



Makhanda Circle of Unity

Alumni House, Lucas Avenue, Makhanda, 6139, South Africa

PO Box 94, Makhanda, 6140, South Africa

t: +27 (0) 46 603 7024

f: +27 (0) 46 60318744

e: s.ntlabezo@ru.ac.za

Education in Makhanda: A proposal for an Economic Impact Study

1. Executive Summary

This proposal is about systematic quantification of the impact of education on the economy of Makhanda and Makana Local Municipality. This is to be done through an **economic impact study** focusing on the substantive contribution of education to the economy of the city. Such a study would give heft to intuitive understandings about the assumed value of the education economy of Makhanda. It could also give impetus to the goal of protecting and strategically growing the education economy. The study would also contribute to **the broader development of an education prospectus**, led by the Makhanda Circle of Unity (MCU) and supported by Kagiso Trust. This education prospectus will detail and highlight key indicators and provide a narrative analysis of educational excellence in Makhanda. The impact study will serve to provide a qualitative and economical scaffolding of this prospectus, thus ensuring the provision of a detailed and thorough overview of the sector.

2. Objectives and scope of the project

A service provider will develop a high-level economic impact model that is based on the national Social Accounting Matrix (SAM)¹. The economic impact study would be a crucial contribution to the substance of the education prospectus. The objectives of the economic impact study, and by extension the education prospectus, would be as follows:

¹ As detailed by Statistics South Africa (2008), the SAM is defined as a tool that “reflects the economic relationship between the sectors of [an] economy by identifying monetary transactions (expenditure and receipts) between them”.

- Provide a quantitative assessment of the education sector's annual contribution to the economy of Makhanda.
- Provide an assessment of the education sector's contribution to local employment in the region.

3. Proposal reasons and opportunities created

The value of education for developing economies cannot be overemphasised. The city of Makhanda is geographically and strategically positioned to offer significant educational opportunities. The city is centrally located between the province's two metropolitan cities, both with airports. It is only 30 minutes away from the iconic coastal town of Port Alfred. The social environment is especially conducive to education and learning. Makhanda has world class cosmopolitan schools and a world class research-intensive university, the only one outside of a metro.

A systematic study of the education value proposition in the city could catalyse the bigger vision to developing Makhanda to be a **special education zone**² that offers an even more conducive social environment, and an even safer and valuable teaching and learning opportunities to families across the country, continent, and the globe.

The success of the initiative could have positive multi-sectoral implications for the economy of the city and contribute a valuable blue print for the resuscitation of the economies of the small towns in the country.

4. Project explained

The MCU Education Cluster is working towards facilitating collaboration amongst educational institutions in Makhanda, regardless of socioeconomic and geographical location. The goal is to strengthen and enhance the quality of education across the entire town. This is particularly important in the context of the provincial realities of the Eastern Cape, which is one of the worst performing provinces in public education. In this context, Makhanda has some of the best educational facilities in the country. The existence of such educational excellence is deeply contrasted with the stark reality

² The initial concept of the special education zone was to have the Makhanda education economy declared a Special Economic Zone as per the Special Economic Zones Act 16 of 2014. It was subsequently discovered that the legal recognition of special education zones was not possible in South Africa. However, this did not quell interest in exploring and documenting the extraordinarily valuable contribution of educational institutions in Makana.

that Makhanda also possesses some of the worst performing educational institutions in the Eastern Cape. The MCU Education Cluster thus functions as a dedicated education structure that champions and supports the overall education economy of Makhanda, whilst also enabling active information sharing and substantive discussion on how to collaborate across varying conditions.

One of the initial discussions that the cluster was involved in, was that of exploring the possibility of Makanda being a special education zone – this being premised on the understanding of the Makana education economy being a significant contributor to the local economy of the area due to its provincially and nationally regarded educational institutions. To do so, it was decided to develop an education prospectus that would serve achieve the objectives detailed in part 3 and part 4 of the project proposal.

As discussions about the prospectus developed and crystalized, it was identified that it would be valuable to quantify as best as possible, what the impact of education has been on the economy of Makhanda. This would be done through conducting an **economic impact study** focusing on the substantive contribution that education has made to the economy of the city. This would serve to give heft to the substance of the education prospectus through the provision of approximate numeric contributions, and further strengthen both the overall valuation of the education economy as a whole and give impetus to the goal of protecting and growing the education economy.

5. Deliverables

The deliverable for this proposal is a comprehensive and systematic report that quantifies the contribution of the education sector to the economy of Makhanda and Makana municipality.

