same lines as in South Africa – namely only land that is not being used, or where a farmer holds excessive amounts of land. These farms are then subdivided in 80 to 120ha plots and these are then used to settle new farmers. However, this is done in the context of an ongoing support programme, which includes assistance with infrastructure development, marketing and so-forth.

- *Implications for Regional Management:* This programme is something that need to be done in the context of the Province (KZN). However, the small farmer development programme is potentially one that would be a important part of the focus of Regional management in KZN. It would be worth a more detailed visit and investigation of Parana’s Rural Development Strategies – perhaps as a joint initiative between the KZN Provincial Department of Agriculture and Ugu.

This list of potential regional management interventions is by no means comprehensive, but illustrate the wide range of local and oversease cases studies that could inform potential Regional Management Interventions.

3.5 PROCESS OF SELECTION AND APPRAISAL OF POSSIBLE INTERVENTIONS

The process of selecting and appraisal of possible regional management interventions should be informed by *firstly*, the potential of the intervention to achieve the vision and development objectives of the district and *secondly*, the possibility to achieve success and to respond rapidly.

The overriding question when selecting possible regional management interventions should be: “What immediate action is required to address critical challenges?” The focus of regional management is not on activities that are already effectively being addressed by established management systems such as waste removal, maintenance of utility services, disaster management, etc. The focus should rather be on economic development initiatives currently being considered by the private sector for intervention or the stimulation of new ideas to be achieved through public-private sector partnerships.

Also, given the context of resource limitations in Ugu, the establishment of a fully-fledged regional management entity, is not possible in the immediate to medium term. Interventions should

therefore primarily be through methods such as facilitation, mobilisation, mediating and co-ordinating, with actual interventions through appropriately mandated and resourced private sector organisations and businesses. These could be entities specialising in tourism, agricultural, industrial and so on, and preferably through a partnership agreement.

3.6 METHODS OF INTERVENTION: REGIONAL MANAGEMENT FUNCTIONS

Once a specific initiative has been identified for Regional Management interventions, then the appropriate method of intervention can be decided upon. This in essence highlights the different types of regional management functions. The chosen method must be suitable and response to the challenge being addressed and tailored to the particular circumstances. Of critical importance is to make a distinction between aspects of a local vs a regional nature. Basically issues that can be dealt with at a local level, should not be on the agenda of regional management.

Possible methods of regional management intervention includes (but is not exclusive) to the following:

- Facilitating Communication and Networking
- Mobilising Resources
- Quick Responses to Opportunities and Crisis
- Development Facilitation and Attracting Inward Investment
- Facilitating Employment, Equity and Empowerment
- Removal of Blockages, Obstacles and Stumbling Blocks.
- Mediating and Resolving Conflicts
- Promoting Environmental Sustainability.
- Monitoring and Evaluation

Many of these activities can only be addressed through appropriate public-private-community partnerships. This critical aspect is discussed in detail in Section 4.1.

3.6.1 Facilitating Communication, Networking and Collaboration

Facilitating communication and networking is an important aspect of regional management as this provides the bases for possible co-operative relationship between the public and private sectors. Specific aspects relating to this activity include obtaining statistics and trends about regional development or the lack of particular developments, disseminating such information and facilitating discussion as a step towards focussed action. Facilitating communication between perhaps parallel networks within the district is also a function of regional management. Increasing

awareness of the available public and private support mechanisms for economic development is also useful. Closely linked to networking is the effective use of public media such as newspapers, radio and television to increase levels of information sharing, collaboration, co-operation and communication between role players.

