

Plugging the leaks in Grabouw

Teewaterskloof municipality in the Western Cape is the first of 25 municipalities across South Africa, Namibia and Botswana to try the “Leak-Plugging” tool offered by P³ and originally developed by the New Economics Foundation. The approach has its starting point in the notion that there might not necessarily



be too little money flowing into a town. It’s rather what consumers, public services and businesses do with that money. Too often it is spent on goods and services with no local presence, and so immediately leaves the area.



Grabouw is just like many of its small sister villages; like a leaking bucket where most income is not spent locally but as in this case rather »on the other side of the mountain«.

On August 16, the P³ Process Facilitator Beverley Pillay lead the first P³ “plugging the leaks” community workshop in the small town of Grabouw in Theewaterskloof municipality. With 16 000 inhabitants, Grabouw has a small economy, based on agriculture and is also severely challenged by its closeness to Cape Town. It’s well-known for its apple-related products, such as Appletizer. In fact the area around the town produces 65% of South Africa’s apples for export.

Following a carefully developed workshop methodology, Beverley and her colleagues from Eastern Cape and Free State, Wela Zozo and Lizzie Moses, coached the more than 60 participants from the community in identifying the inflows, outflows and leaks in their particular environment. The result was a number of action plans, drawn up by the participants and owned by the participants, giving details as to their first joint steps towards finding a “plug” for an identified leak.

The method recognizes that

communities themselves know best how money enters and exits their area. Each place is unique, and has its own problems and opportunities. The plugging the leaks method puts control back in the hands of local people, rather than external experts, and allows them to analyse their own local economy and identify gaps and opportunities for enterprise. By networking better and working collectively to improve their local economy and local communities are able to re-circulate cash internally.

Locally spent money is worth more!

Given that the outflow is easily identified, pouring money in seems an obvious solution, particularly in poorer areas. Everyone assumes that money which improves an area will eventually ‘trickle down’ to reach people who need it most. But does it? Often the money ends up in the hands of external consultants or contractors. In addition the money is often not re-spent locally before it leaks away. Without anything to hold wealth in

an area, it quickly flows straight out again. If it circulates a few times within the locality first, we get a local multiplier effect. The effect is a very valuable, hidden feature of our economies. The term refers to how many times a rand is re-circulated within a local economy before leaving and was launched already in the 1930s by economist John Maynard Keynes. Spending money locally strengthens the local economy. Obviously we can’t buy everything we need locally and we don’t want to create protectionism, which would lead to a lack of competition, higher prices and lower standards. We just want people and organizations to be aware of the impact their spending has on their own area, and a small shift in spending can have an amplified effect on the local economy.

Municipalities as facilitators

Local Economic Development staff in municipalities know it is not their function to create jobs directly. Municipalities are not in the business of running

P³ is a cooperation between the national associations representing local governments in Sweden, South Africa, Namibia and Botswana. Assisted by funding from the European Union and the Swedish International Development Agency, the cooperation focuses on the importance of transparency in the relationship between local governments and their communities. The cooperation is implemented through two projects during 2009–2011. The P³ Transparency and LED Projects work with partner municipalities to improve transparency and performance and to facilitate local economic development.

PARTNER MUNICIPALITIES

South Africa	Setseto
Eastern Cape	Namibia
Senqu	Mariental
Elundini	Otjiwarongo
Intsika Yethu	Walvis Bay
Emalahleni	Gobabis
Lukanji	Arandis
Western Cape	Omaruru
Theewaterskloof	Botswana
Cape Agulhas	Kgatlang DC
Hessequa	Lobatse TC
Mossel Bay	Southern DC
Free State	Chobe DC
Naledi	Ghanzi DC
Kopanong	North West DC
Mohokare	

enterprises themselves. Instead, they must create a conducive and supportive environment where local business can thrive. Plugging the Leaks offers LED practitioners a way of supporting local people with the passion to

organize themselves. These people can then be linked up with external enterprise resources to support their business ideas. The municipal LED department is then a facilitator, rather than a direct funder of business.

