



the dplg

Department:
Provincial and Local Government
REPUBLIC OF SOUTH AFRICA



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Introductory Tutorial

Introduction

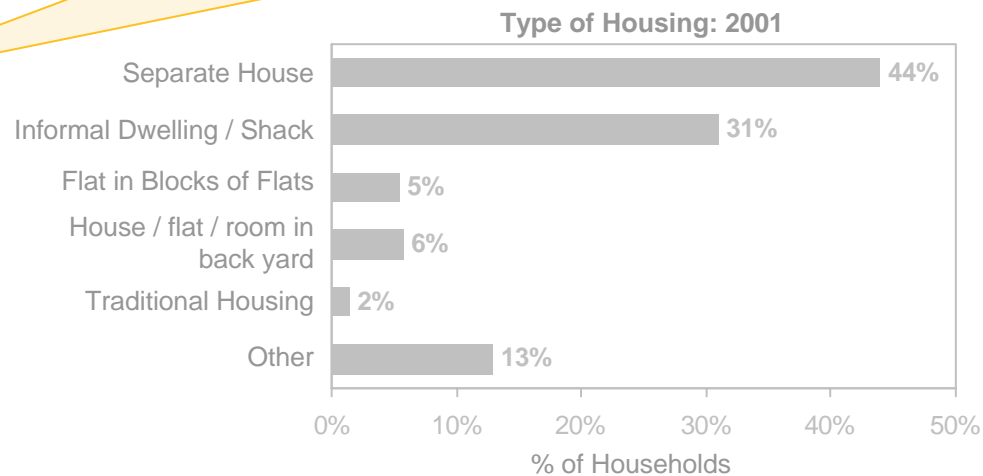
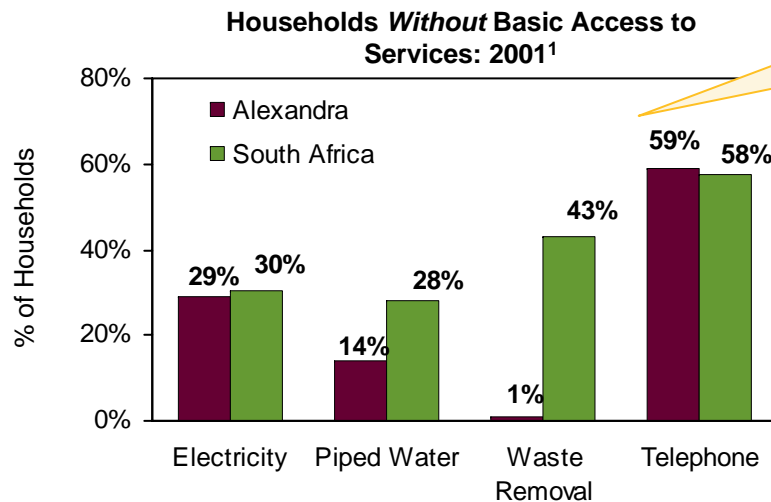
- The slides in the profiles of the Presidential poverty nodes contain a wide variety of data.
- The data are presented in different formats, using text, tables and graphs. Some users may require explanations of the different formats.
- This tutorial provides a short introduction to the different formats and explains how they represent the information about the node.
- The slides in this tutorial are drawn from the profiles of the urban node Alexandra and the rural node Alfred Nzo. They provide a few examples of how some of the slides or data points may be interpreted. The slides in the other profiles all take the same approach.
- We would encourage users also to listen to the voice-over commentaries about each node that are available on the CD. These commentaries convey the researchers' interpretation of the data, and they use the data to 'tell a story' about each node.

Key Data Points

Spatial Development

Alexandra has an extremely high population density; despite serious overcrowding most people have access to basic services

Key Indicators: 2001	Observations
<ul style="list-style-type: none"> Population Density: 43,234 persons / km² Rural / Urban Split: Rural 0%, Urban 100% Dwellings: Formal 69%, Informal 31% 	<p>A lot of South African households do not have access to basic services. Here we compare the nodal performance against the national average for four basic services – electricity, piped water, waste removal and telephone.</p> <p>In this particular example, we notice that Alexandra has a much lower performance on waste removal and piped water supply than the average performance in South Africa. One may conclude that these are priority issues to be addressed.</p>



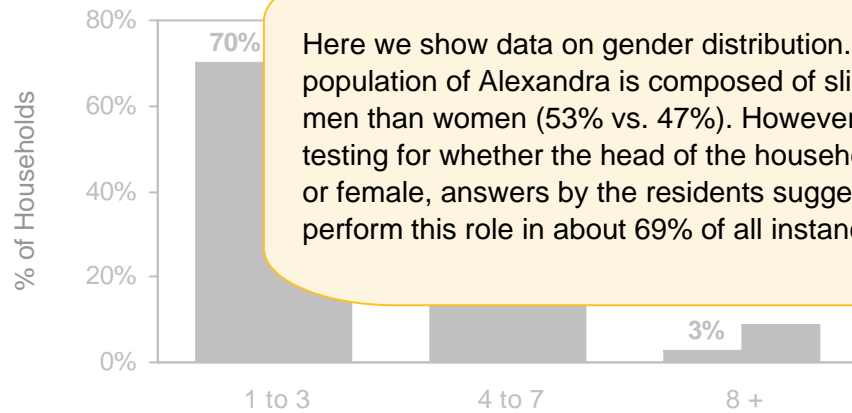
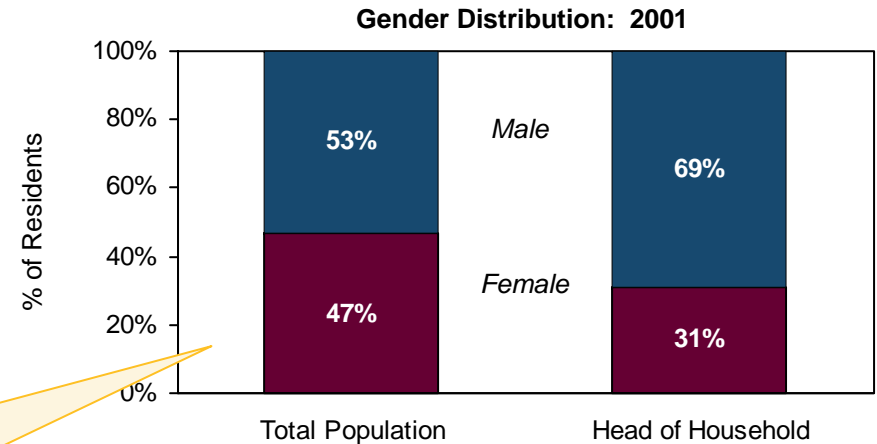
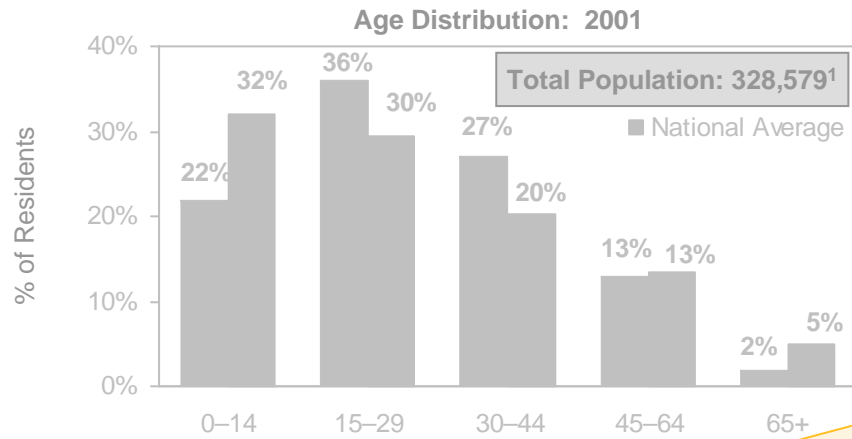
Note: ¹For electricity, basic access is defined as having electricity as the home's source of lighting. For piped water, it is defined as having running water within 200m of the home. For telephone, it is defined as having a landline or cellular phone at the home's disposal

Source: Stats SA Census 2001; Alex Benchmark Survey (2005), ARP, Monitor interviews