3.6.2 Mobilising Resources

The mobilisation of public, private and NGO/CBO resources is a key strength of regional management. These resources include funding and finance; human capital; natural capital; infrastructural capital; institutional capital as well as social capital. Fig 3.3 highlights some of these resources that can be mobilised

Fig 3.3 Mobilising Resources

Assets	Examples of Resources
<ul style="list-style-type: none"> • <i>Human Capital</i> 	<ul style="list-style-type: none"> • Skill development and training programmes offered at academic institutions, mostly located in eThekweni. • Local private training programmes • Donor technical support e.g GTZ • SETA programmes
<ul style="list-style-type: none"> • <i>Social, Political Capital and Institutional Capital:</i> 	<ul style="list-style-type: none"> • Business and civic organisations involved in economic development, e.g chambers of commerce and industries, tourism organisations, labour unions, etc • Professional organisations and institutions • Parastatals and national support institutions offering local services. • National and provincial government, district and local municipalities and ward committees,
<ul style="list-style-type: none"> • <i>Physical Capital:</i> 	<ul style="list-style-type: none"> • National and regional transport, water, energy, communications, etc infrastructure. • High income, middle income and affordable housing • Livestock including cattle, goats, etc • Education and health facilities • Farming production equipment: machinery, vehicles, irrigation systems etc. • Tourism infrastructure
<ul style="list-style-type: none"> • <i>Financial Capital:</i> 	<ul style="list-style-type: none"> • Various national and provincial government grants for development • District and local municipal budgets • Parastatals e.g DBSA and IDC. • Banks and other financial institutions • Venture capital and other private investors • Life insurance organisations/businesses. • Donor support e.g EEU. • Corporate Finding e.g Social Investment Grants.

<ul style="list-style-type: none"> • <i>Natural Capital:</i> 	<ul style="list-style-type: none"> • Land, water and other environmental resources • Farmland, including plantations • River systems and beaches
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The above indicate that numerous resources exist that can be mobilised for public-private partnership.

3.6.3 Quick Responses to Opportunities and Crisis

The success of regional management should be measured in terms of the time period when an issue becomes known and when appropriate public or private sector resources can be mobilised to either to derive possible spin-off from opportunities or to respond to an immediate crisis. The ability to respond must be in relation to resources that the regional management entity can mobilise.

3.6.4 Development Facilitation and Attracting Inward Investment

The attraction and retention of economic investment and businesses within a region is critical to ensure that growth occurs and employment opportunities are generated. Possible regional management interventions could include liaising with industrialists regarding assistance they may require from local, provincial and national levels of government, facilitating discussions with investors with complimentary manufacturing, processing or technological development proposals and possible initiating partnerships where appropriate.

3.6.5 Facilitating Employment, Equity and Empowerment

This is a key regional management objective, given the relatively high levels of unemployment and social inequalities that exist in the region. Possible regional management interventions could take various forms, including linking emerging and established businesses, getting relevant government and union organisations to deal with perhaps labour issues in situations of industrial dispute; activating relevant SETA and other training institutions to increase levels of labour skills and competencies, etc. Economic developments in historically marginalised areas should also be vigorously pursued.

3.6.6 Removal of Blockages, Obstacles and Stumbling Blocks.

The impact of bureaucratic blockages on investment or growth of industries and SMME's in particular is generally underestimated. These blockages could take the form of time and associated costs delays or perhaps the application of outdated and universal zoning, land use or licensing requirements. The impact of these can be in particular significant in the case of footloose industries that would simple locate in localities that are more conducive.

3.6.7 Mediating and Resolving Conflicts

Development conflicts in the district could occur through incompatible land uses, competition among different towns in the region for annual events, investment projects, administrative offices, cultural facilities, etc, or through misunderstandings or a lack of credible information. Regional management has the potential to be an agent for change, requiring therefore negotiating and conflict resolution skills. The focus should be on aspects that are of a regional nature, with particular emphasis on resolving conflict between public, private and community role players, within the scope of the district's developmental objectives discussed in Section 3.

3.6.8 Promoting Environmental Sustainability.

It is imperative that regional management occurs within the context of striving to achieve environmental sustainability. Ugu's coastal and rural natural resources, such as the beaches, dunes, mountains, pastures, plantations, hills, valleys and rivers, are the bases for its tourism, agricultural, manufacturing and service sector economic activities. Some forms of economic and residential development have the potential to undermine this resource base significantly. Ensuring environmental sustainability in all activities within the region is therefore a vital consideration for regional management.

