



REVISED LED STRATEGY

CENTRAL KAROO DISTRICT MUNICIPALITY

ABSTRACT

This document provides for a practical approach towards implementing Economic Development Projects

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ACRONYMS

BFW-	Beaufort West
BPO-	Business Process Outsourcing
BRAIN-	Business Referral and Information Network
CKDM-	Central Karoo District Municipality
CKEDA-	Central Karoo Economic Development Agency
CSIR-	Council for Scientific and Industrial Research
DBSA-	Development Bank of Southern Africa
DEAT-	Department of Economic Affairs and Tourism
DFI-	Development Finance Institution
DTI-	Department of Trade and Industry
ETDP-	Education Training and Development Practices
GDS-	Growth and Development Strategy
IDC-	Industrial Development Corporation
IDP-	Integrated Development Plan
IDT-	Independent Development Trust
IPAP-	Industrial Policy Action Plan
ISRDP-	Integrated Sustainable Rural Development Programme
JIPSA-	Joint Initiative on Priority Skills Acquisition
LED-	Local Economic Development
LERP-	Local Economic Regeneration Programme
LM-	Local Municipality
NGO-	Non Governmental Organisation
MERSETA- Authority	Manufacturing, Engineering and Related Services Sector Education and Training
MIG-	Municipal Infrastructure Grant
NAFCOC-	The National African Federated Chamber of Commerce
NAMAC-	National Alliance for Media Arts and Culture
PPP-	Public Private Partnership
REAF-	Rural Economic Assistance Fund
SABS-	South African Bureau of Standards
SEDA-	Small Enterprise Development Agency
SMEDP-	Small and Medium Enterprise Development Programme

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1.0

FOREWORD

One of the great challenges facing the South African economy is to increase the number and variety of viable and sustainable economic enterprises. We have a particular history that has brought about many interruptions in the development of enterprises. This has been particularly associated with our racial history and the development and distribution of wealth in black hands in both the rural and urban areas. This has had an adverse effect on income distribution, entrepreneurship and employment creation.

Accordingly, it is central to government's economic strategy that it promotes the development of emerging economic enterprises and diversifies the ownership, size and geographic location of those enterprises. The strategy should focus on the promotion and support of developing / emerging small entrepreneurial enterprises.

A viable, dynamic, autonomous, self-reliant and self-sustaining entrepreneurial national culture can play a major role in the economic, social and cultural development of South Africa. By doing so, small entrepreneurial initiatives will contribute significantly to the creation of jobs, income generation, resources mobilization, and broad-based economic empowerment, thereby enhancing sustainable human development in South Africa.

Many communities in South Africa were marginalized during the apartheid years through force removals, spatial development strategies placing them far from work opportunities, inadequate or non-existing community infrastructure and similar socio-economically degrading realities. Restoring these devastating imbalances has been a major challenge since the dawn of democracy in 1994 and for many communities the situation is still desperate.

Social problems of continued lack of access to self-sufficient economic activities and the frustrations experienced in securing land tenure, is exacerbated by high levels of unemployment and employability of members of most communities. This came to a head in many demonstrations across our country. Heavy-handed tactics are often used to suppress this latent frustration and anger in the hearts of our marginalized communities. It destroys the very fibre of community socio-economic structures and wellbeing.

According to the White Paper, 1998, Developmental Local Government refers to a local government committed 'to work with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives' It should target especially those members and groups within communities that are most often marginalized or excluded, such as women, disabled people and the youth.

Therefore, a Municipality is "developmental" if it is able to deliver on Local Economic Development where it can create jobs with a platform to boost the local economy by providing good quality cost-effective services and by making the local area a pleasant place to live and work in.

This Revised Local Economic Development (RLED) Strategy, which derives from the current IDP (2019-2020) 2nd Review, will enable CKDM to have a realistic approach to facilitate economic

development. This RLED Strategy is supported by a vigorous Tourism Development Plan as well as a Tourism Marketing Strategy that will ultimately become aligned to the economic strategy. It is imperative to note that in certain circumstances, as the environment demands, economic investment will first be seeking or resources first will be made available before the Tourism Development Plan can be introduced or the marketing thereof.