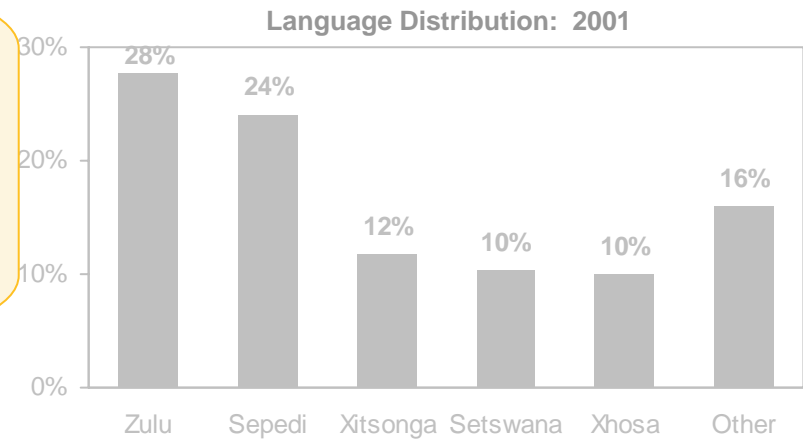
Key Data Points

Demography

Alexandra's population is youthful, nearly 60% of people are under age 30; Zulu and Sepedi are the languages most commonly spoken in the node



Here we show data on gender distribution. The total population of Alexandra is composed of slightly more men than women (53% vs. 47%). However, when testing for whether the head of the household is male or female, answers by the residents suggest that men perform this role in about 69% of all instances.

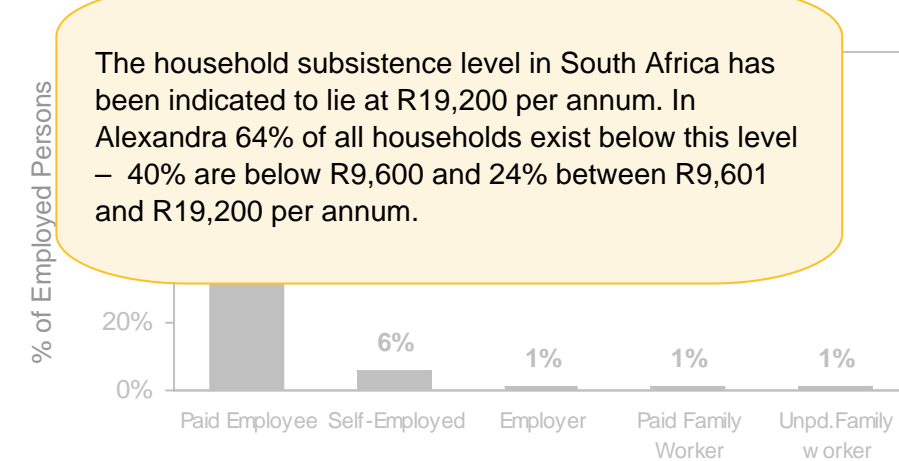
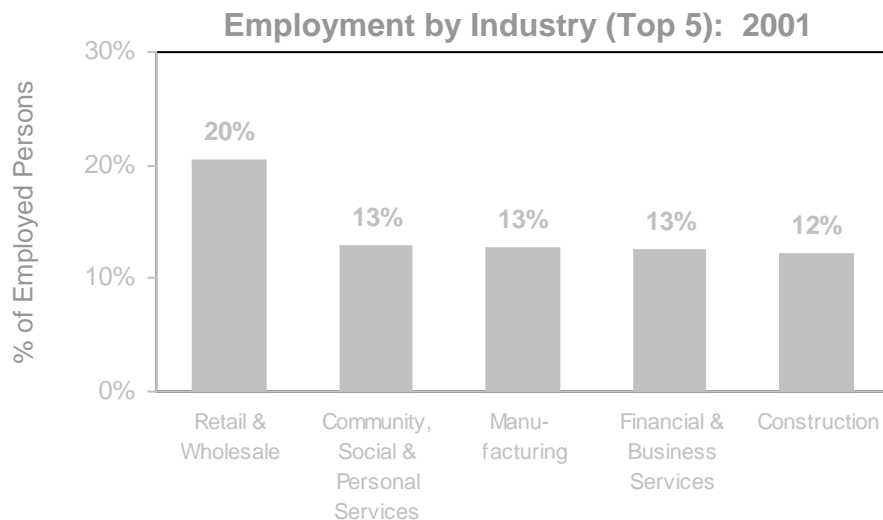
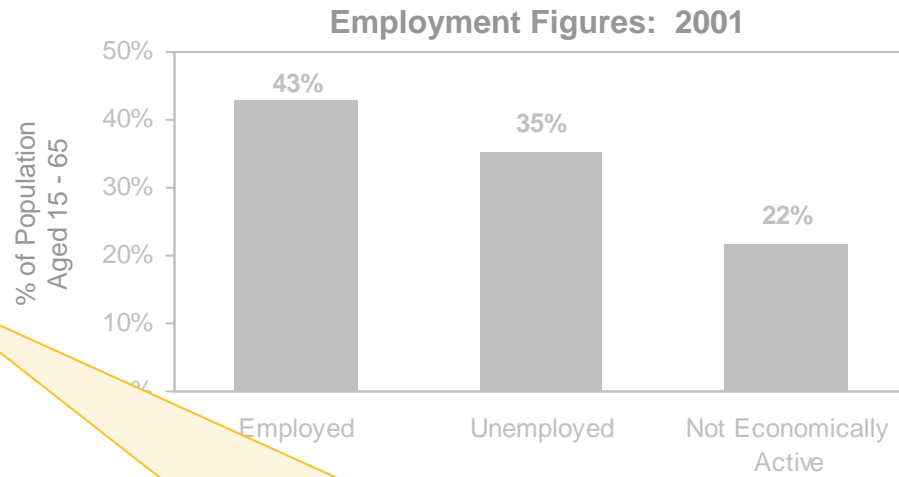
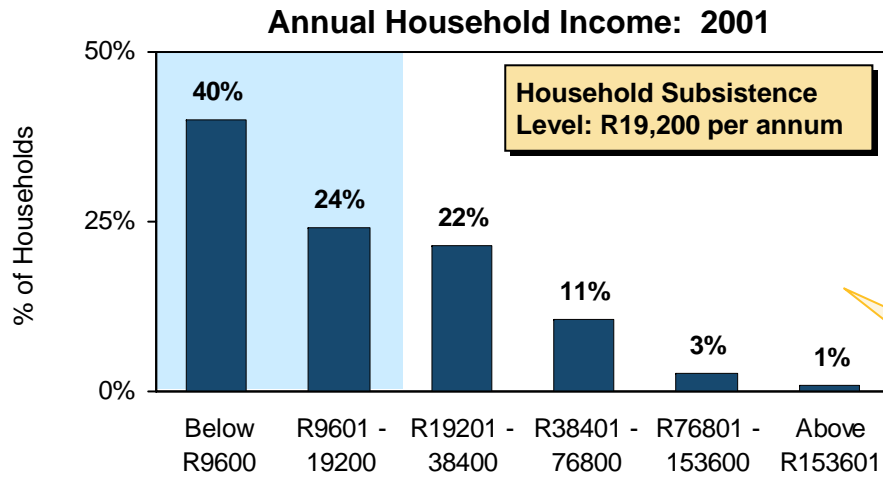


Note: ¹These are 2005 Alexandra Benchmark Survey figures which are more up-to-date than the Stats SA Census population figures
 Source: Stats SA Census 2001; Alex Benchmark Survey (2005), ARP; Monitor Analysis

Key Data Points

Income and Employment

Almost 60% of the population is unemployed or not economically active and over 60% of households earn less than the subsistence level of R19,200 per annum