3.6.9 Monitoring and Evaluation

In certain cases economic development initiatives could already be underway and the role of regional management then changes to primarily monitoring and evaluation. This is not at the level of detail project implementation, but rather in terms of adherence to conditions of approval with other role players in the region. Other roles could include the identification of new opportunities for e.g downstream economic growth and job creation, but also to anticipate and deal with potential conflicts. Monitoring and evaluation also provides a means for feedback and modifications to existing programmes and lessons for new initiatives. It also provides input into setting performance indicators or measures to gauge the success of an initiative (See Fig.3.4). The main purpose of monitoring and evaluation should be to measure the degree to which an initiative contributes towards deals with the regional economic developmental vision and objectives of Ugu.

Fig. 3.4 Examples of Performance Indicators

Environmental and Growth Management Indicators

- The extent to which the natural resource base is protected and utilised in a sustainable manner;
- Activities undermining the sustainable of existing farming agricultural as well as factors hindering the establishment and development of small scale farmers;
- Curbing the extent and reducing the impact of urban sprawl, loss of the 'image' of the towns and sub-regions as well as the associated implications for economic activities such as tourism.

Social Facilities and Services Indicators

- The degree to which incidence HIV Aids are contained and reduced;
- Reduction in negative social behaviour such alcohol and child abuse;
- Increase in levels and quality of education;
- Increased access for those marginalised to critical social facilities and services;
- Reduction in interregional disparities access to basic utility and social facilities and services;
- Efficiency and effectiveness of delivery of social services;

Economic Development and Management Indicators

- Growth in regional domestic product;
- Significant change in the profile of workforce, in particular at management level, in favour of those historically disadvantaged;
- Decrease in levels of unemployment and underemployment;
- Creation of job opportunities in rural areas;
- The extent and level of interaction between the public and the business community;
- Level of networking
- Increasing range, type and intensity of economic activity
- Broadening access to economic activity
- Reduced levels of poverty, unemployment and inequality

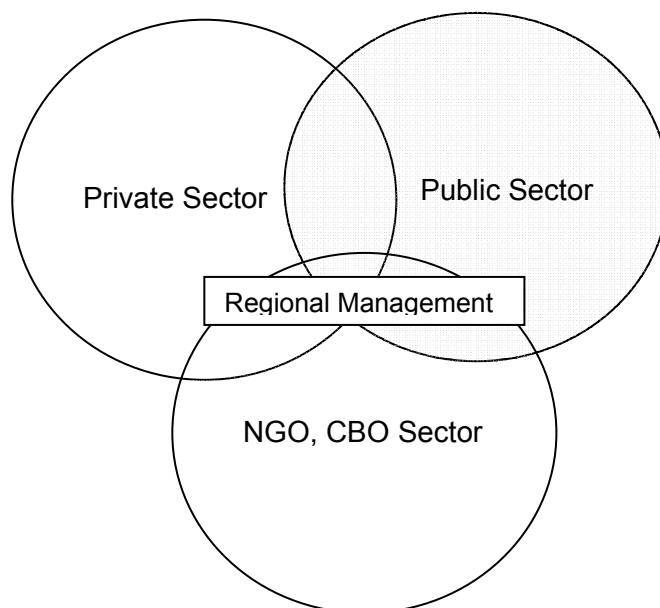
CHAPTER 4 INSTITUTIONAL AND OPERATIONAL GUIDELINES

This chapter considers the institutional and organisational implications of implementing regional management in the context of Ugu District Municipality. This includes highlighting the importance of partnerships; institutional models, location and performance guidelines; proposal for an advisory body; regional management competencies and implications for staff, training and resource requirements.

4.1 IMPORTANCE OF PUBLIC-PRIVATE PARTNERSHIPS IN REGIONAL MANAGEMENT

Regional Management is essentially the management of the interface between the public sector, private and NGO/CBO sector's activities. These activities within the context of the Ugu Regional Management Business Plan should focus primarily on economic and related activities. The role of regional management in generating partnerships between the private sector; government and NGOs/CBOs is illustrated in Fig. 4.1 below:

Figure 4.1 The Role of Regional Management in Generating Partnerships between the Private Sector; Government and NGO/CBOs.