However, it can also be expected that, where the demand prevails, the Tourism Development Plan or the Marketing Strategy will first be implemented to draw relevant investment and stakeholder involvement. Therefore, the RLED Strategy is holistically structured to ensure that realistic measures will be put in place that would provide for a pathway towards economic growth. Furthermore, it is also aimed at ensuring that the CKDM can efficiently and effectively facilitate the creation of an appropriate enabling environment conducive to economic development and investment. The critical element will always be the investors and therefore, the CKDM will have to ensure investor trust and an environment where investors will want to invest in.

This LED Strategy was written/drafted to provide for a working document which is aligned to the IDP (2019-2020) because of the numerous research and recommendations been done and the CKDM is still in a state where there is so much potential but little delivery.

1.0.

THE SALIENT FEATURES

1.1 Background to CKDM -The Executive Summary:

Historical Overview:

“It is the age of ambition that proves the mettle of men...” (Jose de Alencar).

The task of international development efforts for decades is the following:

- How do we eradicate poverty;
- Empower people economically;
- Provide educational opportunities, and
- Sustain local and rural communities.

Historical Overview:

When the idea of forming the European Union (EU) came to being, it led to the European Parliament, originated in 1945. Sceptics saw it ‘as a no more than a pipe dream’

The European Parliament is now a reality and boast with a membership of about 25 countries, which is representative. Crucial decisions are taken here, and are carried out during various sittings

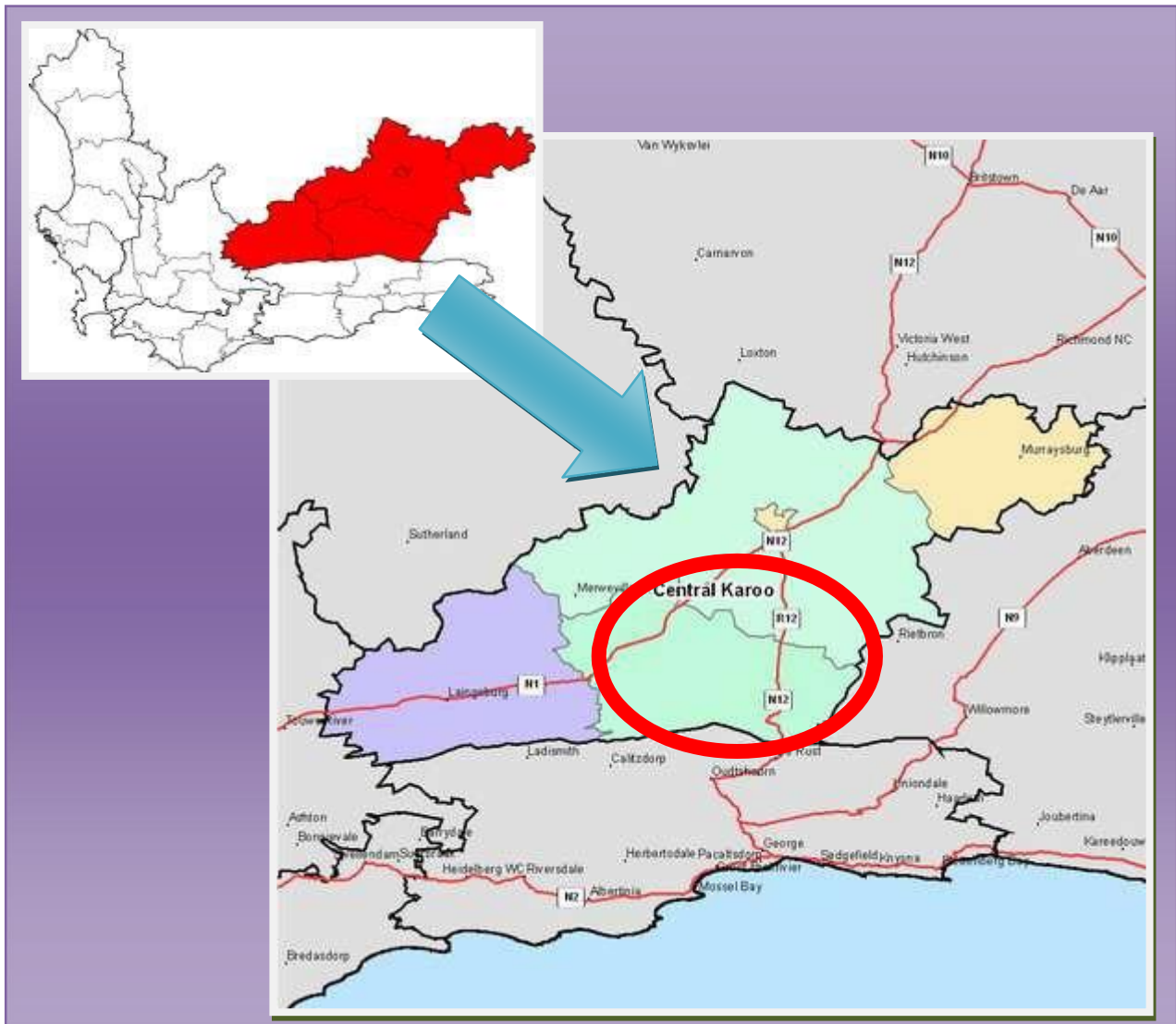
Africa:

