

Briefing Note

Fostering Innovation-Driven Local Economic Development in Engcobo Local Municipality

**Nomabandla Cishe, Ciara Dapira, Zibo Mpongwana, Siyanda Jonas, Ramigo
Pfunzo**

September 2018

Introduction

Engcobo Local Municipality is one of the six local Municipalities found in the District of Chris Hani in the Eastern Cape Province. About 162 014 population live in the local municipality, with the majority of its population (96%) residing in the rural areas 4% of its populace residing in the urban and peri-urban areas of Engcobo, Clarkebury and All Saints. When compared to other local municipalities under the Chris Hani District Municipality, Engcobo Local Municipality has the highest rates of poverty and unemployment. Its Human Development Index (HDI) is the lowest in the region at 0.505. Community service, trading and retail service and agriculture are important sectors within the District.

This briefing note's aim is to share findings of the Rural Innovation Assessment Toolbox (RIAT) initiative on how innovation can be harnessed to stimulate local economic development in Engcobo Local Municipality. The three complementary tools in the toolbox, i.e., the innovation value chain (IVC) mapping tool, the participatory evaluation, reflection and self-horizon exploratory (PERL/SHE) tool and the potential high impact local innovation catalysts (P-HILICS) tool - were used to assess innovation potential in Engcobo.

The local innovation landscape in Engcobo: Evidence from the Innovation Value Chain (IVC) mapping tool

A survey conducted by the Human Science Research Council (HSRC) and the Walter Sisulu University

(WSU), using the IVC mapping instrument, identified 123 innovative enterprise in the Chris Hani District Municipality. Invention found to be the least innovation activity occurring amongst these enterprises with only 18% of the sampled enterprises found to be responsible of new inventions in the region during the period of 2011-2012. On the contrast adoption at 43% emerged as the most prevalent innovation activity occurring in Chris Hani District Municipality. This shows that innovating enterprises in this region are making maximum utilisation of new ideas, artefacts, practice or new ways of doing things, which originally developed by other people either outside or within the region itself.

In terms of adaption, the findings show that very few of the enterprises are involved in effecting improvement or making considerable changes to innovations that have been produce elsewhere. Approximately one out of three enterprises in the region found to be actively adapting innovations. The bulk of these enterprises involved in adapting innovations were mainly those from private sector. Meanwhile, diffusion found to be second dominant form of innovation activity taking place in Chris Hani District Municipality. According to the research findings the proportion of enterprises involved in the sharing, transferring and distributing of new ideas, products and practices increased from 39%-41% during the period of 2011 and 2012.

Platforms to foster local visions for innovation and inclusive development

Changing the local innovation landscape requires that all local actors work together in crafting a vision, while collectively sharing ideas and learning for harnessing innovation for inclusive outcomes. For that, platforms that encourage networking should be created. Participatory, Evaluation, Reflection Learning/ Self-reflection Horizon Exploration (PERL/ SHE) workshops, are one such potential platform.

Approach/method

The Participatory Evaluation, Reflection and Learning (PERL)/ Self Horizon Exploration (SHE) workshops took place in Queenstown. This workshop provided a unique platform that enable local actors to reflect on the construct innovation and various innovation activities occurring within the district. Closely linked to this was the discussion that centred on how such various innovation activities can enhanced to foster local socio-economic development (LSED) within the district. The PERL-SHE workshop was also used as a platform to identify two initiatives (that are innovative or with an element of innovation) with potential to stimulate socio-economic development of the local municipality, namely Sesogo Charcoal Co-operative and Poultry Houses (Broilers and layers). These two initiatives known as P-HILICs (Potential High Impact Local Innovation Catalysts).

Catalysing LED through innovative initiatives

Approach/method

P-HILICs refers to local municipal led innovations that have the potential to profoundly catalyse LSED within the local municipality, with an aim to enhance overall quality of life and also offer the possibility of being expanded across the district or beyond as appropriate. The identified initiatives are then be selected for further exploration as case studies that involve innovation driven LSED. The tool used to explore the dynamic of these initiatives is refers as the P-HILICs. The key RIAT3 research

activities in the local municipality of Engcobo involved the implementation and refinement of PERL workshops and the subsequent detailed research into P-HILICs in the form of LSED learning case studies. A focus group discussion involved members of management and the owners of the two initiatives.