A number of partnership arrangements are possible and the following is not exhaustive and various combinations of these are possible. The key difference of each is who the primary driver is and what form of secondary support is needed for success.

The possible partnerships with the private sector as a key role players includes the following:

- *Private Driven-Public Response Partnership Model:* This approach is based on the private sector planning and financing programmes, but mobilising public support. For example, the public sector could be requested to support approvals from others spheres of government; finance bulk utility infrastructure, mobilise public sector funding, ensure that a certain number and range of jobs are generated, etc
- *Public Driven-Private Response Partnership Model:* The primary driver would be the public sector creating an incentive (through example, tax rebates or subsidising infrastructure) for the private sector to respond. This approach can be used in areas (e.g. in poor areas) where the private sector has not been active in term of economic development.

It is also possible to embark on economic development initiatives with the public and NGO/CBO sector as the key role players:

- *CBO/NGO Driven-Public Assisted Partnership Private Model:* This approach involves capacitated CBOs being awarded the primary responsibility for implementing an economic development programme; and the public sector (e.g Ugu District Municipality) providing administrative, logistic and possible financial support. This approach holds the potential to gain significant community support for an initiative, but could be undermined if the CBO/NGO does not have sufficient institutional capacity, or it has limited community legitimacy.
- *Public Driven-Community Development Partnership Model:* This approach is based on the public sector being the primary driver of a programme, with strong community development objectives. A key concern of this model is the risk of excluding the private sector, in particular if the objectives include creating new job opportunities.
- *Public-Public Partnership:* This involves the various spheres of government (district, local, provincial, and national government departments) forming partnerships with each other in order to plan and implement an economic development programme.

Ideally there should be a multiple of agencies involved in regional management this should be based on public-private partnership arrangements. It is, however, of importance that is the **lead development agency** should be clearly identified and this could be different role-players, depending on the issue at hand as well as the capacity of the lead agency.

The possible role players involved in development undertaken is varied and would depend on the type of partnership initiated and could include:

- *Municipalities* including Ugu Disitric Municipality, but also neighbouring municipalities or from elsewhere inside and outside the country that offer the skills, resources or experience in the type of development being initiated.

- *National and Provincial Government*: Inclusive of all the relevant departments and agencies that could assist with achieving the objectives of the initiative(s)
- *Parastatals and Statutory Bodies*: Organisations such as the Development Bank of Southern Africa, Industrial Development Corporation, Transnet, Eskom, etc are key regional development agencies and have access to considerable financial, human, infrastructural and other resources.
- *Foreign Governments*: Many regional management case studies are derived from outside the country and this source for ideas, innovation and inspiration is a vital component of regional management.
- *Academic Institutions and Professional Associations*: These agencies should be knowledge partners of municipalities and can be function as key players in partnerships aimed at skill development; manufacturing and associated development and building a 'knowledge economy'. Also of importance are professional organisations such as chambers of commerce and industry, built environment and property owners associations, etc.
- *NGO's and CBOs*: Many initiatives require the active participation of NGOs and CBOs local communities as it eventually impacts on local communities. These organisations offer credibility and sweat equity in developments and could be deal breakers in terms of success. Most government funding programmes also requires community consultation and have community benefit as a benchmark of success. These also include social and cultural organisations, in particular those active within regional wide economic activity.
- *International Donor Organisations*: The concept of Regional management was introduced to Ugu through GTZ (German Aid Agency), while the preparation of this Business Plan was funded through the EEU.
- *Organised Labour and Corporate Bodies*: These entities are key players within the private sector and their involvement through regional management initiatives hold the potential to unlock financial and other resources and also ensure that economic initiatives by the public sector are responsive to their needs and requirements.

The possibility exists to explore these and other funding sources further with regard to implementation of Regional Management in Ugu.