More leaks to be plugged

Many of the P³ partner municipalities have chosen to work with leak-plugging. In the near future they will go through the same process as

Grabouw, with assistance from the local P³ facilitators. Contact your local P³ team if you want to know more about leak-plugging. Please also visit www.pluggingtheleaks.org

FROM THE WORKSHOP



Beverly Pillay is well prepared but not sure of the outcome. The Gerald Wright memorial hall is prepared and the coffee is ready! Note; the soup offered by the municipality for lunch was extraordinary!



As diverse as the community itself, the workshop included a spectrum of participants and three languages were used in order for all stakeholders to take part. A little sugar was needed for some towards the end...



Wela Zozo (EC) and Lizzie Moses (FS) demonstrated the effects of the leaks. Theewaterskloof LED staff facilitated some of the group discussions.



No-one could doubt the dedication and knowledge of the participants. Everyone participated actively in various challenges – like the paper-folding exercise that made everyone realize the difference between listening and seeing!



Eben Philips, LED manager visiting from Cape Agulhas was a truly appreciate participator AND facilitator. Once the prioritization was finalized, the groups had actions plans ready for implementation.



Leak-plugging – The Movie

As intuitive as the approach to Leak Plugging of the local economy might seem; the exercise of “getting there” is a completely different story. Lu Heideman, the LED expert at P³ was inspired by the questions asked by the country teams during her tri-country journey to introduce the method; “The manual by NEF is brilliant, but what they want to see is flesh and blood, real examples and a witness that can tell a story of an actual leak-plugging process.”

Lu engaged documentary/commercial filmmaker Llewellyn Roderick to capture the birth of the first leak-plugging workshops.

In the centre of the story is Bev, the process facilitator in Western Cape; a remarkable woman, strong facilitator and a truly unique positive force. We get to follow Bev, together with the facilitators from Eastern Cape and Free State who have joined Bev to both strengthen and learn during the preparations, workshops, follow-ups and conclusions.

The video will be accessible to anyone who is interested through the www.projectp3.org website from September 7 as well as the websites of the partner associations. ●



Llewellyn Roderick capturing the beauty of the Grabouw area and Lefiri Malebye setting up the sound equipment for interviews with participants.



Signing out

– Ashraf Adam
leaving P³ for new position



The Country Project Manager at SALGA in Cape Town has been appointed COO of a Government Department in Pretoria. This is his sign-out letter to the partner associations, municipalities and colleagues.

I decided to apply for this post on hunch, but for several logical reasons. Firstly, I wanted to work in a local government field in which I had not worked in before, but which I knew my experience could help me with. Secondly, I wanted know what it is like to work for a donor agency on a long term basis. Thirdly, I knew that the CEO and so me of the officials were trying to make a difference at SALGA and I wanted to be part of that. So I sent off my CV and went off to Rotterdam to a workshop dealing with cities and climate change; only to get back to a call from Anna to ask if I would mind coming in to see her. And the rest is...

When I started I knew instinctively that this is what I wanted to be part of because it made sense and it enabled me to fulfil the objectives I mentioned above. As I depart, I still believe that this an amazing programme. I'm glad that I joined this programme because I have yet to come across a similar one in the local government sector like it. After many years in the local government sector and having been part of the demarcation process, municipal capacity assessments, municipal powers and functions and municipal planning; I've evaluated and advised on capacity building projects for

governments and donor agencies. Some have been good, but many, were not so good – until P³ with its core focus on working with municipalities on financial management and economic development through real experiences and realistic methodologies came along. P³ brings together all that represents the core of good municipal governance – realistic economic planning, sound financial management, appropriate municipal systems and accountability. All brought together in one place, using different tools and using skilled facilitators who are led by sector experts.

So why am I leaving then? Actually I wanted to see this project through to the end. However, I believe that we need to make our democratic government successful and that if a realistic opportunity comes along then I'll take it. When, one did I could not find sufficient plausible reasons to turn it down. Some say that I'm fool to want to leave Cape Town for Pretoria, a bigger one to leave my family behind and complete idiot to WANT to join government. Perhaps I am all these. But how often is one called upon use one's skills to look after the real structures of our democracy, create real jobs using real money and real estate to





further our developmental aims? This is a calling and I must follow.

So what do I take with me from P³ to my new post?

Anna's drive to make deadlines real.