Africa, same situation that occurred in EU, had an idea of bringing together smaller, and much divided Africa states. The African Union (AU) was set up, which rose from the ashes of the Organization of Africa Unity (OAU). The hope was that it will function along the same lines as the EU in integrating the peoples and economies of the African States into a powerful entity. Many successes have been achieved especially with the introduction of the Pan African Parliament, which one could see was introduced in the EU.

The Central Karoo District Municipality is a category C municipality situated in the northeast of the Western Cape Province. It is extremely sparsely populated and much of the area is deserted. The district municipality incorporates four municipal areas - Beaufort West, Laingsburg, and Prince Albert and is the district Management area (DMA), which includes the town of Murraysburg. The Central Karoo has a surface area of 38 853km². **Map 1.1** shows the location of the CKDM.

The CKDM:

MAP 1:1 CENTRAL KAROO DISTRICT



(Source: ISDP CKDM, 2003)

CKDM consists of three (3) local municipalities whom it has to bring together as an economic cluster along the same lines as the EU and AU in integrating the peoples and economies of the different municipalities and towns into a powerful District. As mentioned in the **IDP 2019-2020, 2nd Review**, the CKDM covers a total area of 38 852 km², making it the largest district municipality in the Province. It stretches approximately 400km from its furthest south-east point to its furthest north-west point, and include the towns of Beaufort-West, Laingsburg and Prince Albert (also the names of the 3 local municipalities within the district).

Forecasts of the 2017 Socio-economic Profile for the Central Karoo (WCG, 2017), the Central Karoo's population is estimated to be 75 688 in 2018, compared to 71 011 in 2011. This represents an annual average growth rate of approximately 0.91% or 6.5% within this 7-year period, which is lower than the growth rate that the Central Karoo experienced between 2001 and 2011 which was an annual growth rate of 1.46%.

The population of the Central Karoo is expected to grow to 80 584 by 2025 and 84 335 by 2030, assuming the phenomenon and indicative of a stabilizing population figure (***Central Karoo SEP-LG, 2018***)

These statistics reflects on the District, however, it is imperative to determine where the actual population growth will take place in order to structure economic developmental models which will have to focus on the following:

- Provision of on the job training for youth, women and disabled people;
- Skills Development;
- Employment Security;
- SMME Establishment;
- Entrepreneurial Mentoring;
- Job placement
- Creation of economic investment opportunities, and
- Tourism development strategies

These initiatives are likely to result in total independence eventually, but initially they will share many of the facilities. The new democratic order has brought along an opportunity to advance the objectives of these initiatives to ensure that empowerment can take place through the focus areas.