4.2. POSSIBLE INSTITUTIONAL MODELS/VEHICLES

The appropriate vehicle for the implementation of Regional Management requires to be informed by the purpose and context earmarked for implementation. Appropriately 'form should follow function' in that the types of vehicles are decided upon should be informed by the purpose and function of regional management as discussed in Chapters 2 and 3. The context of Ugu provides various options for implementation and these include Regional Management as a National or Provincial Development Government function; and; as a local or district Development Agency or Unit within Ugu District Municipality.

- National or Provincial Development Government:* National or provincial government could potentially take a leading role in regional management. GTZ has worked closely with **dplg** on developing this concept and indications are that this department would be supportive of its implementation. However, as regional management is still in its early stage of implementation, **dplg** is not in a position or would prefer to undertake this role at a local level. The possibility of its management at a provincial level is a possibility, however, KZN Province has not yet been formally exposed to this approach. Also, municipalities are regarded as the implementation agency of government and are generally not in favour of provincial and central government engaging in activities that can regard as local and district functions.
- Local or Public Development Agency:* This could be achieved through either establishing a 100 % public owned development agency located outside the municipality and accountable to an Board approved by Council. Although funding to establish such agencies exist through the Industrial Development Corporation (IDC), this is geared at large industrial, commercial or related investment, while regional management is geared at much broader developmental initiatives. Generally, municipalities are not too keen to establish public development agencies from their own funding, as it requires the allocation of considerable financial and human resources. Examples in KZN includes the Cato Manor Development Agency, funded through the EEU and encompassing the full range of urban development as well as the Hibiscus Development Agency, targeting projects such as the Port Shepstone Waterfront Development. The Hibiscus Development Agency is therefore not geared at undertaking the type of regional management interventions identified. In the past municipalities established Section 21 Companies in partnership with private and/or NGO role players. Recent amendments to the Municipal Systems Act does not, however, allow for jointly owned public-private agencies as municipalities must have full control over entities in which they ownership. However, the eventual establishment of a District/Regional Development Agency is worthwhile serious consideration, perhaps as medium to long-term strategy.
- Unit within Ugu District Municipality:* As regional management is a fairly new concept as well as Ugu's resource limitation, the establishment of a fully resourced regional management department (or independent development agency) may not be feasible. This is in spite of sufficient evidence that such a department could easily be justified. It is in this context that the establishment of a small, but highly capacitated (in terms of human resource skills) be established within Ugu District Municipality.

