

## Pilot Grant Awards made

Following the piloting of its grant fund instruments in 2006, the Thina Sinako Provincial Local Economic Development Support Programme has awarded grants to eleven (11) projects. This newsletter not only celebrates the success of those projects, but also sketches the larger Programme context within which those and subsequent grant awards are made.

Grant awards are followed by project inception visits during which Programme representatives meet

with grant fund beneficiaries to discuss implementation risks and define appropriate management and support actions. Monitoring visits are undertaken during the project implementation period to provide information for improved management and implementation support, for programme reporting, and for learning. The key importance of learning is highlighted in several places below.



## The Thina Sinako Programme

The Thina Sinako Provincial Local Economic Development (LED) Support Programme is a five-year programme financed by the European Union in partnership with, and in support of the Eastern Cape Provincial Government. It rests on the following three pillars:

- **Grant Funds** for practice-driven demonstration and learning
- **Institutional Development** for long-term efficiency and sustainability
- **Learning and Networking** for awareness-raising, and sharing of experience and best practice

All three of these pillars are required for effective development of the LED support system in the Province. As an integral part of a broader effort at improving the Province's local economies, the Thina Sinako LED Support Programme is guided by the strategic dictates of the executive leadership of the Provincial Government. In turn, the Programme seeks to contribute to an enhancement of an integrated strategic coordination of LED actions by the provincial leadership. As such, the Provincial Government has determined that the MEC for Economic Development and Environmental Affairs provides close strategic leadership to, and interacts

closely with, the Programme.

A Programme Steering Committee (PSC), chaired by the Director-General in the Office of the Premier, provides strategic direction to the Programme, whereas operational coordination is provided through the Programme Coordination Group (PCG), which is chaired by the Head of the Provincial Treasury. PSC includes representatives of provincial government departments, district municipalities, support agencies, organised business and non-governmental organisations, whereas the PCG focuses on the provincial partner institutions. The Provincial Treasury is the Contracting Authority

for the Programme, which means it is responsible for utilisation of the European Union funds.

The Provincial Treasury and the other provincial partners in this Programme are supported by a Programme Coordination Unit, twelve (12) members of which sit in Regional Offices in each of the six (6) district municipal areas in the Province. These Regional Offices not only provide project generation and implementation support on the ground, they also support the development of integrated LED support networks at district level.



**Hon. M Sogoni**  
MEC: Economic Development and Environmental Affairs  
Eastern Cape Provincial Government.

## Message from the MEC for Economic Development and Environmental Affairs

It is with pride that I announce the first awards to be granted by the Thina Sinako Provincial Local Economic Development (LED) Support Programme. With these awards we see the conclusion of the pilot phase of this Programme of the Provincial Growth and Development Plan (PGDP) and the acceleration of work to strengthen the LED support system in the Province.

LED is crucial to the future development and prosperity of the Eastern Cape. In the past many promising initiatives have foundered not only due to problems with accessing funding or a lack of planning, or because entrepreneurs lacked the capacity for the ventures they had entered into. Rather, we have not achieved some of our goals because we have not focused strongly enough on the proper roles of the provincial and local spheres of government, on

the strategic mobilisation of a range of resources to all areas in our Province, and on the development of effective partnerships - especially public and private - around the competitive advantage of particular localities. Our Thina Sinako Programme has been designed to help us test changes to the system as well as concrete project interventions on the ground. We, as the Provincial Government, wish to learn from the interventions we undertake through the Thina Sinako Programme so that we can mobilise our own resources far more effectively. In this way, we hope to leverage the Programme finance provided by the European Union to optimal effect.

By government joining hands with the private sector, NGOs and communities we upgrade our collective capacity to strengthen local economies, generate jobs, upgrade capacity and improve

the quality of life of many people in the province. The use of strategic interventions and pilot projects that can be replicated elsewhere enables Thina Sinako to make meaningful contributions that support the long term sustainability of our LED effort. By building systematically on our experiences in stimulating LED in our Province, we can grow a successful future for our people and their children.

I want to congratulate all those who are the recipients of the grants awarded in the pilot phase of the Thina Sinako Programme, and wish them the best with the implementation of their projects. The Province of the Eastern Cape will be walking with you, with a keen eye to learn from both your successes and challenges.

