

Briefing Note

Fostering innovation-driven local economic development in Greater Giyani Local Municipality

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Introduction

Greater Giyani Local Municipality is situated within the Mopani District in the Limpopo province. Giyani town is the administrative capital and commercial centre of the Mopani district. The town is located approximately 185km from Polokwane. Giyani town is the largest in the municipality and most densely populated, featuring the most employment opportunities as well as the best shopping and recreational facilities. The labour force consist of skilled, semi-skilled and a large percentage of unskilled people.

The focus of the local economic development (LED) strategy of Greater Giyani Local Municipality is to grow the economy through creation of employment opportunities and thus reduce the rate of unemployment. The main drivers of the economy of GGLM are agriculture, Tourism, Manufacturing and Trade.

Agriculture has the greatest potential for stimulating growth and development in the Municipality. New employment opportunities will be created in agro-processing industry. Increase in agricultural productivity lead to increase in income of rural people which in turn lead to more demand for industrial products, thus development of the industrial sector. The GGLM has a low economic growth rate, leading to the majority of the population earning low incomes

which in turn reduces their purchasing power. The low educational qualifications of the population reduces the opportunities for employment.

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 Greater Giyani 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 Bushbuckridge.

The local innovation landscape in the Greater Giyani Local Municipality: Evidence from the Innovation Value Chain (IVC) mapping tool

In order to arrest the poor living conditions of the population in the municipality, it is necessary to identify innovations that can be promoted in order to improve living standards of the people. A survey conducted by the Human Sciences Research Council (HSRC) and the University of Limpopo (UL) using the IVC mapping instrument, indicated that most of the innovative enterprises fall in the category of formal sector enterprises, which are involved in tertiary services and primary sector economic activities. Innovations in the

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tourism, agriculture and agro-processing sectors were identified as having potential to promote economic growth in the municipality.

The survey results showed huge potential for innovation among the identified enterprises, especially in terms of adoption and adaptations product, process, marketing and organisational innovations. The innovators in the municipality understand the role that innovations play in economic growth and the need for institutional support to promote innovations. A major concern at the grass root level is lack of awareness of national innovation policies that exist to drive innovations. Capacity building and coordination need to be strengthened in the municipality in order to promote innovations.

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

A participatory evaluation, reflection learning (PERL)-self-reflection and horizon exploration (SHE) workshop was held in January 2016 April 2017. This workshop aimed to provide local actors a platform to collectively produce a vision for innovation-driven local economic development for the municipality and share ideas on how this vision can be accomplished. The workshop was attended by representatives from public, private and non-profit sectors as well as counsellors and traditional leaders from the two local municipalities

A team drawn from UL and HSRC co-facilitated the workshop. Participatory techniques such as

brainstorming, matrix scoring and pairwise ranking, games, stories, group-based reflection on issues coupled with plenary discussions were used to facilitate the workshop.

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

While there was a general understanding of what an innovation is, there was no common definition of an innovation. Participants tended to see an innovation as involving something new which has to be an improvement and different from usual activities, while also bringing benefits to the user. Of concern was the fact that participants identified projects that had collapsed many years before as an innovation. One wonders why a project that has collapsed can be classified as an innovation. It also begs the question: Must a project succeed before it is labelled an innovation? The case of whether or not projects that had collapsed should be considered as innovations or not also brings an important dimension to the analysis of innovation. A project could well have been an innovation but after serving its purpose and or, as a result of some disturbance, interruption, or even another new innovation, it ceased to be so. This points to the dynamic nature of innovations and the fact that their success or failure can be influenced by both internal and external environments.

During discussion of existing projects, few participants were aware of named projects while the rest had no idea of the existence of the projects. When probing questions were asked, there were limited responses from participants. Clearly, it appeared that there was a lack of information-sharing within the municipalities. Participants raised concerns about the development forum. They suggested that it needs to be strengthened in terms of its capacity to engage various stakeholders in the innovation decision making process and to incorporate democratic innovations into the integrated development plans.