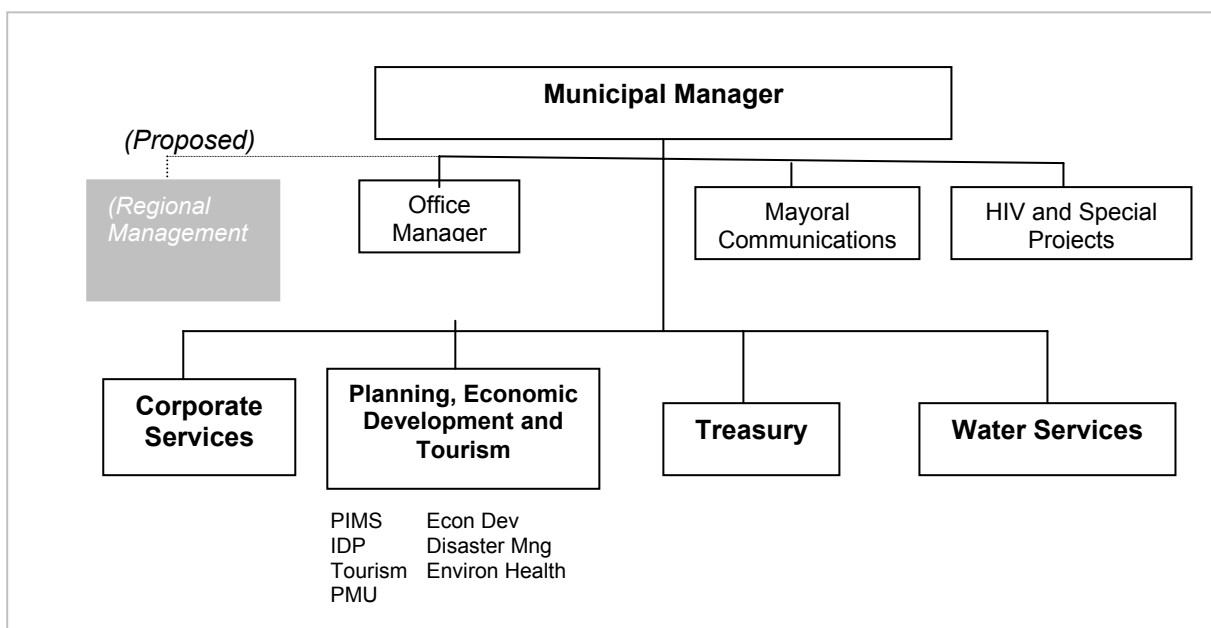
4.3 PROPOSED LOCATION WITHIN THE UGU DISTRICT MUNICIPALITY

The current organogram for Ugu District Municipality is illustrated in Fig. 4.2. Options in terms of location for the Regional Management Unit includes within Planning, Economic Development and Tourism or directly within the Municipal Manager’s Office.

Although Regional Management is closely linked to Planning, Economic Development and Tourism functions, it focus is rather on implementation and not planning. Economic development planning and liaison with local municipalities is an ongoing critical activity and provides the context for regional management. Effective regional management requires a higher level of engagement and decision-making as it will also impact significantly on the other line function departments.

It is therefore proposed that the *Regional Management Unit* be located within the Municipal Manager’s Office due to the already significant number of activities already allocated to the Planning and Environmental Department as well as the need to ensure that high level of decision making is possible. The institutional and resource implications of this proposal are discussed below.

Fig 4.2 Ugu District Municipality Organogram



4.4 REGIONAL MANAGEMENT PERFORMANCE GUIDELINES

The following operational and performance guidelines have been derived from regional management resource books and case studies. These are not necessary conclusive, but provide some indications of the key focus areas in order to increase its chance for success.

- It should have political legitimacy and credibility in terms of dealing with roles players from businesses, community and the public sector.
- It must have human resource capacity that can execute its mandated responsibilities.
- It must be effective (doing the right things) and efficient (doing things the right way) in its operation and management.
- It must be able to access funding from the public sector and finance from the private sector.
- It must have the ability and resources to establish and be part of extensive networks in the region.
- It must be able to marketing its successes and failure and have an observable presents within the region.
- It must be knowledgeable about ongoing events and activities in the region and have ongoing contact with the 'movers and shakers' in the region.
- It must have knowledge on how to structure public private partnerships and the ability to develop and built institutions in the region.
- It should be an agent for change, have negotiating and conflict mediation capacity.
- It should not be bogged down with administration duties and have clear duties and responsibilities.
- It must be held accountable for all funding (public and private) managed directly by such a unit.

4.5 REGIONAL MANAGEMENT TECHNICAL PANEL

The establishment of a relatively limited, but highly competent Regional Management Unit within the Municipal Manager's Office can be further strengthened through the formation of a Regional Management Technical Panel. It is proposed that participants for this body be based on merit and include persons knowledgeable about aspects of economic development such as SMME entrepreneurs, industrialists, retail and commercial developers, academics specialising in relevant fields; agricultural economist and so on. This body should be small (perhaps less than 20) and members should be consulted to assist with the selection and evaluation of possible interventions, as required. This is in addition to engaging on a regular basis with district wide entities dealing with economic development and in particular ones set up through the Intergovernmental Relations Act (IGR). Actual decision on what initiatives to be supported should be taken in consultation with the Municipal Manager and the Ugu Council.