Juanita's ability to make you meet admin obligations without being officious is clearly an art practised over many years.

Perhaps some of *Lu's* zen-like calm and *Roy's* ability to call it as he sees it (even though I still don't know what a glass of water costs!).

I certainly am able to take with me *Lizzy's* relentless but stately pursuit for conceptual clarity and *Wela's* confidence in the face of seeming hopelessness in the Eastern Cape.

Of course I also take with me *Beverley* the mentor's ability to encourage.

From *Segametsi* I take a lesson on how to mould the system into your image.

Ivin, well he teaches me that everything will always be okay so act accordingly.

Mayur, teaches that you must be absolutely clear about what you want and doggedly ensure that you are understood.

Imagine that all in a year – it fits into my life's motto that to draw inspiration one must not only look at how far you have to go, but how far you have come.

Thank you for this journey and may our paths cross again. ●



P³ brings together all that represents the core of good municipal governance – realistic economic planning, sound financial management, appropriate municipal systems and accountability.

Giving meaning to survey results

– Southern district opening up for feedback at roundtable

The Southern District Council arranged for a special LED roundtable where the business community was given an opportunity to respond to the results from the business survey performed by the council in cooperation with BALA/P³. Participants were given the possibility to give suggestions and possible solutions to the economic challenges identified by the survey. In addition the LED tools offered by P³ were introduced to participants.

Based on the survey, some business people shared their experiences which gave perspective and the reality of business enabling escapades which impact on local economic growth:

A businessman running a bicycle manufacturing business in Lotlhakane East about 15km from Kanye, indicated that the greatest challenge that he faces is that of bad roads which make it difficult for his clients to have access to his business premises.

Another challenge that was highlighted was that of official red tape where for instance, council officials would refuse to issue a trading licence to a business person on the basis that the restrooms are not properly labelled as either female or male, something which according to the source also attracts penalty fees which are prohibitive and may in the long run drive people out of business.

A third observer indicated that penalty fees for defaulting businesses should be relative to the income of that business as opposed to the current practice where defaulters' penalty fee is the same irrespective of the size of the business.

It was also suggested that council should consider profiling all legitimate businesses so that customers would be aware of them as a way of shutting out illegitimate businesses which are also giving them as legitimate businesses, stiff competition.

From the contributions of the participants it became clear that most of the challenges that business face in Southern are red-tape in nature and as result, this opportunity was seized to introduce LED tools to all stakeholders which they appreciated and indicated that they would make a choice of tool (s) and explore them further in preparations for the next LED roundtable. ●



Southern District Council Secretary discussing results further with roundtable participants.

From the editor



If you receive this newsletter for the fourth time, you might think that LED is all we think, eat and drink. And yes, so far a lot has been revolving around the goal assist partner municipalities in creating a business enabling environment. The response has been very positive and with concrete tools like leak-plugging, red tape reduction and others on the agenda, it's definitely going to remain at the center of our attention.

But it's time to start a shift in focus and allow the Transparency component more space. A very interesting tariff model will soon be introduced together with a guide to tariff setting in the municipal environment. We have a situation where tariffs seldom reflect the costs of service delivery and users who are not adequately informed of the reasons for price levels and structures.

So soon Ashraf, will you have the answer to how much a glass of water costs. But whatever it is, it's still very affordable compared to bottled water. Let's see which municipality that becomes the first to produce its own brand of bottled water as part of its funding solution!

Anna



ALAN
PROJECT MANAGER
Ivin Lombardt
+264 61 240915
ilombardt@alan.org.na



BALA
PROJECT MANAGER
Segametsi Moathlaping
+267 391 20 63
segamos@bala.org.bw



SALGA
ACTING PROJECT MANAGER
Beverley Pillay
+27 21 946 9826
bapril@salga.org.za



SALAR
PROJECT MANAGER
Anna Backmann
+27 21 946 9825
anna.backmann@skl.se

Lu Heideman
LED SUPPORT
+27 21 469 9827
luheid@mweb.co.za

Roy Kerr
MUNICIPAL FINANCE SUPPORT
+27 944 2120
roy@projectp3.org



This cooperation is funded by the European Union and Sida

www.projectp3.org