## What is LED?

LED is an outcome of processes aimed at building up the capacity of a local area for sustainable economic development. It requires cooperation and collective work between government, the private sector, the local community, NGOs, and needs to be linked to an area's competitive advantage for optimal impact. This Programme attempts to directly support innovative LED projects while working to strengthen the LED support network in the Province. The latter includes the public sector, the private sector, and civil society.



# Grants awarded from the Local Government Support Fund

Grants were awarded to the following projects following the pilot call for proposals to the Local Government Support Fund:

Applicant	Project Title	Grant Amount
Ukhahlamba District Municipality	Baseline Economic Observatory	R 466,400.00
Ukhahlamba District Municipality	ICT Implementation	R 439,500.00
Blue Crane Route Local Municipality	Development of a Local Economic Development Strategy and Related Institutional Arrangements	R 258,020.00

**THE FOLLOWING ARE BRIEF DESCRIPTIONS OF THESE PROJECTS**

## Baseline Economic Assessment for Ukhahlamba District Municipality

Thina Sinako is funding a Baseline Economic Assessment for the Ukhahlamba District Municipality. The project will collect and interpret data on LED funded initiatives in the area. It will include an assessment of all poverty alleviation and LED projects. Possible business opportunities, entrepreneurs and innovative enterprises will be identified. The information will be presented in an accessible format linked to the current GIS system to show, by ward, the type, size and grading of all initiatives and project needs. This information will support the municipality in making informed decisions, directing funds, developing skills and networks, and enabling cooperative development with the municipality's IDP processes. It will also be used as a networking tool for clustered projects to enable better marketing and increase competitive advantage.



**Agriculture is a key industry in LED in the Ukhahlamba District Municipality.**

The economic data will support planning for economic development, sourcing of local goods and services, creation of employment opportunities, and identifying potential outside investors. It is also envisaged that municipal officials will benefit from skills transfer in data collection and interpretation enabling them to provide objective inputs into planning processes.

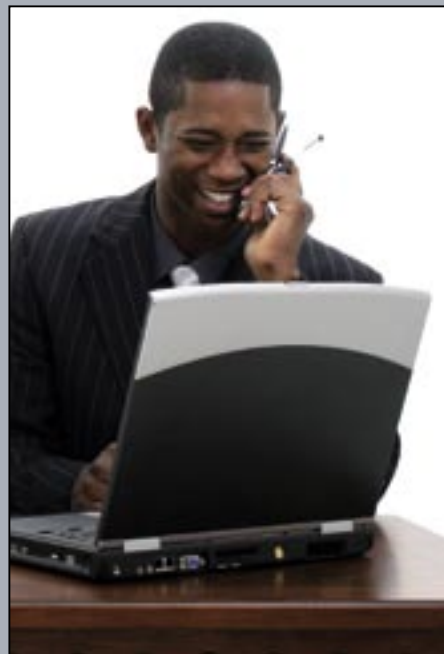


## Implementing Information Communication Technology in Ukhahlamba

Currently Ukhahlamba district lacks access to effective and reliable Information Communication Technology (ICT), which allows for easier access to international markets and business opportunities. The District Municipality envisions hosting a broadband wireless access system that will provide state of the art infrastructure for business development, education and tourism.



Thina Sinako is funding a survey of existing ICT infrastructure and services in the district as a first step towards reaching this goal. The project will survey ICT infrastructure costs, availability and reliability. It will also assess the ability of existing services to provide the required level of service and accessibility. It will also survey all possible consumers/users of ICT to establish demand for upgrading of existing and available ICT infrastructure to include a Wireless Access System.



**Broadband wireless will enable businesses in Ukhahlamba to compete in the international business world.**

The project will investigate the cost of telecommunication services, the quality of service offered and propose workable solutions. If the district is to develop economically and compete in the global economy it is essential that more accessible, efficient and cheaper ICT is developed in the region. This will also enable schools to provide such facilities to their learners thus enabling them to develop essential skills for the modern business market and world.