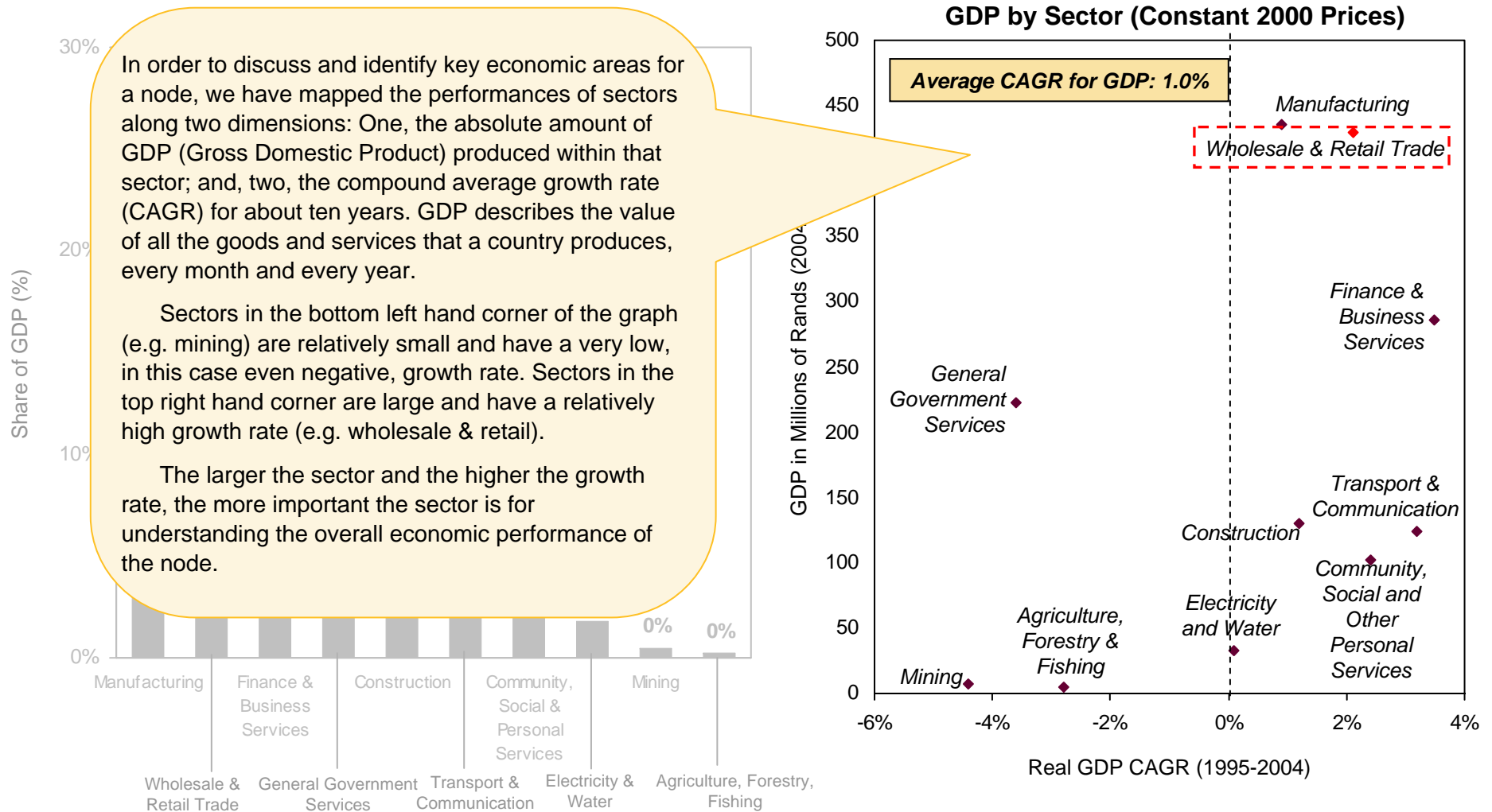


Source: Stats SA Census 2001

Key Data Points

GDP by Sector

Manufacturing and retail account for the largest share of nodal GDP; these sectors in addition to finance and business services show the most promising growth



Source: Quantec; Monitor Analysis

Key Data Points

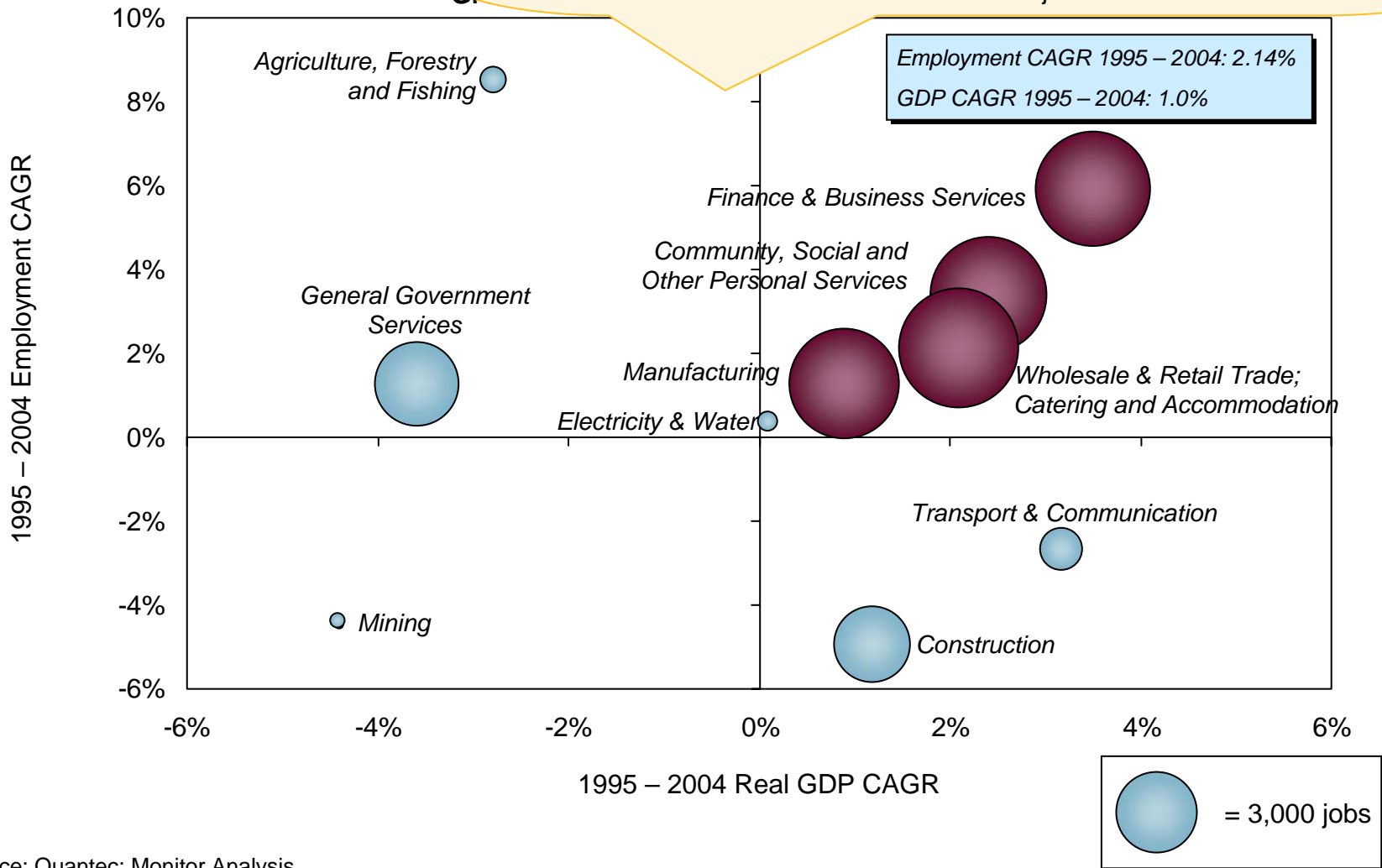
GDP and Employment

The sectors that have dis...
the aim should be to keep

Here we map the growth rate of employment of each sector against the growth rate of its GDP. In total, we notice that employment has grown by more than 2% whereas GDP has only grown by 1% between 1995 and 2004. This implies that the productivity of the overall workforce is declining.

However, this is not true, for instance, for the construction sector. While employment has been declining, GDP has been increasing. This points to increasing productivity levels in that particular sector. The opposite is true, for instance for government services.

The size of the bubble indicates the number of jobs in the sector.



