

SALGA FREE STATE

# LED CASE STUDY: MALUTI- A-PHOFUNG

A brief study of the Maluti Wildlife Kingdom  
Project in Maluti-a-Phofung

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10

1. Introduction
2. Socio-economic situation of Maluti-a-Phofung
3. Description of the initiative
4. What we can learn
5. Way forward

## 1. Introduction

Local economic development (hereafter referred to as LED) constitutes a very critical component of economic development and growth. A large amount of literature agrees that local economic growth and development, if it is sufficiently sustainable, can address the challenges of poverty, unemployment and inequality in developing economies.

It is highly assumed that local employment creation improves the buying potential of the community, which then ultimately leads to accelerated consumption of goods and services. It is for this reason that many scholars, especially in developing economies, put a lot of emphasis on local development.

In its position paper on LED, SALGA in Free State has found, amongst others, that “while there is no clear spatial pattern with regard to LED successes, better resourced and staffed areas fared better than their poor counterparts in improving and stimulating local economies” (SALGA Free State, 2010).

As a consequence, the paper also recommended deeper studies into the success and failures of LED initiatives in a selected number of municipalities. Maluti-a-Phofung Local Municipality, which includes the towns Qwaqwa (main town), Harrismith and Kestell, is one of the municipalities selected by SALGA for the purposes of these Case Studies.

This brief study will then focus on a gaming/wildlife project in the Harrismith area of the municipality.

### 2. Socio-economic situation of Masilonyana

Maluti-a-Phofung is one of the five (5) local municipalities within the Thabo Mofutsanyana District Municipality. It had a population of 356,314 people in 2009. This population declined slightly by 0.8 percent from an estimated 359,132 people in 1996. We can safely say that the population of this local municipality has remained constant in the 13 year period between 1996 and 2009. This could be mainly attributed to high in-migration from, amongst others, rural KwaZulu Natal.

In 2009, 49.0 percent of all people in Maluti-a-Phofung were living in poverty. This poverty rate had decreased from 50.1 percent in 1996. While it is still high, this decline in the poverty rate is very encouraging. The unemployment rate, which stood at 41.2 percent in 2009, is mainly responsible for this high poverty rate. Maluti-a-Phofung's unemployment rate is significantly higher than the provincial average, which was 26.4% in the same period.

What is amazing is that, a staggering 67.3 per cent of all those who were 20 years or more had attained grade 7 or higher. This indicates that the educational level of those who were of working age was not necessarily suspect. And it provided an opportunity for socio-economic development.

Maluti-a-Phofung contributed 5.1 percent to the Gross Domestic Product of the whole Free State in 2009. This contribution decreased slightly from 5.2 percent in 1996. Just like its population size, the region's share to Free State GDP-R has remained constant between 1996 and 2009.

### 3. Brief description of the initiative

The name of the project under review is **Maluti Kingdom Wildlife Project**, based in Harrismith.

## LED CASE STUDY: MALUTI-A-PHOFUNG

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Maluti Wildlife Kingdom is a big farm and the private developers would like to turn it into a project that benefits surrounding community. The farm is suitable for game farming as it is already having some activities and there are also wild animals in the farm. A feasibility study has been done and he is convinced that the project will be sustainable and can create employment for community members.

The municipality anticipate to create more than 1000 jobs out of this project. Tourism is key attraction hence they wish to erect a shopping mall and accommodation facilities around the farm.

The property developers are prepared to sell part of their land for further development. It is also anticipated that the development will assist struggling adjacent farms, most of which are gradually being repossessed.

In addition to job creation, the project aims to improve the economic well being of the citizens. It has great potential to benefit the Free State economy as a whole. It is also anticipated that the province's image will be improved through this initiative.

The project, however, **needed millions of Rands to kick off. The municipality could not afford this.**

After visiting the municipality, SALGA advised the municipality to source external funding for the project. SALGA then arranged that the meetings between the municipality and strategic stakeholders. Amongst them, the following were coordinated;

- **Department of Economic Development, Tourism & Environmental Affairs**
- **National Youth Development Agency (NYDA)**
- **Small Enterprise Development Agency (SEDA)**

### 4. What we can learn from the project

- The municipality has correctly identified Tourism as one of its strong areas of focus. This is important because the choice of a project the municipality wishes to play a role must be informed by the municipality's self-knowledge
- After identifying strategic area, municipality must consult community to identify existing projects
- The role of private business in job creation and further economic development should not be undermined. Local Authorities must continuously engage with business, especially organized business, to share ideas
- Employment creation is critical in economic development. This is true because employment income is important in fighting poverty and increasing consumption of goods and services
- Local authorities must ALWAYS maintain healthy relationships with their communities as well as businesses in their areas
- The critical roles of provincial and national government departments, and other critical agencies, must not be overlooked.

### 5. Way forward

- The municipality will engage other sector departments, especially Department of Trade & Industry, for funding
- DETEA will engage their Conservation unit to make contact with the municipality
- The Municipality will lobby designated groups to for Cooperatives to partner with the property developers. These groups must essentially be unemployed and from around the MAP area
- NYDA will engage NYS on a specialized funding for youth

## LED CASE STUDY: MALUTI-A-PHOFUNG

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### Sources

SALGA Free State, 2010. *Local Economic Development as a key driver for growth in developing economies: Key perspectives for the Free State Province.*

IHS, Global Insight, *Rex*, 2010