## Local Economic Development Strategy for the Blue Crane Route Municipality

The Blue Crane Route Local Municipality (BCRM) includes Somerset East, Cookhouse, Pearston and surrounding farms in the Western Region of the Eastern Cape. The Thina Sinako Local Government Support Fund grant will enable the municipality to develop a Strategic Plan for Local Economic Development that will become part of the Integrated Development Plan. This will allow for a more effective linkage of the LED work of the municipality and the Blue Crane Development Agency. In addition, the project will explore and document the economic relations between the five Karoo municipalities of Ikwezi, Baviaans, Camdeboo, Sunday's River Valley and Blue Crane Route.



**The Blue Crane Route Municipality will, amongst others, support the game farming industry to develop ecotourism products that will provide jobs and develop the local economy.**

The project will undertake a detailed economic assessment and develop an appropriate economic project register. The LED strategy will be aligned with the strategic documents of the National Spatial Development Framework (NSDF), the Accelerated and Shared Growth Initiative for South Africa (ASGISA), the EC Provincial Growth and Development Plan, the Cacadu District Economic Growth and Development



Strategy, the Blue Crane Route Spatial Development Framework (SDF) and Integrated Development Plan (IDP).

This project will strengthen LED strategic planning, improve LED systems and improve human resource capacity and capabilities in the BCRM. It will also act as a catalyst for enterprise development, job creation, poverty alleviation and skills development.

# Grants awarded from the Financial Innovation Fund

Grants were awarded to the following projects following the pilot call for proposals to the Financial Innovation Fund:

Applicant	Project Title	Grant Amount
Matatiele Financial Services	Alignment of Insurance Products with Micro Lending Operations	R 363,457.53
Eyethu Community Finance Centre (ECFC)	New approach to micro-lending in disadvantaged areas of Eastern Cape	R 326,039.70
Tlholo Entrepreneur Support Centre	New phased incremental training, mentorship and micro lending approach to develop entrepreneurs in the Ukhahlamba district	R 275,808.00

## THE FOLLOWING ARE BRIEF DESCRIPTIONS OF THESE PROJECTS

### ***Tlholo Entrepreneur Support Centre to train, mentor and supply micro loans to developing entrepreneurs***

Most developing entrepreneurs access financial services through formal banking institutions that provide only savings and banking services located in small towns. Development finance institutions operating in Ukhahlamba concentrate mainly on agricultural development finance and do not operate in the micro enterprise finance sector. Tlholo Entrepreneur Support Centre is the only institution that provides micro enterprise finance and ad hoc business development services to the rural communities in the district. It focuses on group lending to micro entrepreneurs. Tlholo serves the district within a 200 km radius from its base office in Lady Grey. Its current client base consists of 95 % female borrowers, mainly in the youth segment of the population.



**Women are the primary clients of Tlholo Entrepreneur Support Centre. They assist young women to access microfinance to start up their own businesses.**

Thina Sinako is funding the development of new training and evaluation programmes by Tlholo. These will improve its loan recovery rates and the sustainability of the institution by strengthening its risk assessment capacity and methodology, and by introducing a process of evaluation of entrepreneurial skills and competencies of new and existing borrowers as part of its loan assessment procedures. If necessary, Tlholo will provide the required training and mentoring for borrowers to address any lack of required skills.

A new formalised phased incremental training and mentoring program will cater for first-time borrowers and start up entrepreneurs entering as new members of groups. It will operate through the various stages of the incremental lending cycle and up to the development of fully independent individual entrepreneurs as individual borrowers of Tlholo. A need has also been identified to provide larger loans to individual borrowers that have graduated through the various incremental group lending cycles. Expansion loans are also offered to established individual micro entrepreneurs with sufficient business skills and collateral security as first time borrowers of Tlholo.

### ***Eyethu Community Finance Centre (ECFC) strengthens its micro-lending activities in disadvantaged areas of Eastern Cape***

Khula established the Eyethu Community Finance Centre (ECFC) in 1999 in Mt. Frere. Alfred Nzo and O.R. Tambo are the most rural districts of the Eastern Cape and the commercial banking sector is only present in cities and towns. In places like Ntabankulu there are no banking operations at all and these are the target areas of the ECFC operations. A substantial number of people are non-bankable clients and they need to be served through alternative means of finance. The ECFC provides group lending up to R10,000 as developmental loans to disadvantaged entrepreneurs, especially women and youth. The ECFC also provides general business advice and support savings mobilisation. Thina Sinako is awarding a grant to the Eyethu Community Finance Centre to address the issue of limited access to finance of thousands of people living in rural areas who cannot be served by traditional banks.