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Catalysing LED through innovative initiatives

Approach/method

The Identification of potential HILICs in Greater Giyani was based on the conceptual framework of the HILIC that was developed by the RIAT Team. The framework emphasizes three critical dimensions that should qualify a project as an innovation. These dimensions are:

- i. High impact: this refers to the socio-economic impact that the innovation could have – one assumes that it will have scale beyond the local community where it is initially located (i.e. impact at societal scale). An innovation must also be sustainable in that it has capability to wean itself from dependency on the state.
- ii. Local innovation (i.e. a strong local spatial boundary): an initiative with a new element that is being introduced to the locality.
- iii. Catalyst: spark, unlock and propel socio-economic progress and improved living standard over time (beyond the once-off, ad hoc and short-run feel-good projects).

After the PERL/SHE workshop, an interview guide was developed to assist during interviews for the validation and confirmation of the HILICS project that were identified at the workshop. The purpose of the validation exercise was to revisit the potential HILICS Projects which were identified at workshops in order to determine if the selected projects were consistent with the HILICS criteria. The projects that were identified were the Biogas Project and the Waste Recycling Plant project.

Catalytic potential of the two selected initiatives

The Biogas Enterprise seeks to reduce the impact of rural poverty through offering rural households biogas for cooking activities at a subsidised rate. The reason for the innovation was to recover costs and run a business while adding value to the wellbeing of the participating residents who are able to pay for the service. The main economic subsector that this enterprise operates in is the energy sector. The innovation was the adoption of the business model and the rollout to households after the pilot testing proved the idea to be practical. There are two innovation activities:

1. Adoption of business model for commercialisation of biogas for sale to the local households in the rural areas.
2. Diffusion process – the households which sign a contract to use biogas received training on how to construct bio digesters.

The model benefits only those who can afford the service.

The innovation is sustainable as long as the Biogas Enterprise owns the bio digesters. The contracted beneficiaries can use the skills and knowledge received during training for construction and maintenance of bio digesters.

This innovation has a potential to catalyse socio-economic growth as the Renewable energy use will result in local job creation, promotion of energy security and save up foreign currency expenditure on the importation of fossil fuels. The effluent from the anaerobic digestion process can be used as material, nutrient fertilizer. The market potential of Biogas are generator of electricity estimated at R10 billion and could also create thousands of jobs. This contributes to the growth of the economy. The use of Biogas in the long term will lead to reduction in deforestation as the use of fire wood will decrease. This will lead to

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reduction in the emission of Co2 and clean the environment.

The Waste Recycling Plant project was initiated by an entrepreneur who built two recycling plants; one in Giyani and another one in Phalaborwa. The entrepreneur saw the potential of recycling plant in creating employment and reducing poverty. The recycling is non-metal based. The project initially employed 15 people and the number grow to 35. There are service providers who supply materials for recycling at a full time basis. In Giyani there are 7 full time workers and 20 service providers. The business created 50 villages workers linked to supply of materials to the recycling plant.

The innovation is the non-metal recycling solution which falls within the environmental/manufacturing sector. The dominant innovation activity is the adoption of the clean environment solution.

The entrepreneur owns the recycling plant and created a network of raw material suppliers who are connected to the rural households. The innovation is sustainable as long as the raw materials are available and the suppliers are paid.

The findings indicated that the project has a potential to catalyse socio-economic growth in the GGLM. In an era of climate change nothing is more important than a clean environment. Waste recycling is an environmentally clean innovation. With a clean environment other business are likely to get sustainability boost. Recycling has the ability to create a multiplier effect. It creates networks that support other businesses to grow e.g. transport sector, food value chain and protective clothing etc. Job and income creation; a number of jobs are created depending on size of business. Giyani plant employs 27 people plus network of waste suppliers. The entrepreneur stands to earn R2 million profit per year from Giyani plant once business is fully growing.

Lessons to promote local innovation dynamism

The dominant innovation activity in Giyani Municipality is adoption. This should continue to be reinforced and efforts made to strengthen diffusion through establishment of networks. Innovations in the energy and environmental sectors would serve the needs of the rural households but government participation is limited in promoting these innovations.

The process of identification of representatives of the marginalised groups should be improved so that those attending PERL sessions can provide appropriate feedback to their peers.

Acknowledgements

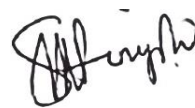
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