

## Briefing Note

# Fostering innovation-driven local economic development in Umuziwabantu Local Municipality

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### Introduction

Umuziwabantu Municipality, situated in the west boundary of Ugu District, is mainly rural with features ranging from urban developments, farmlands, commercial forestry and traditional authority areas. A significant portion (56%) of the municipal area is occupied by individually-owned commercial farms and the WEZA afforestation region. The main economic activities in the Municipality are manufacturing, agriculture and timber plantations. The municipality is characterised by high rates of unemployment. In 2011, youth unemployment rate was 42% which was higher than that of the overall population (33%).

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 the Umuziwabantu Local Municipality. The three complementary tools in the toolbox, i.e., the innovation value chain (IVC) mapping; the participatory evaluation, reflection and self-horizon exploratory (PERL/SHE); and the potential high impact local innovation catalysts (P-HILICs) tools were used to assess innovation potential in Umuziwabantu.

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

Understanding the current innovations taking place, the potential and gaps, is key step in fostering innovation-driven development. Therefore, the IVC mapping instrument was used by the Human Sciences Research Council (HSRC), the University of KwaZulu-Natal (UKZN) and the Institute of Natural Resources (INR) to identify and profile 92 innovative enterprises in Umuziwabantu. The preliminary findings indicated that the private enterprises operating mainly in the agriculture, retailing / trade / financing and community services dominated in terms of innovation within the municipality.

A significant proportion (91%) of the enterprises were formally registered, and almost a quarter (24%) were not registered for tax purposes. Survey results revealed an equal distribution of process, organisational and marketing innovations with proportions ranging between 63 to 67%. Adoption (84%), adaption (70%) and diffusion (64%) were the most common innovation activities, with invention (11%) being the least common innovation activity. More than half (59%) of the respondents indicated that their main goal was to further their commercial interests (increase their market share profits).

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### 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 PERL (Participatory Evaluation and Reflection Learning) workshop was held at Ugu District Municipality on the 28-29 March 2017, where stakeholders from Ray Nkonyeni and Umuziwabantu local municipalities were present. The workshop was an open, collegial space, where knowledge and experiences about innovations were shared. The purpose of RIAT and its intentions were explained and discussed openly. Local participants learned from the research team about RIAT and innovation in general, whilst the research team learned about innovation from a local perspective. This process revealed the way in which innovation can contribute to the vision of improved Local Socio-Economic Development (LSED) through the identification of locally implemented innovations. The workshop was facilitated using participatory approaches as means to provide a platform on which insider and outsider knowledge can be exchanged.

#### Key insights on self-reflection and horizon-driven social & economic development

The key findings from the workshop with regards to understanding the term 'innovation' indicated that there was a fairly good understanding of innovation and innovation types in the district. This was drawn

from the definitions received from the participants during the discussion. Innovation was recognised as an important element in improving public sector services and enhancing LSED in both local municipalities. According to the participants, it is important for people to not only participate in the implementation of innovations, but should also engage in the development stages of the innovation process. There is a lack of access to information and networks offering support with respect to business knowledge. For example very few people knew about institutions such as Invotec which offers business and incubation training.

It was also recognised that many businesses were reactive rather than proactive, thus responding to a challenge rather than responding to opportunities. This calls for ways to strengthen businesses by making them more resilient. Moreover, it was indicated that there were limited interactions between local municipalities and local universities. In order to develop Science, Technology and Innovation (STI) in a way that brings various positive spinoffs for improved LSED, there is a need to link universities with the public sector.

### Catalysing LED through innovative initiatives

#### Approach/method

During the PERL workshop, Umuziwabantu Local Municipality proposed five cases that were thought to be innovative. Out of these, two interesting cases were selected as potential P-HILICs and these are, the Umuziwabantu Cattle Cooperative and Mjijimi cooperative. The RIAT team subsequently engaged with all the relevant stakeholders in order to document these potential P-HILICs cases. These engagements involved site visits and meetings aimed at getting a better understanding of each case. The P-HILICs framework was used as a guiding tool to facilitate discussions ensuring that the team obtained as much information as possible about each case.

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### ***Catalytic potential of the two selected initiatives***

**Umuziwabantu cooperative** is a cattle enterprise comprising of a group of farmers that own and manage cattle collectively. Prior to forming a cooperative, the farmers were keeping livestock individually. Seeing that farming individually comes with a lot of challenges especially when it comes to accessing resources, an idea of establishing a cooperative was conceived. The Umuziwabantu Cattle Cooperative was established in 2013, comprising of 17 members. Initially, the cooperative owned a total of 60 cattle, provided by each of the farmers. Since its establishment, there has been a tremendous growth in cattle numbers. In 2017, prior to winter the cattle numbers had augmented to approximately 800 cattle.

The cooperative members also realized that the consumers have different needs in terms of cattle breeds. It was for this cause that they took a decision to bring in different cattle breeds (e.g. Nguni, Brahman and so on). They also perform their own cross-breeding process to ensure continuity of different cattle breeds within their herd. The Umuziwabantu Cattle Cooperative generates income for its members, creates employment opportunities and contributes to local economic growth.

**Mgijimi cooperative** is a chemical detergent producing cooperative comprising 15 women and one man. The business manufactures fabric softeners, dishwashing liquid and bleach. There is no other similar business in the area and it therefore has a great potential to grow. This case was identified as a product innovation and the innovation activities include adaptation and diffusion. In terms of impacts, the initiative provides employment opportunities, engages in skills transfer and generates income for the members.

### **Lessons to Promote Local Innovation Dynamism**

With some of the enterprises especially cooperatives, the knowledge and vision lies with only one member and when that member leaves the cooperation, things fall apart because there was no active mentorship. That having been said, there is a need for mentorship. Moreover, lack of transparency between the cooperative members discourages the members to work. The common challenge that enterprises face is marketing of their products. Therefore, people need to be capacitated with innovative marketing strategies so that they do not depend on the municipality or other government departments to assist them with marketing. The municipality needs to recognise and promote local innovations. That way, innovations can be improved, replicated in other areas and possibly be recognised at a national and international level.

### **Conclusion**

The nature, importance and implications of innovation on local development was understood by the local actors. What was also clear is that developing innovation-mindsets among the local people, and translating ideas into practical innovations was not a walk in the park. The consensus was that, while creating local platforms for knowledge exchange was vital, it was also important that certain critical stakeholders, such local universities and other institutions of learning, should play a leading role in these platforms. Additionally, it was felt that the vision of the municipality should be developing the capacity and skills of locals so that they become inventors of new innovations, and not merely implementers of already existing innovations. For this to happen, it is important for local enterprises to get all relevant support (resources, capital, skills, knowledge) so that these enterprises can grow, continue to contribute to local economic development and operate for a long-term.

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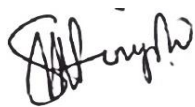
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