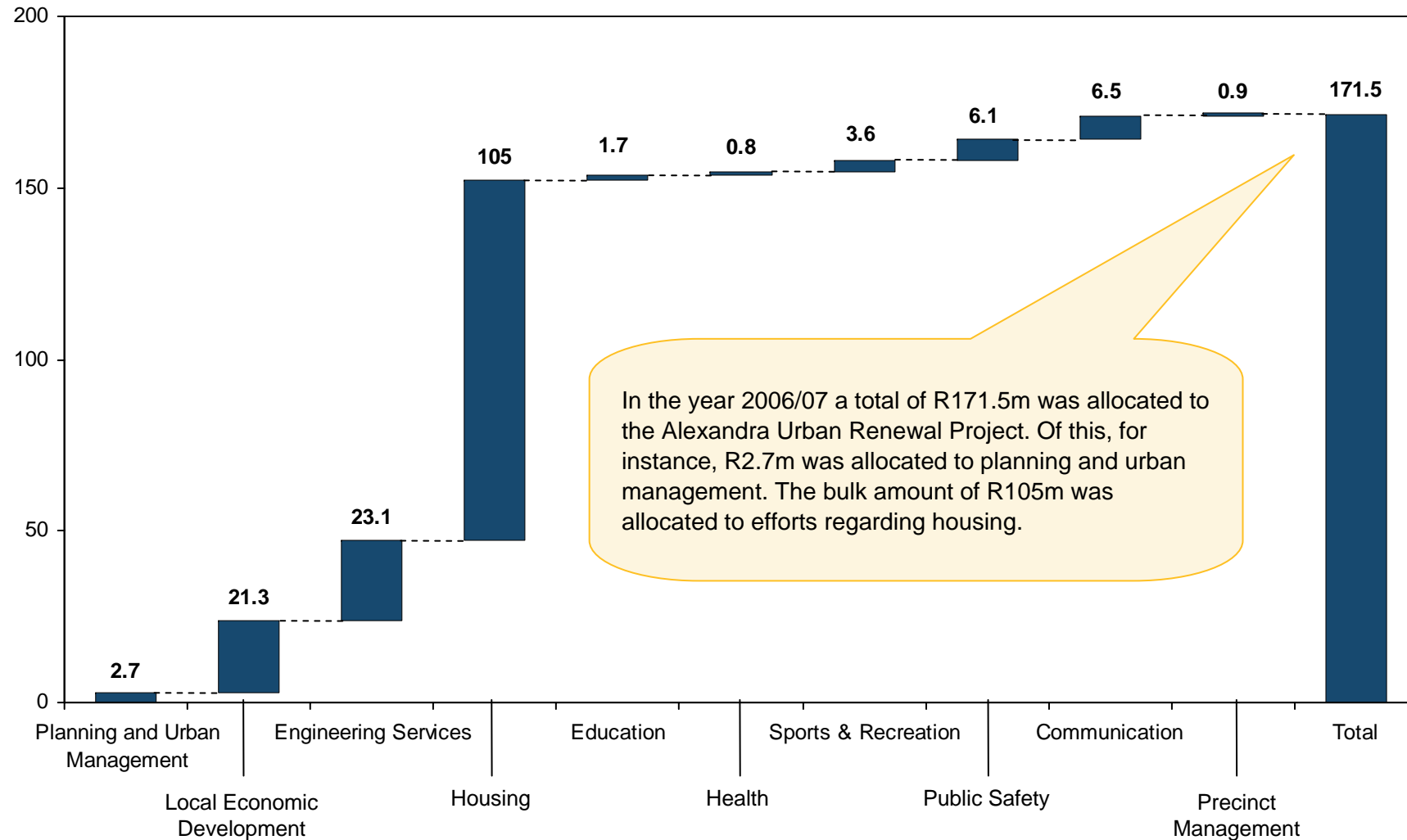
Source: Quantec; Monitor Analysis

Governance

ARP Budget Allocation

The Alexandra Renewal Project allocates the highest share of its budget to housing

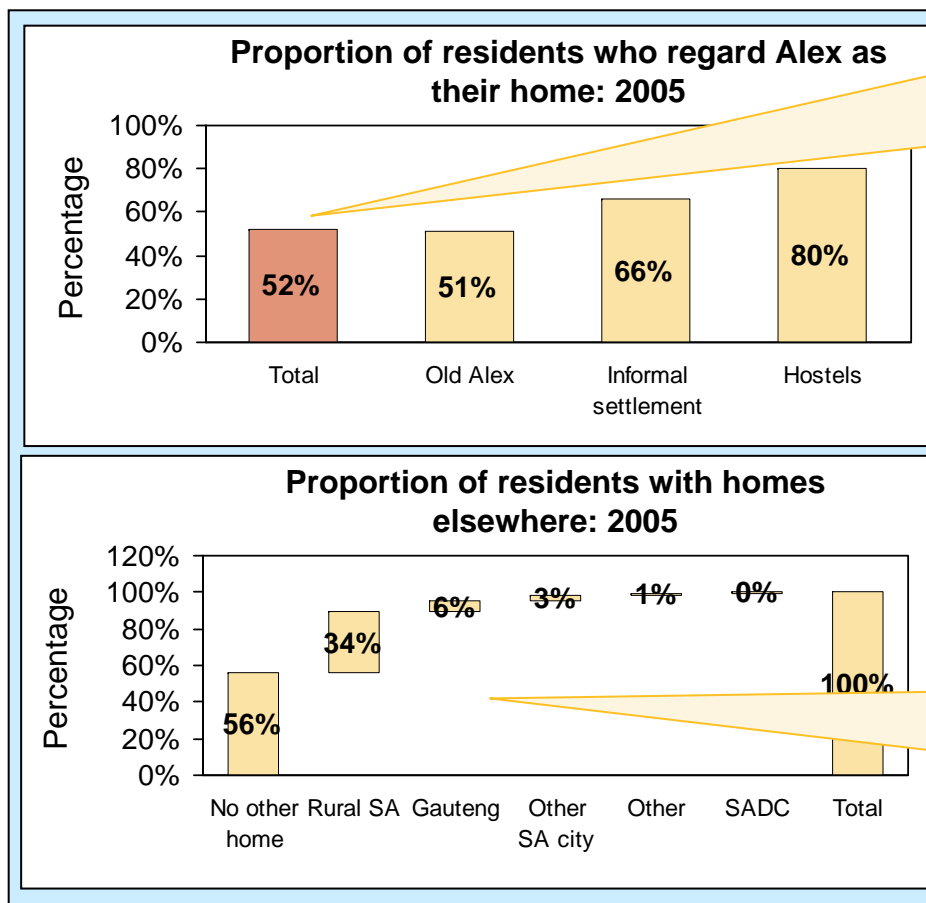
Alexandra Urban Renewal Project Budget Allocation: 2006/07



Source: Alexandra URP Expenditure Control Report (2006 / 07)

Many of Alex’s residents do not intend to live in Alexandra forever

Large numbers of the residents of Alexandra appear to be ‘tenuous migrants’ with roots in, and commitments to, other parts of the country



Of all residents, 52% regard Alexandra as their home. Inversely, this means that 48% do not regard Alexandra as their home – even though they live there.

Since a large proportion of people do not regard Alexandra as their home, they are unwilling to use their housing subsidies in the area, making housing delivery less affordable

44% of all residents in Alexandra have another home outside of the node. For most of them, 34% of all the residents, their other home is in the rural areas.

Other quality of life issues

Investment in infrastructure and improving safety and security are raising the quality of life in Alexandra, but primary and secondary education are thought to be lagging

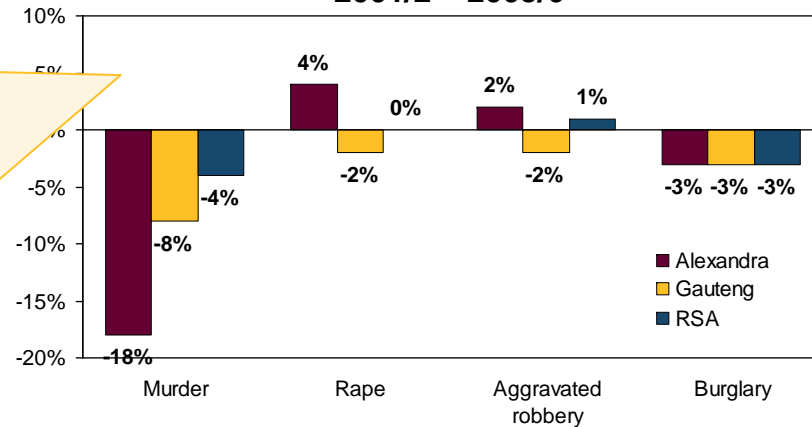
Here we are looking at the increase or decrease of criminal activities such as murder, rape, robbery and burglary. We do so for three different entities, the node, i.e. Alexandra, the larger metro area the node is situated in, i.e. Gauteng, and the overall nation.