The grant will be used to open a new office in Bizana which will improve delivery of loans in targeted areas around the region; research the demand for and design educational and housing loans; develop a training strategy and provide training in the areas of customer relations, business management, lending methodology, risk management and organisational development; and mentor and support aftercare of clients by providing training and ad hoc business development support.



**Eyethu Community Finance Centre provides banking services to thousands of disadvantaged entrepreneurs in the rural areas of Mount Frere, Alfred Nzo and O.R. Tambo Districts.**

New staff will be familiarised with ECFC procedures and manuals. As the organisation grows, the upgrading of skills of other staff will be essential in order to ensure the organisation's effectiveness. In its first year of operations CFC provided 50 loans and has grown to its current portfolio of approximately 1,300 active borrowers. The ECFC aims to grow constantly and its focus for 2007-2008 is to 1) improve the effectiveness of the provision of its services to customers in Tsolo and Ntabankulu, 2) design new products (educational and housing loans), 3) upgrade skills of ECFC personnel to improve the delivery of its loans and 4) do more consumer education in order to improve the ECFC's risk portfolio management.

### ***Matatiele Financial Services brings micro loans and related services to rural villages***

Alfred Nzo is the poorest and most rural municipality in the Eastern Cape. Aspiring entrepreneurs cannot access finance from the formal financial institutions because they cannot raise the collateral needed by the bank and there are no banks in villages. Matatiele Financial Services (MFS) is a development micro finance organisation that issues micro loans to the poor and marginalized rural communities, especially to businesses owned by women in village centres. Both start-up and existing businesses in the Eastern Cape and KwaZulu-Natal are supported, using limited resources.



**Matatiele Financial Services will bring its banking, microfinance and insurance services to rural villages in the Alfred Nzo District Municipality.**

MFS, which currently has a database of 2000 active borrowers that are serviced by two loan officers, reaches the poor by using village centres as points where business information is shared and new clients are recruited. MFS aims to become an efficient micro finance institution in the north east region of Alfred Nzo district as well as Mt Fletcher in the Ukhahlamba district.

MFS plans to recruit six credit officers trained in efficient lending skills and to open a new office in Mt Fletcher to service existing clients and to minimise transport costs. Low interest rates, uncomplicated application procedures, and village centres within walking distance of clients will make microfinance more accessible to the poor. MFS will offer clients life cover, business insurance and insurance to cover the loan in collaboration with one or two insurance companies.

Training in default management, client services, risk management, time management and good practices will enable staff to provide relevant financial advice to clients in village centres. The board members will be trained on HR systems such as disciplinary and grievance procedures, employment contracts and performance management systems. The Village centre office bearers will be trained in bookkeeping.

# Grants awarded from the Local Competitiveness Fund

Grants were awarded to the following projects following the pilot call for proposals to the Local Competitiveness Fund:

Applicant	Project Title	Grant Amount
Matatiele Local Municipality	Matatiele Lodge, Conference & Training Facility with Municipal Offices (CAP Identification & Design)	R 282,595.00
Inxuba Yethemba Municipality	Development of Competitiveness Action Plan for the Cradock Spa (CAP Identification & Design)	R 352,610.00
Transkei Land Service Organisation (TRALSO) in partnership with Mhlontlo Local Municipality	Development of Local Economic Development (LED) Strategy for Mhlontlo Local Municipality (CAP Identification & Design)	R 206,203.20
Mbumba Development Services	Commonage Management in the Blue Crane Route Municipality (CAP Identification & Design)	R 116,099.99
The Makana Goat Farmers Co-operative Limited in Partnership with Makana Municipality, Sombhulula and Scientific Roets	Makana Goat Village Co-op Ltd. (CAP Implementation)	R 4,079,733.45

## THE FOLLOWING ARE BRIEF DESCRIPTIONS OF THESE PROJECTS

### Regional Lodge, Conference & Training Facility with Municipal Offices for Matatiele Local Municipality

After its recent incorporation into the Eastern Cape, the Matatiele Municipality plans to strategically place the town of Matatiele as a major regional training and conferencing venue. Upon completion, the anticipated road through Matatiele and Mt. Fletcher will become the shortest, safest and most prominent road between KwaZulu-Natal and the Western Cape provinces, making Matatiele a natural stop-over point for all motorists and travellers.