6. Financial analysis

The cost items for this project include the execution of the impact study itself and staffing costs for a short-term coordinator. As detailed above in the proposal, this economic impact study is a crucial component of the development of an education prospectus of Makhanda's education sector. As such, it is not being done in isolation, but rather to work towards the development of the prospectus. Costs associated with the development of the prospectus have been pledged by Kagiso Trust. The remaining funding requirement relates to costs associated with the conducting of the economic impact study, and capacity costs to support the development of the education prospectus within a reasonable timeframe. The below financial analysis thus details these costs as needed:

Line Item	Amount (Rands / Dollars³)	Funded activities
Economic Impact Study	R 70 380.00 / \$ 4759.08	Contract for a Senior Development Economist and process quality control.
Project Coordinator Costs	R 36 000.00 / \$ 2434.31	Cost of a Project Coordinator for three months at R 12 000.00 per month. The Coordinator will work alongside the MCU Programme Manager to oversee the data collection and drafting of the education prospectus.
Total Cost	R 106 380.00 / \$ 7193.99	

7. Potential risks

Whilst this is a low-risk and high-reward project, below are some of the identified potential risks:

- Access to quality, up-to-date data at municipal level.
- Data reliability at city level due to the extrapolated nature of the (city-specific) information. The high-level economic model based on the SAM to assess what the gross value added (GVA⁴) share of the education sector is only available at a local municipality level and is not available on a city-specific level.
- Determination of realistic timeline for the project due to the complexity and time-consuming nature of the scope and data analysis required.

8. Impact of successful implementation

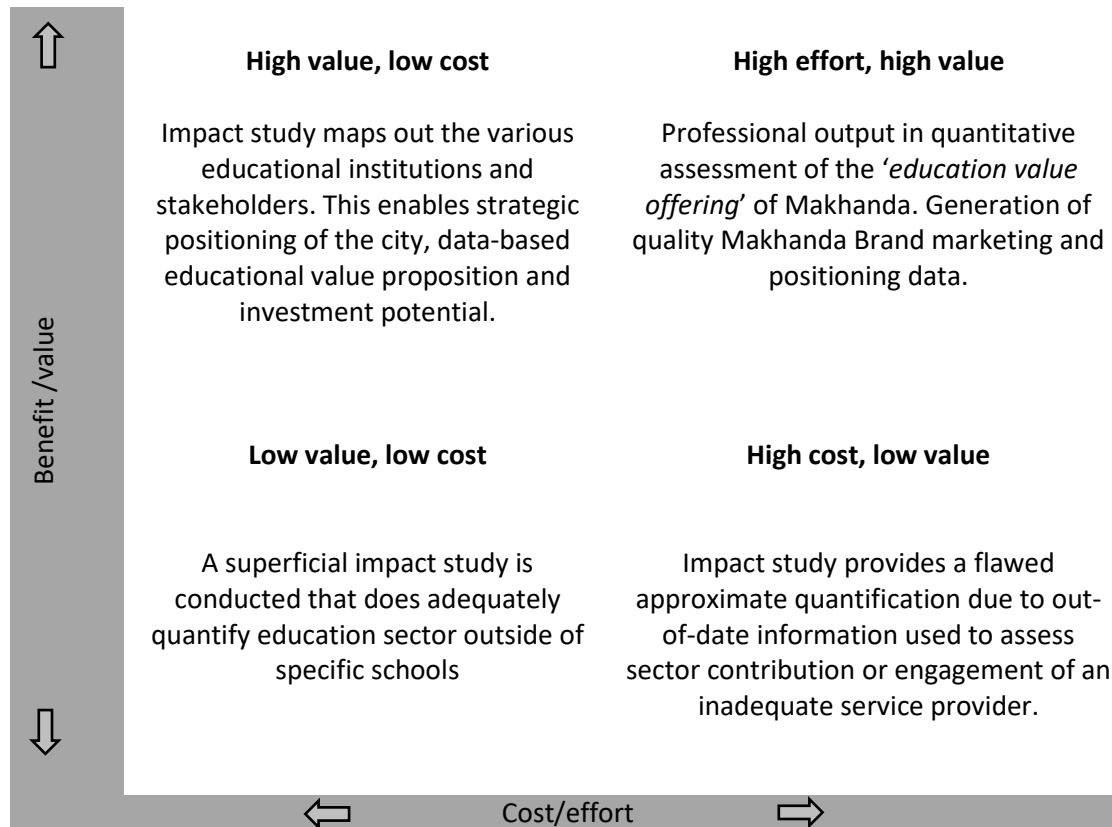
An education prospectus of the city that is backed up by up-to-date statistical qualifiers of the education economy would place educational institutions in the city – ranging from ECD centres to Rhodes University itself – in a strong position to detail what the overall value proposition is from an education perspective for Makana, and thus be one crucial selling point in the broader process of reviving the Makhanda City and Makana Municipality. It would facilitate joint opportunities and entry

³ Exchange rate as of 13 August 2021

⁴ Gross value added (GVA) share is a term used to refer to the contribution of an individual sector to an economy and is used often in calculating gross domestic product (GDP) value.

points for educational institutions to lobby state apparatus as needed for the benefit of the sector, along with creating a base for collective fundraising to take place in the economically deprived city of Makhanda, and region of Makana Municipality.

9. Cost/Value matrix



Signed:

Sisesakhe Ntlabezo
Programme Manager: Makhanda Circle of Unity