In the case of Alexandra, we note that murder rates have declined much faster than the Gauteng or the national average. The decline of burglary incidents seems to have followed a pattern that is similar across all three regions. In contrast, however, incidents of rape and robbery have increased in Alexandra, although they have decreased in Gauteng.

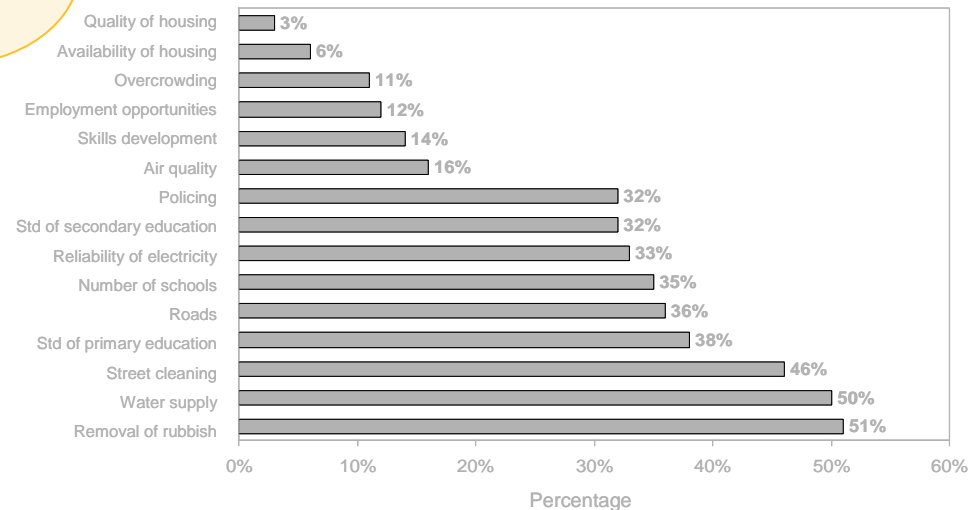
- Public services

- ARP-led infrastructure development has seen improvements in many public services

Crime in Alex, Gauteng and RSA, CAGR: 2001/2 – 2005/6



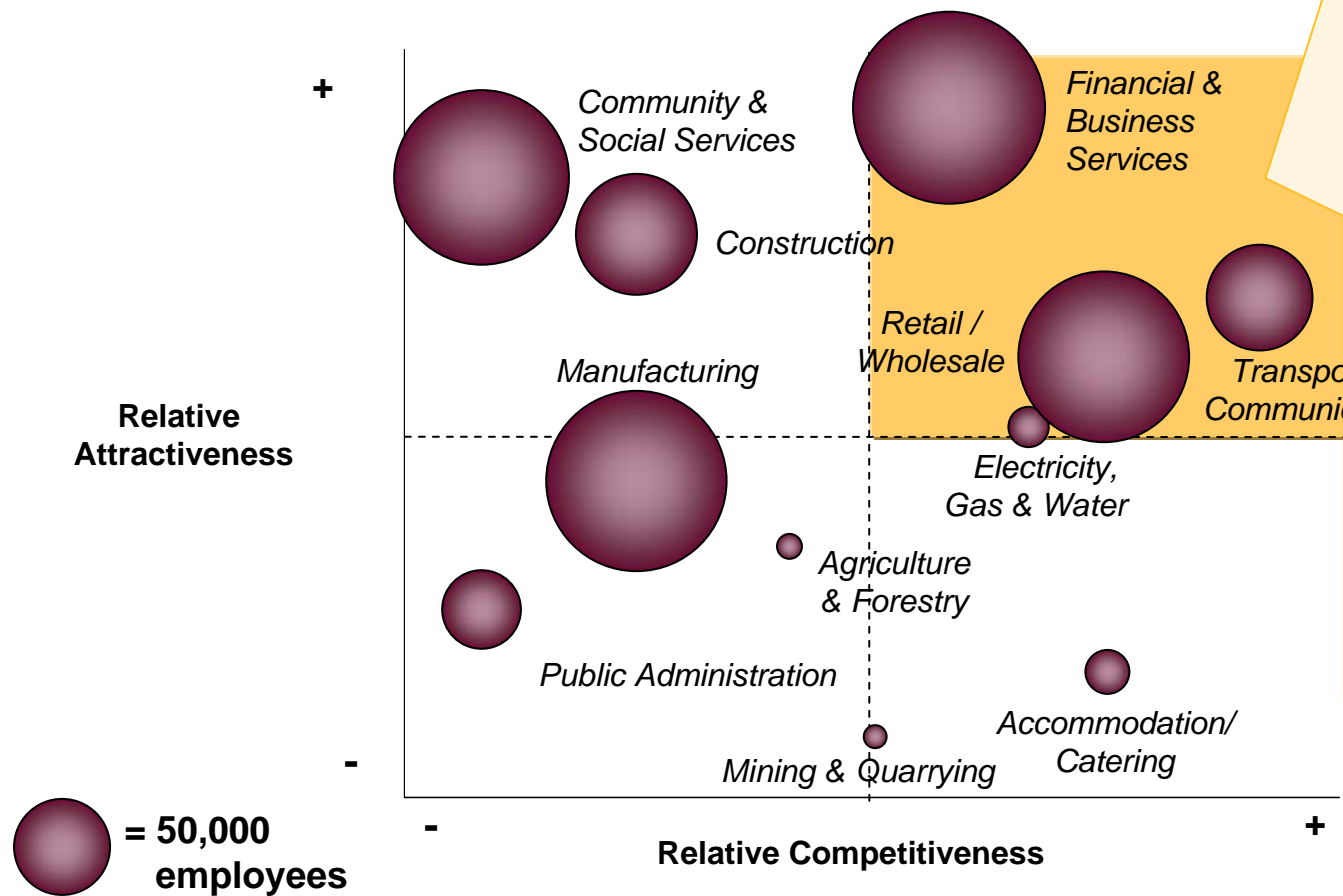
Proportion of respondents saying that conditions had improved A LOT in last two years, Alexandra: 2005



Training in Alexandra should focus on skills which may be applied in Johannesburg's growth sectors

The economic sectors in which people should be trained include financial services, retail / wholesale, transport and communication and construction

Performance of Johannesburg's Major Economic Sectors



If we assume that the lack of employment among Alexandra's population is also caused by a lack of skills, we may conclude that training will enhance levels of employment. In this context we need to ask: What kind of training?

Training people in promising or high performing sectors is more appropriate than training them in declining areas of the economy.

In this chart, we classify Johannesburg's major economic sectors across three dimensions: (i) relative attractiveness, which takes into account GGP growth, employment growth, etc.; (ii) relative competitiveness, which looks at the potential for exports, and productivity levels; and (iii) size measured in numbers of employees.