The Thina Sinako LGSF grant will fund a project to analyse demand for a multi-purpose facility to provide accommodation, conference and training facilities. Local, regional and provincial Government Departments, Local and District Municipalities, local businesses and regional tourism organisations will be canvassed. All possible alternatives regarding the type and size of venue, venue location, infrastructural requirements, cost and staffing requirements will be reviewed. Options to be reviewed will include the establishment of new offices, and the situation of office and conference and training facilities on the same premises. Strategic planning with the various stakeholders to determine the ideal model for project implementation will take place after gathering and analysis of information from all the various sectors.



**Matatiele Local Municipality will plan for a regional conference and training lodge with municipal offices with the funds granted by Thina Sinako.**

The strategy process will incorporate the needs and constraints of all identified stakeholders, as well as local infrastructure requirements, tourism concerns and ambitions, additional service and facility options (i.e. fuel station, restaurant, travel agency office options, etc.). A comprehensive business plan will be developed for the most viable implementation model.

### LED Strategy for Mhlontlo Local Municipality

The Transkei Land Service Organisation (TRALSO) will support the development of an LED strategy for the Mhlontlo Local Municipality over a period of four months. The project is supported by funding from Thina Sinako and the municipality, and it will result in a plan for the stimulation of economic growth within the municipality.



**Mhlontlo Local Municipality is one of the most rural in the Eastern Cape and thousands of people depend on small-scale subsistence farming as a key component of their livelihoods strategy. The LED strategy funded by Thina Sinako will look at how to improve opportunities for women like these.**

There are two main phases to the project: Research and Planning. The research will identify relevant stakeholders, audit skills and resources for LED, assess competitive advantage and review investment available in the municipality. The planning phase of the project will focus on the development of an LED strategy, based on an analysis of research data and the outcomes of a strategy development workshop. This strategy will identify priority programmes, projects, capacity building needs and the optimal institutional structure of the municipality for LED. It will include a monitoring and evaluation plan that will be used during the implementation of the strategy.

By identifying and prioritising programmes, projects and plans needed to make a meaningful intervention in the development of the local economy, the municipality will focus its support work within its available resources. The LED Strategy will be linked to the Integrated Development Plan (IDP), the Spatial Development Plan of the municipality, the Provincial Growth and Development Plan and the Accelerated and Shared Growth Initiative of South Africa.

### Inxuba Yethemba Municipality plans to develop the Cradock Spa

This project will be aimed at the development of a competitiveness action plan (CAP) for the Cradock Spa, which is owned by the Inxuba Yethemba Municipality (IYM), situated within the Chris Hani District Municipality. The Spa has a wide range of recreational and accommodation facilities and is located on approximately 15 hectares of municipal owned land situated a few kilometres outside the town of Cradock along the Great Fish River. The Spa is valued at approximately R7.5million. Currently, maintenance and operational costs of the Spa facilities exceed the revenue generated. The aims, in the long-term, are to generate adequate returns on this municipal asset and use it to add value and stimulate the local economy, particularly by contributing to the positioning of the Cradock Spa as a competitive and sustainable tourist facility.



**The Cradock Spa is the focus of a project being undertaken by the Inxuba Yethemba Municipality to make it an economic asset for the district.**

The project will review existing feasibility studies (including proposals, plans to upgrade, applications to purchase, etc.) and update them to inform a collective identification of the competitive advantage of the Spa. All of this information will be used to develop a business plan, accompanied by a resource mobilisation strategy. The identification of private sector role-players (both established and emerging) to partner the IYM in the profitable running of the Spa is a key component of the plan. The Council supports the establishment of mutually beneficial partnerships to maximise the value and sustainability of the Spa as a municipal and public asset.

## Managing Commonage for the benefit of all

The Blue Crane Route Municipality, with the assistance of Mbumba Development Services, will develop a commonage management policy and accompanying systems. The three main commonage stakeholder groups are emerging stock farmers, established commercial farmers and the Blue Crane Route Municipality, which acts as both manager and custodian of the commonage and the related natural environment.



