

# PLUGGING THE LEAKS IN THE LOCAL ECONOMY: THE CASE OF KOPANONG LOCAL MUNICIPALITY (LM) IN THE FREE STATE



*Pictures 1: Facilitator from SALGA and Co-Facilitators from Kopanong LM during the LP workshop that was held on the 17<sup>th</sup> October 2010*

## 1. BACKGROUND

Leak Plugging (LP) is about inward investment in local economies, but using the analogy of the leaking bucket allows people to engage with concepts of inward investment without the use of intimidating and exclusionary jargon. The tool does not advocate isolation of local economies, which would lead to protectionism. It simply advocates increased interconnectedness within local economies that increases the local multiplier effect. LP in the local economy is a bottom-up approach to economic development, and does not rely on experts but the expertise of the local people.

LP as one of the LED tools was offered to municipalities through the P3 project. Kopanong LM from Free State is one of the three municipalities that partnered with P3 through SALGA Free State and was thus offered this tool. The LP workshop was facilitated on the 17<sup>th</sup> September 2010 at Kopanong LM. As per requirement of the LP workshop, the participants developed

action plans that they had to implement through the support of the municipality. Participants were requested to identify the ways in which money flows in and out of their economy (inflows, outflows) and how to plug the leaks as identified through the outflows.



*Pictures 2,3,4 &5: The LP workshop that was held on the 17<sup>th</sup> October 2010 in Kopanong LM*

The action plans were developed through the following process that took place during the workshop:

### The inflows

The following were cited by the participants as the ways in which money gets into their towns: Tourism, projects, roads and transport projects, salaries, social grants, volunteering, selling fish, loans, businesses and sponsorships.

### The outflows

The following were cited by the participants as the ways in which money leaves their towns: unavailability of Higher Learning Institutions, lack of entertainment centres (e.g. cinemas, clubs, stadiums), lack of banks, lack of transport even within the

municipality, lack of health care facilities, lack of shops, lack of dry cleaning services, shortage and or unavailability of specific business equipment.

### The Plugs

The following were cited by the participants as the ways to plug the leaks in their economy: reopening the banks, building hospitals, entertainment centres and shopping complex, promoting local business, availability of Higher Learning Institutions, making joint ventures as people with the same business, provision of transport (train, taxis and buses), opening businesses like Cash Build and DIY, use local resources like the river among others.

## **2. PURPOSE OF THE CASE STUDY**

This case study seeks to outline the effect and outcomes of the LP workshop that was held at Kopanong LM. The study is intended to be used for best practices as SALGA Free State and COGTA Free State plan to roll out the tool to the rest of the Free State municipalities.



*Picture 6: Entrance to Kopanong LM in Bethulie*



*Picture 7: Community member visiting the municipality office*

## **3. METHODOLOGY OF THE CASE STUDY**

On the 28<sup>th</sup> November 2011 the team from SALGA Free State and P3 visited the two LP teams from Springfontein and Bethulie in Kopanong LM. The purpose of the visit was to interview the participants from the workshop. The LP teams were made of the small business owners from the two towns.

In Bethulie, the businesses represented there were; Brick laying, Fishery, Farming, Tavern, Building Construction and Dress making. In Springfontein the businesses that were represented were Security, Building construction, Home Based Care, Farming and Bottle Store.

## **4. THE EFFECT AND OUTCOMES OF THE LEAK PLUGGING WORKSHOP**

### **4.1 Achievements**

The team from Bethulie cited that through the workshop there was a realisation of the leaks in their local economy and that they can be able to plug some of them. With regard to what happened post workshop, they mentioned that they met on the 12<sup>th</sup> May 2011 and decided to start a chicken project. That was because there are many people in the neighbourhood who own chicken and also that there is fish farming as well. They believe chicken and fish can sell well as white meat.



*Picture 8: Members of the LP team from Bethulie, SALGA, P3, Municipality representatives*



*Picture 9: Mr. Mzunjani Mabokhwe – Fish Farmer*

Mr. Mabokhwe cited that most of the time, he works alone but has seen the benefit of interacting with others in this industry. He attributed the realisation to work with other businesses to the knowledge he acquired from the LP workshop.

The Springfontein team similarly went further to cite that the workshop made them realise that not all the leaks in their locality can be or should be plugged by the municipality. To that effect they went to one bank and held a meeting with the manager to negotiate that that bank open a branch in Springfontein. They were requested to write a letter and they did and are currently awaiting a response from the bank.



*Picture 10: Members of the LP team from Springfontein, SALGA, P3, Municipality representatives*

Me Makabi Kabi (a member from the team) mentioned that after the workshop she approached other women and discussed the ideas that cropped out of the workshop. The meeting resulted in them thinking of opening a One-Stop-Shop that will have a restaurant and car wash.



*Picture 11: Me Kabi(left), Me Engelina Fikizolo (Right)*

Me Phumla Mkrola mentioned that she also went to her business partners to tell them about the lessons she learnt from the LP workshop. As a result of that they have bought a building and started a car wash. Their plan is grow that business to grow the business into a filling station.



*Picture 12: Me Phumla Mkrola (left) and Me Richel Mathubanyane (right)*

The team also mentioned that they had one meeting with the community members. During that meeting other leaks were identified. One of the identified leaks is the unavailability of the Home Affairs office in the area. They went on to indicate that they have not yet started working on it. Since the municipality was around during the interview, they indicated they would help them by arranging meeting with the relevant parties.

Sheep farming was also cited as the biggest business in the area. As a result the team intends to start the wool factory. They were aware that the wool from the sheep in their locality is taken somewhere to be processed. With that realisation coupled with the high youth unemployment, they believe that opening a wool factory would create job opportunities.

At a municipal level there are a lot of outcomes that were mentioned during the interview. These include among others new Project Steering Committee that Kopanong LM established, creation of linkages with the University of Free State, NDA and other donors to support the LP action plans.

#### **4.2 Challenges**

The two LP teams from Bethulie and Springfontein mentioned that after the workshop most of the team members lost the zeal that they gained through the workshop. That lead to the teams not doing much with implementation of their action plans. They attributed that to the following:

- Poor attendance of team members to the meetings
- Communication breakdown and cooperation among team members
- Lack of funds (for airtime and transport)
- Unavailability of the LED practitioner for other meetings

#### **5. WAY FORWARD**

The following will be done in order to mitigate the challenges as stated above:

- The municipality will support the teams and regularly follow up on the action plans to ensure sustainability of plugging the leaks.
- The municipality will engage the relevant sector departments on the availability of Home Affairs and opening a wool factory.

- The leak plugging team from Kopanong LM will work with SALGA and COGTA during the roll out of the Leak Plugging tool by telling other communities about the effects of Leak Plugging workshop and the challenges they experienced.

#### **6. CONCLUSION**

Arising from the Leak Plugging Workshop which was conducted a year and half ago, the community of Bethulie and Springfontein is in a position to revive its economy. This will be made possible by the relationship that has been forged between the business and the municipality and between the businesses.

Despite the number of challenges that are related to commitment, attending meetings and implementation of the plans, it is clear that some small steps are emerging. The teams were also encouraged and revived to continue implementing the actions they had planned during the September 2010 workshop. They were reminded that the benefits of the sacrifices (financially or time) they are making will be much greater in the future. It is indeed evident that PLUGGING the LEAKS in the communities is not the mandate of the municipality alone but of the communities as well.

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