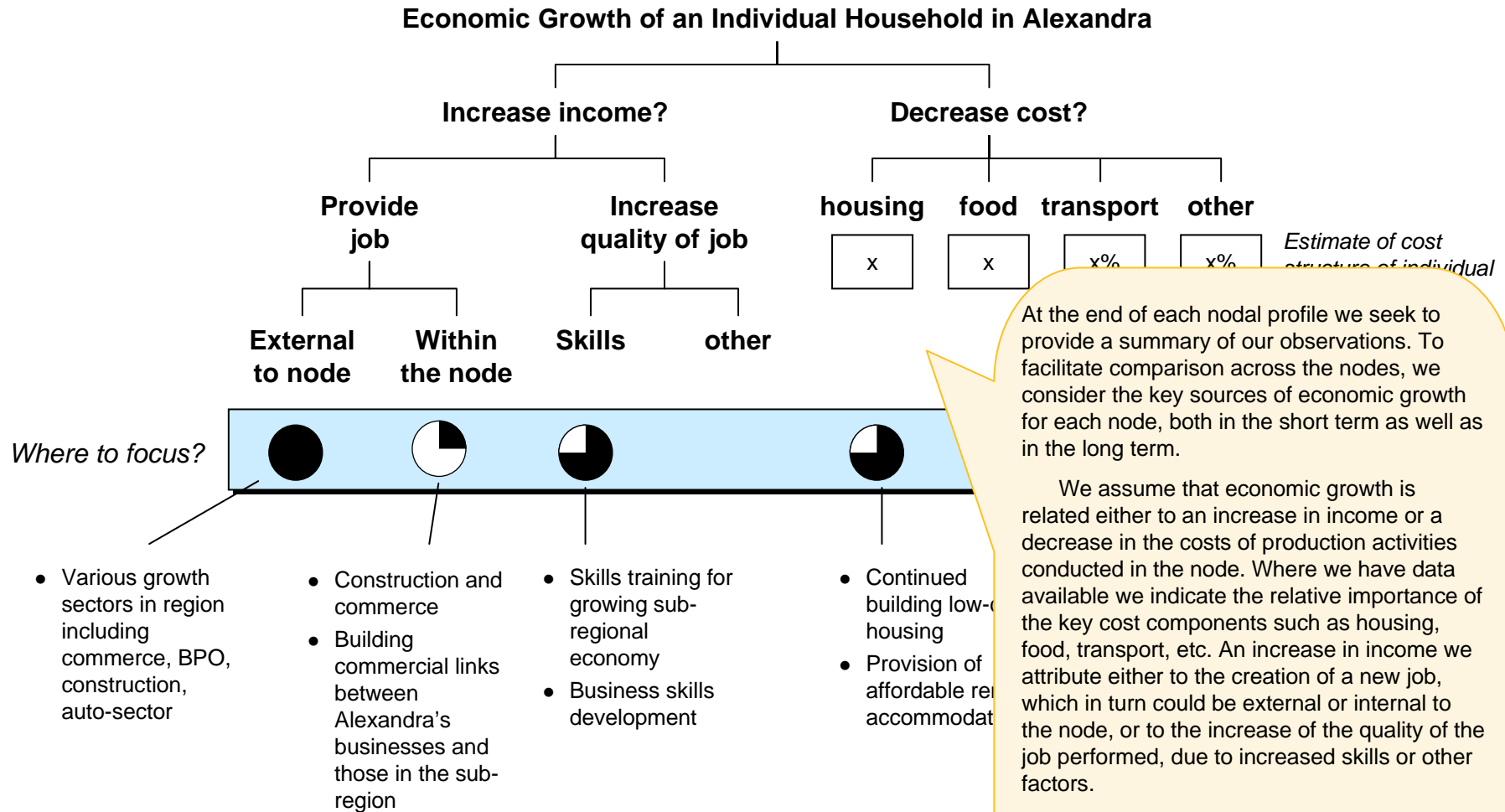
We observe that the financial services sector, the retail and wholesale sector, as well as the transport and communications sector are high-performing on all three dimensions.

We thus suggest that training should focus on skills appropriate for these sectors.

Note: Weighting of Attractiveness Criteria: 35% GGP Growth (1990-1999), 35% Employment Growth (1996-1999), 20% Contribution to GGP/Employment, 10% Multiplier Effect; Weighting of Competitiveness Criteria: 50% Export Propensity, 50% Productivity Growth/Index
 Source: IDC Sectoral Prospects 1998, National Productivity Institute, Econometrix, WEFA and Monitor Analysis

Summary

Potential Sources of Economic Growth – Short Term



At the end of each nodal profile we seek to provide a summary of our observations. To facilitate comparison across the nodes, we consider the key sources of economic growth for each node, both in the short term as well as in the long term.

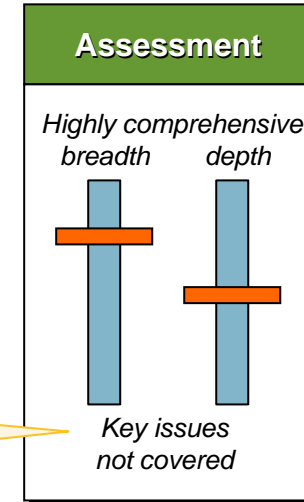
We assume that economic growth is related either to an increase in income or a decrease in the costs of production activities conducted in the node. Where we have data available we indicate the relative importance of the key cost components such as housing, food, transport, etc. An increase in income we attribute either to the creation of a new job, which in turn could be external or internal to the node, or to the increase of the quality of the job performed, due to increased skills or other factors.

We then indicate our own assessment on where we believe economic growth is most likely to come from. A full black circle indicates high importance.

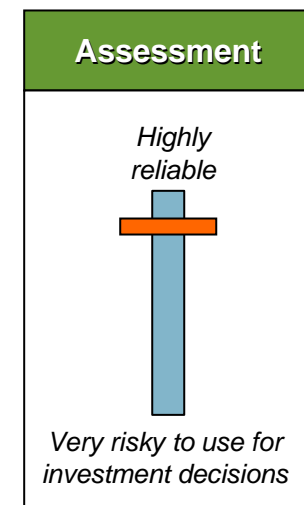
IDP Assessment

Contents of the IDP Relevant to the Node

Types of Information Contained in the IDP		
Examples of key issues areas covered	Examples of key issues areas <u>not</u> covered	Typical level of detail provided across issue areas
<ul style="list-style-type: none"> Assessment of existing situation Economic activity / social services in the area Physical & climatic issues SWOT analyses Development strategies SDF and financial plan Project proposals & templates 	<p>Where available (for the rural nodes) we review the existing IDPs along a variety of dimensions. In doing so we capture the high-light and offer an assessment regarding various dimensions. This allows a more systematic comparison across the nodes and may provide an additional reference point for nodal management.</p>	<p>Very detailed information on regarding projects and municipal initiatives</p> <p>Very limited detail around economic sectors and sectoral opportunities</p>