4.6 REGIONAL MANAGER COMPETENCIES

A Regional Manager and a secretariat should head the Regional Management Unit. The Regional Manager is required to liaise with key role players in the District and to identify programmes and projects for intervention. The functions of the Regional Manager is set out in section 3.5 and includes aspects relating to facilitating networking; mobilising resources, conflict resolution, removal of blockages, etc. The Regional Manager's competencies should include the following:

Minimum qualification requirements and experience:

The formal qualification required for appointment is at least an appropriate, recognised 3-year degree/diploma, preferably in Commerce or the Development, Environmental, Social or Natural Sciences, with extensive management experience

Required skills and competencies

- Expertise in project development, implementation and monitoring skills;
- Private sector experience in programme and project implementation will be an advantage;
- Demonstrable knowledge of and understanding of national, provincial and local government policies and strategies;
- Knowledge of relevant economic development policies and directives;
- Experience at regional (district or provincial) government level will be an advantage;
- The ability to promote inter-governmental cooperation, synergies and partnerships;
- Good networking and interpersonal abilities. Experience in working with a cross-section of business, non-government and community based organisations will be an advantage.
- Strong negotiation and innovation skills;
- Strong written, verbal and communication abilities;
- Have conflict mediation skills and credibility in terms of decision making;
- Persuasiveness when engaging role players;
- The ability to establish and maintain inter – organisational networks;
- The ability to source public, private and donor funding;
- The capability to undertake needs assessment and strategic planning;
- Professionalism, methodological expertise and social competence;
- Good organisational and planning skills
- Strategic and analytical thinker
- The ability to act as a facilitator
- Advanced computer skills and application of MS Office and MS Projects package

Personal Attributes

A good communicator and moderator;

- Good interpersonal relations skills, and the ability to work with difficult persons and to resolve conflict
- Self management and team player;
- Visionary and realistic in approach.
- A sense of responsibility
- Demonstrates initiative
- Self-driven
- Self-confident
- Positive attitude;
- Task and goal orientated

Duties

The Regional Manager will be required to interact with a wide range of stakeholders, and must be prepared to travel extensively within the District. Other duties include:

- To extensively network with the private sector.
- To promote inter-governmental cooperation, synergies and partnerships
- To mobilise latent district wide resources, activate internal forces and initiate partnership activities
- To proactively identify pending opportunities in the District, and to facilitate dialogue and agreements between public, private and community organisations and entrepreneurs.
- To focus on short-term actions required to unlock the latent development potential of the District, but within the context of long-term district development sustainability.
- To be the first port of call for private and other role players in the region seeking an immediate response to critical issues facing the region that are not being addressed by day-to-day municipal management

Key Performance Indicators and Outcomes

The Regional Manager's performance and outcomes should be measured in terms of the degree to which the Regional Management Performance Guidelines set out in section 4.4 is achieved.

4.7 ADDITIONAL STAFF, TRAINING AND RESOURCE REQUIREMENTS

The Regional Manager will need to be assisted by other officials within the municipality in general and by a competent and skilled secretariat. This is not an office bound secretary in the traditional sense, but rather a person that would be active in the field and also engage role players on behalf of the Regional Manager. The Regional Manager and secretariat will require office space within

the Municipal Managers office and have access to the available resources. Suitable training programmes, such as the Young Professionals Leadership Programme and other appropriate ongoing skill development training, etc will be required. This needs to be identified in relation to the Regional Management Performance Guidelines and competencies.

CHAPTER 5 CONCLUSIONS AND RECOMMENDATIONS

This Business Plan sets out the purpose, methodology and institutional requirements for implementing Regional Management within the Ugu district. The implementation of this innovative management tool will provide a significant platform for the private sector to engage the municipality and also provide Ugu with knowledge well in advance of private sector initiatives.

Regional Management will provide Ugu with a mechanism to influence private sector investment in a manner that also increases alignment of private sector and public sector developmental goals. The key incentive for the private sector will be obtaining direct assistance to fast track suitable programmes and projects. This aspect remains central to Regional Management and the greatest threat is its application and function as another bureaucratic entity.

The municipality has been sufficiently exposed to case studies and discussions on Regional management over the last few years to take an informed decision. Once the officials, and the Municipal Manager in particular, has commented and supported the Business Plan then it will be discussed at the Planning, Economic Development and Tourism Committee. This will be followed with a presentation to the Executive Committee and to Council for discussion and final approval. As Regional Management is a relatively new management concept, it is recommended that the initial implementation occurs on a 12 month trial bases, with amendments to this approach during this period.

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