The main objective or purpose of the project is to investigate and develop a partnership strategy to institute a workable, contractual relationship between the municipality and the emerging farmers who are the primary users of the commonage. Through education, consultation and an on-going process of relationship-building, the municipality will reintegrate this grouping into the framework of laws, regulations and public obligations governing the commonage. This will strengthen the economic potential of the emerging farming sector.

The Commonage Project aims to increase compliance of stockowners with a revised commonage management system; enable key stakeholders to provide feedback on the proposed commonage management system and necessary refinements; improve awareness of the new commonage management system among various commonage user groups and their specific rights and obligations in relation to the commonage; pilot the system and evaluate the outcome with required amendments; finalise a review of all policies, by-laws and procedures relating to commonage management; and implement the finalised system.



**Commonage is a shared asset and the Blue Crane Route Municipality with Mbumba Development Services will investigate and plan for the equitable and economic use and development of local commonages.**

## The Makana Goat Village to produce milk and cheeses

The Makana Goat Farmers Cooperative Limited is an agri-business initiative by iRini Farmers in the Makana Municipal area. These farmers have formed an Agricultural Cooperative with a membership of approximately 50 people. They plan to produce and deliver goats' milk to the Makana Village where the Makana Goat Village will produce quality goats' milk cheeses. Goats are traditional Indigenous community assets, which are commercially under-utilised. The project will draw on traditional stockmanship expertise to build economic empowerment.

The Makana Village is located on an ideal tourism site that could attract international and local day visitors. It is visible and easily accessible from the N2 Highway. The Goats' Milk Processing Facility will be only one of several attractions at the site. Ultimately, the Co-op Village will comprise a basket of enterprises, which will include (see [www.makanagoatvillage.org.za](http://www.makanagoatvillage.org.za))

- An indigenous tree and plant nursery
- A Restaurant and Conference Centre
- A Computer Training Centre
- Live Craft Workshops and Shop
- Cultural Healing Centre and Entertainment Group
- Management Centre and Booking Office



**The Makana Goat Village will add value to goat farming by developing high quality cheeses.**

Value-adding to local resources, especially in an agricultural context, is an effective method to ensure economic development of rural areas. The Thina Sinako grant will be used to develop the infrastructure of each of nine production units and the lucerne (alfalfa) production unit which forms part of the business. Capacity building in goat production and business management, purchasing of the start-up livestock, and finalising the institutional arrangements governing the enterprise will also be funded.

Farmers own livestock and have traditional skills in goat production but they lack the more sophisticated knowledge required to produce products for the open market. This project will also investigate and secure market-linkages (the EU-cheese quota of 5,000 tons of cheese annually is one of the markets that will be investigated) in preparation for the development of the processing unit.

The Makana Goat Village has been designed to ensure local players can capitalise on the opportunities identified in the Eastern Cape Provincial Growth and Development Plan 2004-2014 (PGDP) and the Makana Municipality IDP. It will be aimed at partnerships between the private, public and non-governmental sector. Partnerships within the private sector are also planned and this will help to contribute to Provincial Strategic Objectives as identified in the PGDP.

# Further calls for proposals

Since the pilot calls, a second set of calls for proposals to the Local Competitiveness Fund was launched. The following amounts were budgeted for each component of this call:

- LCF (CAP Identification & Design): R 5,812,000
- LCF (CAP Implementation): R 7,500,000

These calls closed in March 2007, with notification of preliminary selection of projects sent to applicants in May 2007.

The final calls for proposals to all three of the grant funds were opened on 20 April 2007, and will all close during the month of July 2007. The following budgets have been allocated to each of these calls:

- LGSF: R 7,700,000
- LCF: R 19,523,610
  - CAP Identification & Design: R 5,054,814
  - CAP Implementation: R 14,468,796
- FIF: R 6,534,000

We trust that the up-scaling of fund allocations will allow us to fund a wider range of projects that will bring benefits to beneficiaries in the short to medium term, and generate useful lessons for the improvement of LED practice in the Province and nationally.

## Where to get more information

For more information on assistance offered or calls for proposals to our grant funds, please visit [www.thinasinako.co.za](http://www.thinasinako.co.za), or contact one of our Regional Offices:

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