

## Briefing Note

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

G. Mah and J.M. Mpyana

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### Introduction

Naledi Local Municipality is a category B municipality situated in the western part of the Dr Ruth Segomotsi Mompati District Municipality. It is the second-largest of the five municipalities that make up the district, accounting for 16% of its geographical area. Naledi is known as the Texas of South Africa because of cattle breeding and agricultural activities that take place there. The main economic sectors in Naledi Local Municipality are agriculture and hunting.

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 Naledi local municipality. 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 Naledi.

### 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 visions, 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 and Reflection Learning (PERL) / Self-Reflection and Horizon Exploration (SHE) workshop was held on the 10<sup>th</sup>–11<sup>th</sup> February 2016 at 41 Market Street, Vryburg. This workshop was aimed at identifying innovative initiatives to be considered for the RIAT phase 3 P-HILICS process in Naledi and Lekwa-Teemane Local Municipalities. Various representatives from local government, provincial government, traditional authorities, the private and non-profit sector based in the two municipalities attended the workshop. The workshop was followed by the Post-PERL process that focused on confirming the two potential initiatives that would go through the P-HILICS exploration process. The confirmed initiatives were explored in each of the local municipalities.

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

The results from the PERL session revealed that there was a highly limited understanding of innovation amongst the participants (particularly non-municipal officials) in its broad sense. Participants failed to recognise innovation beyond ideas of invention and introduction of relatively high-tech solutions to existing

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products (e.g. designing of improved plastic water pipes to replace deteriorating galvanised iron pipes). Although the Naledi Local Municipality officials had previously embarked on several innovations (e.g. novel crime patrol system in the CBD aimed at enhancing security and employment), these were not acknowledged during deliberations and were not recognised as innovations. Moreover, participants were unaware of various innovations identified in the district through the Innovation Value Chain (IVC) mapping survey conducted by the RIAT team in 2013.

Detailed lessons drawn from the PERL workshop were:

- a) Overall, participants were concerned that innovation may have detrimental effects. First, they indicated that innovation mainly benefits skilled employees as opposed to unskilled workers. Secondly, they felt that innovation can potentially lead to unemployment in existing employment sectors such as agriculture. They believed that innovation may come up with labour reducing technologies which would in turn, decrease labour demand.
- b) Participants raised concerns about what was perceived to be a 'dependency mind-set' that characterised a majority of the local population as many of them expected the government to do everything for them. In order to remedy the so called 'dependency mind-set' participants, particularly those from the local municipalities, displayed a high interest in innovative ways aimed at turning projects into sustainable profit making enterprises.
- c) Deliberations made during the workshop also highlighted the need to get public service providers to apply Science, Technology and Innovation (STI) in a manner that it has numerous positive spinoffs for Local Social and Economic Development (LSED).
- d) Moreover, challenges regarding the understanding of innovation and how it can possibly contribute to the improvement of the public sector for enhanced LSED, were evident.

## Catalysing LED through innovative initiatives

### *Approach/method*

The P-HILICs exploration process included engagement with the municipal officials as well as key stakeholders involved with the selected initiatives. The P-HILIC processes involved probing the origin of the initiative, actors in development and implementation, spatial elements, short, medium and long-term effects of the initiative, potential of the initiative to catalyse socio-economic growth, sustainability of the initiative and the type of support needed by the initiative. Three innovations were identified in Naledi municipality namely; the Food extrusion enterprise and the two enterprises under the EPWP (i.e. the car wash and Rea-agana laundry enterprise). The Food Extrusion enterprise was later discarded as it failed to take off due to the inability of the municipality to find a potential partner to work collaboratively with on the project. Consequently, the car wash and Rea-agana laundry were selected for further P-HILICs exploration.

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

The **car wash enterprise** is situated in Vryburg. This enterprise was established by a group of ten unemployed youth all of whom owned their own car wash business. They later decided to form one car wash enterprise collectively in order to generate more income, an organisational innovation. Following the establishment of the car wash, various enterprises including a restaurant and Rea-agana laundry were developed. It was for this cause that the car wash was regarded as an innovative enterprise.

The **Rea-agana Laundry** is an enterprise specialising in the washing and ironing of clothing and linen. It is a branch of a Non-Governmental Organisation (NGO). This NGO is made up of the garden, soup kitchen and the laundry. Rea-agana is situated next to the car wash enterprise in Vryburg and was established three years ago as a result of the stigmatisation of HIV patients in

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the community. Members in this initiative decided to wash the clothes of the HIV patients free of charge and later extended their services to the community who were required to pay a certain cost for the services. It has a total of eight employees, four dryers, several irons and ironing boards, had 16 washing machines, five of which are operational.

### Lessons to Promote Local Innovation Dynamism

A lot still needs to be done in order to ensure that people, particularly non-municipal officials have an expansive understanding of what innovation really is, together with benefits attached to it and how it can improve the livelihoods of rural people. Moreover, inaccessibility of financial resources tend to hinder the success of many innovations in rural settings. Bringing financial institutions on board can greatly assist in ensuring that local innovations emerge and advance into marketable products or services. There is also a need to inculcate an entrepreneurial and innovation-oriented mind-set among officials and other local actors. Also, it is very important to encourage local people to be the creators/inventors of new innovations, rather than engaging mainly in the implementation/adoption of innovations designed by others. This would be possible if the local actors are equipped with relevant skills.

### Acknowledgements

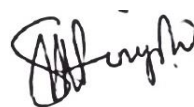
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### Authors

**Giselle Mah**, Senior lecturer (economics), North West University (NWU).

**Judith Mohudi Mpyana**, Researcher, Economic Performance and Development (EPD) Research Programme, HSRC.

### Submitted by



Dr Sikhulumile Sinyolo

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