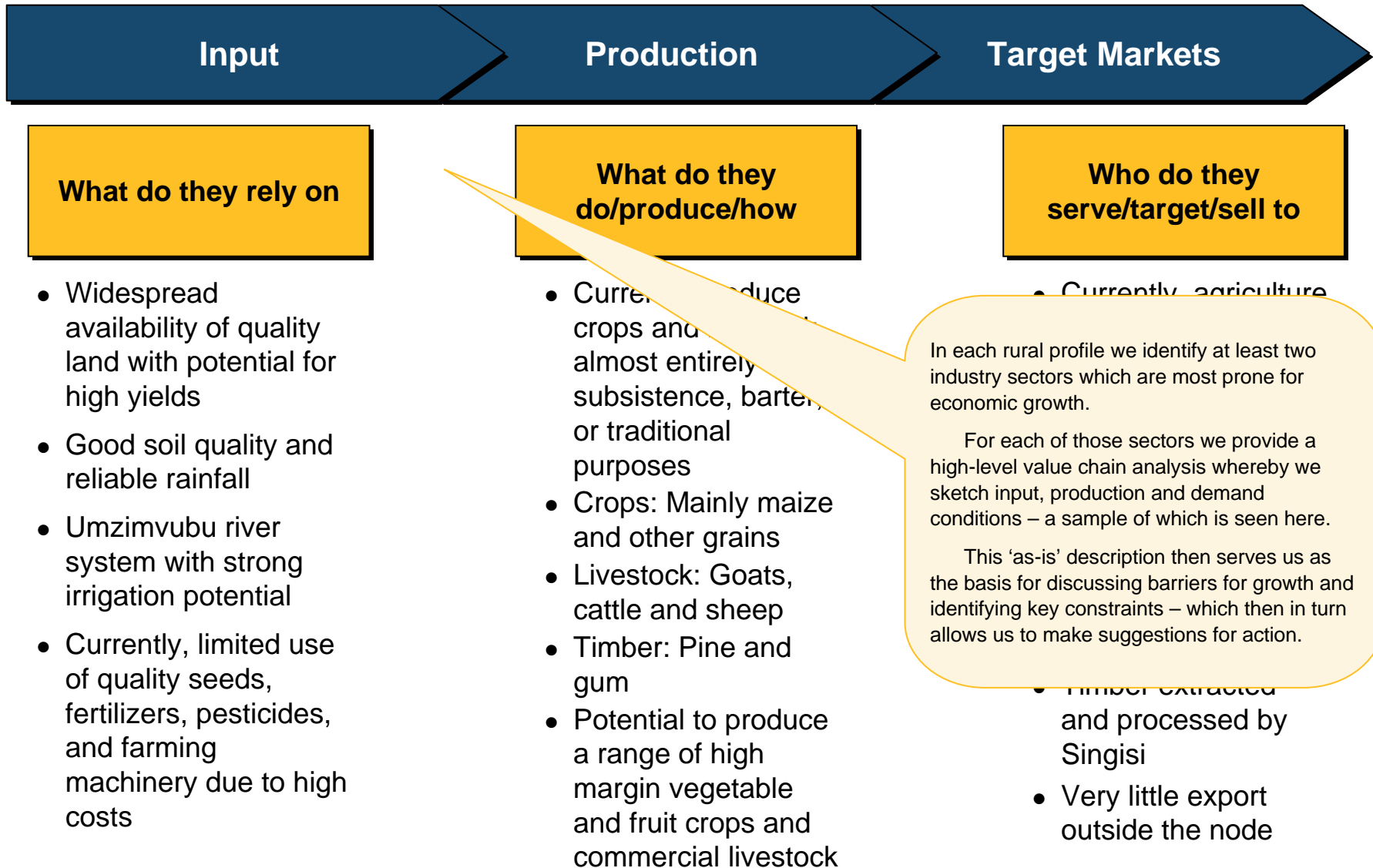


Quality of Information Contained in the IDP
<ul style="list-style-type: none"> Information is often not grounded in data, with the exception of where project funding is concerned Some of the information is fairly current although large sections of the IDP do not reflect the current geography of the area, i.e. it includes information regarding the Umzimkhulu Local Municipality and excludes issues concerning the Matatiele Local Municipality



Selected Sector: Agriculture

Overview of the Agriculture Sector

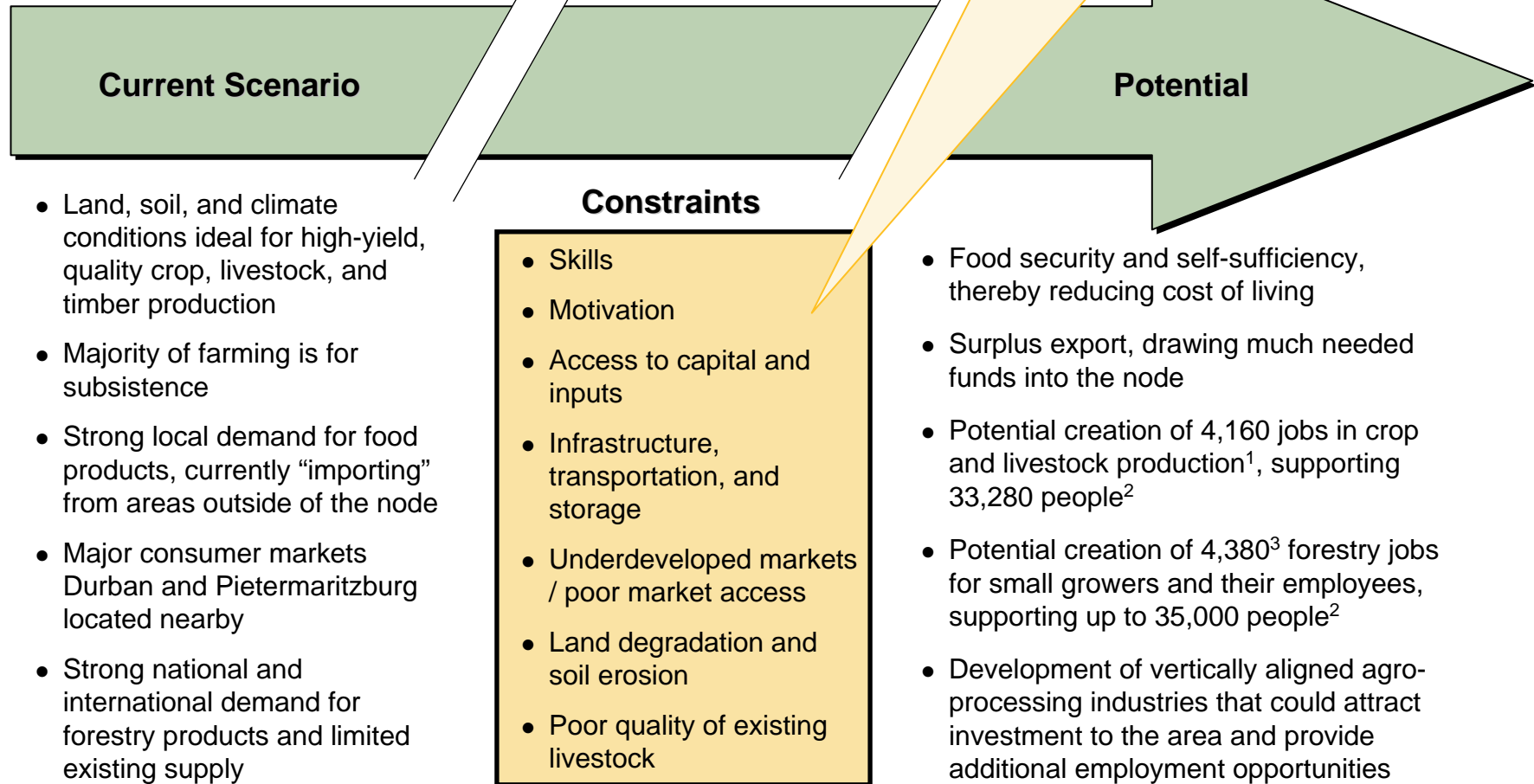


Selected Sector: Agriculture

Summary – Potential for Agriculture

Provided that key constraints are removed, the sector has the potential to achieve self-sufficiency and to create a considerable number of jobs

Based on the value chain discussion we identify key constraints to growth and suggest what kind of potential could be achieved by addressing them.



Note: ¹Based on the ratio of available to existing arable land (3.76) and the current number of people employed in agriculture (1,108); ²Based on estimated dependency ratio of 1:8 in low income areas in the Eastern Cape; ³Based on the proportion of land available for afforestation in Alfred Nzo relative to the rest of the Eastern Cape (16.7%) and FSA’s estimate that 26,250 jobs stand to be created from the development of the remaining 60,000 hectares of land suitable for forestry in the province.
 Source: KDBS, “Umzimvubu LED Strategy”, 2005; Forestry South Africa (FSA), “The contribution, costs and development opportunities of the Forestry, Timber, Pulp and Paper industries in South Africa”, 2005

Summary

Understanding the Node

Based on the various sections of the profile, we provide a summary of our key observations. We use this summary to highlight the key characteristics of the node.

While we did not apply any scientific method to distill these characteristics, our summaries should provide an explanation of why we chose them.