Catalytic potential of the two selected initiatives

The Poultry Houses involves the production of poultry meat and eggs in the Engcobo region. The enterprise intended to expand the business to build at least five poultry houses scatter around the local municipality. These poultry house will be equipped with modern technologies, for instance, a regulated heating system that will in turn reduce the death of Chicks especially in winter. Majority of the population within the local municipality are to see an opportunity to participate in the poultry, especially those who have desire in poultry rearing.

The core business of **Sesogo Charcoal Co-operative** is the production of charcoal using wattle trees as their main raw materials. The area is endowed with wattle trees. Silicon smelters identified as the main consumers of the charcoal produced by this co-operative. However, the plan is also to produce some charcoal that can possible be used for household purposes and will be sold at petrol stations and supermarkets in and around Engcobo. The co-operative also intend to diversify their range of products in the near future. The source of innovation is from the outside. The co-operative was first introduced by the Chris Hani District Municipality but later introduced under the administration of Engcobo Local Municipality.

The enterprise was identified as a P-HILIC because of its perceived long term benefits. Firstly, the co-operative is viewed as having the potential to create more employment opportunities as well as stimulate the growth of the local economy. Secondly, the co-operative's future sustainability is viewed as guaranteed because the wattle trees which are key raw materials needed in the production of charcoal are found in abundance in Engcobo and they grow naturally. Perhaps what need to be emphasised are the current challenges faced by this co-operative which are militating against its potential to catalyse local socio-economic development.

The main challenge faced by this co-operative is lack of financial capital used to invest in production assets such as trucks used to ferry logs from the field and used to buy kilns. The co-operative used to own a truck but it has since broken down thereby affecting the production process. The same also applies to two kilns owned by this co-operative, which are found to be outdated and ultimately compromise the quality of the charcoal produced. Indeed, lack of access to reliable markets also contributes one of the major impediments faced by this co-operative.

Lessons to promote local innovation dynamism

Although emerging data from PERL-SHE workshops and IVC survey showed a fair understanding of the concepts innovation by participants, the general trend that can deduced is that innovation in the region is largely viewed in a narrow sense. Innovation was mainly associated with new technologies, as 81% of the sampled enterprises indicated no awareness of social innovation. There is a need to embark on local awareness programmes that aimed at promoting mind shift concerning how ordinary people view innovation. That is, innovation should be view in its broadest sense, be recognise beyond ideas of invention and introduction of new solutions. It should be view as adapting and adopting various existing technologies and new ideas that have potential to stimulate LSED.

In closing such awareness programmes, there is a need to implement skills development interventions. Skills development is a critical component that can determine the innovation capacity of any given enterprise and ultimately the amounts of returns it can generate as well as the general impact it can have on social economic development. In this regard, if the members of the Segoso Co-operative receive appropriate training in the area of producing charcoal and marketing they can be able to diversify their activities. Presently, the co-operative is only specialising on the production of charcoal, there is no diversification of activities taking place. It is, through continuous training that these co-operative members might be able to explore other economic activities that are profitable. Other potential activities that the co-operative can venture into include pole making and

the packaging and selling of ashes as fertilise which was reported to be produced in abundance during the production of the charcoal.

Conclusion

To sum up, the findings of this report in the District support the Segoso Co-operative. The co-operative viewed as having the potential to create more employment opportunities as well as stimulate the growth of the local economy. In addition, the co-operatives' future sustainability viewed guaranteed because the wattle trees which are key raw materials needed in the production of Charcoal are found in abundance.

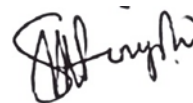
Acknowledgements

This briefing note draws from evidence obtained during the Rural Innovation Assessment Toolbox (RIAT) initiative funded by the Department of Science and Technology and implemented by the Economic Performance and Development unit of the Human Sciences Research Council as well as the Walter Sisulu University. The views expressed are those of the authors and do not necessarily reflect those of any other party.

Authors

E Ciske, Director, Directorate of Research Development, Walter Sisulu University
Zibo Mpongwane, Researcher, Directorate of Research Development, Walter Sisulu University
Clara Dapira, Researcher, Directorate of Research Development, Walter Sisulu University
Siyanda Jonas, Researcher, Economic Performance and Development (EPD) Research Programme, HSRC
Pfunzo Ramigo, Researcher, Economic Performance and Development (EPD) Research Programme, HSRC

Submitted by



Dr Sikhulumile Sinyolo
Date: 7 September 2018