Key observations from Alfred Nzo

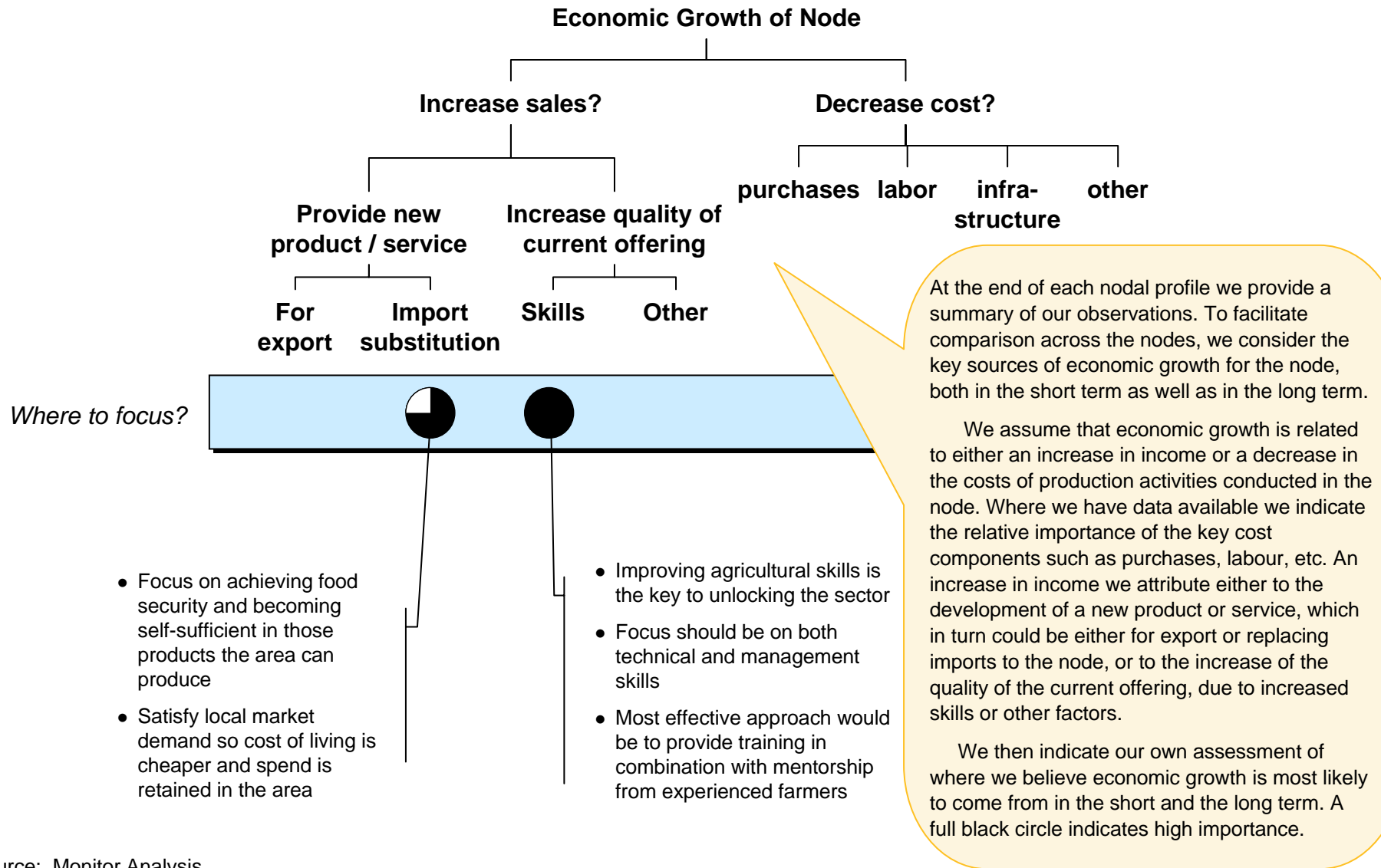
<p>Node Overview</p>	<ul style="list-style-type: none"> • As part of the former Transkei homeland, Alfred Nzo has massive service backlogs and is one of the poorest areas in the country • Other challenges it faces include a low skills base, limited employment opportunities, and a high incidence of unemployment • The node is sparsely populated over mountainous terrain, and its greatest asset is widespread availability of land
<p>Node Economy, Overview</p>	<ul style="list-style-type: none"> • Alfred Nzo's economy is characterized by limited formal economic activity and high dependency on the public sector for employment and social grants • Though activity is currently limited in these sectors, agriculture, forestry, and tourism hold the most potential for future growth
<p>Node Economy, Agriculture</p>	<ul style="list-style-type: none"> • Alfred Nzo is well positioned to produce maize, cash crop vegetables like cabbage and potatoes, fruit (particularly peaches and apples), livestock, and timber • The key barriers to agricultural opportunities include a severe deficiency in knowledge and skills, a lack of capital and inputs, and poor market access
<p>Node Economy, Tourism</p>	<ul style="list-style-type: none"> • With several natural attractions, including scenic beauty, mountains, hiking trails, wetlands, and fishing, Alfred Nzo has the potential to develop a vibrant eco-tourism industry • However, it currently sees few tourists, and the sector is hampered by the absence of marketing efforts, lack of coordination between industry players, and inadequate accommodation options

Key characteristics of node

- Remote
- Disconnected
- Poor
- Undeveloped
- Young
- Unskilled
- Dependant
- Inactive
- Lacking in infrastructure and services
- Land-rich
- Unrealized potential

Summary

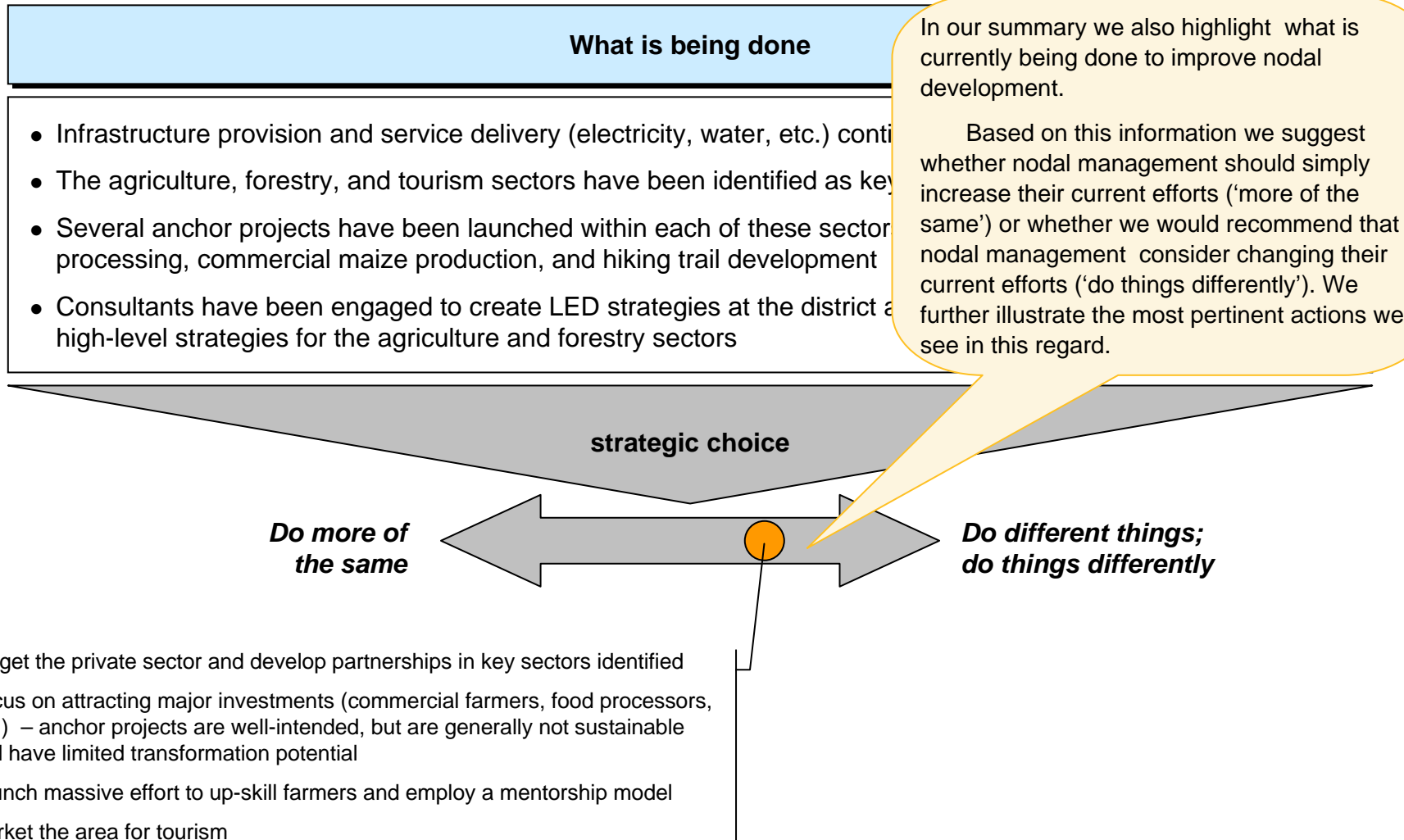
Potential Sources of Economic Growth – Short Term



Summary

Assessment of Current Activities

Key observations from...



Source: Monitor Analysis