This Revised LED Strategy, ambitious as its intention and strive is to reach sectors of the District communities that can provide opportunities for local residents, will alleviate poverty and redistribute resources and opportunities to the benefit of all local residents who struggles to become part of the privileges of a *“somehow economic freedom”*.

Accessibility to those advantages and privileges that this Revised LED Strategy can bring to the fore, is still a *“pipe-dream”* for most that live in utmost poverty. This economic imbalance put the CKDM under tremendous pressure to ensure *“...a better life for all” its citizens*.

LED strategies changes as the economic environment changes at National and Provincial levels. The CKDM now has to adjust its current LED Strategy to a more realistic one that would derive from the current **Integrated Development Plan (IDP), 2019-2020 2nd Review** that it has in place to accommodate its economic goals.

The CKDM has an LED Strategy Framework. This strategy was drafted in 2008 and, 11 years later, the economic environment as well as the socio-economic environment have changed due to factors beyond control. However, the Central Karoo District which includes the towns of Beaufort-West, Prince Albert and Laingsburg, has the potential to turn the downward spiral of the economic environment into economic growth. This can be done by investigate the coordinated and integration options and opportunities provided by the:

- 1) Revised LED Strategy;
- 2) Tourism Development Plan;
- 3) Tourism Marketing Strategy, and
- 4) Investment potential that the District offers.

The current Strategy does not provide for the socio-economic profile of the area or any key LED objectives. The LED merely states certain identified initiatives. In view of the requirements for local government to have a credible LED strategy in place, the current Local Economic Development Strategy has to be reviewed to reflect the most recent local and regional development dynamics and appropriately packaged as an LED Strategy. This document serves to revise the existing LED Strategy Framework as well as the LED component of the IDP.

1.2

Policy Framework

The Integrated Development Plan (IDP) 2019-2020, 2nd Review mentions that Municipalities function within an extensive legislative and policy framework that provides prescripts and guidelines for municipal actions according to Constitutional obligations. Therefore, institutional policy directives are mainly guided by the Constitution.

Section 152 and 153 of the Constitution of South Africa describe some of the following objectives of Local Government:

- To promote social and economic development, and
- Give priority to basic needs of communities.

The Local Government: Municipal Planning and Performance Management Regulations (2001) sets out the minimum requirements for an Integrated Development Plan. Regulation 2 (1) states that the municipality's Integrated Development Plan must at least identify:

- Any investment initiatives in the municipality;
- Any development initiatives in the municipality including infrastructure, physical, social and institutional developments.

The Integrated Development Plan (IDP), adopted by the Council of the municipality, is the key strategic tool for the municipality. It is described in the Municipal Systems Act (MSA) as:

- 35(1) (a) "...the principle strategic planning instrument which guides and inform all planning, development and all decisions about planning, management and development in the municipality";
- (b) Binds the municipality in the executive authority

In establishing an appropriate Local Economic Development (LED) framework for the Central Karoo District Municipality, it is essential to make reference to relevant policies at a local, provincial and national level. By reviewing the relevant policies, one can contextualize the environment in which the LED framework will exist and more importantly, provide guidelines and targets that will direct the LED framework in an appropriate manner. This will also ensure that the LED policy which is developed aligns with National and Provincial Policy as well with the guidelines as set out by the IDP 2019-2020, 2nd Review and Local initiatives. For each policy mentioned, a brief description is provided, followed by the direct implications for the Central District Municipal area. This policy

analysis will be completed for national, provincial and district policies and legislation. More specifically the following policies are reviewed:

National level:

The Constitution:

The Central Karoo District Municipality (CKDM) is legally compelled to promote social and economic development in its area of jurisdiction. This development should be focussed on addressing the basic needs of the population, reflecting the importance of service and infrastructure provision, community services, educational components and business support to all the areas where there is a lack thereof or where improvements are required.

The White Paper on Local Government:

The White Paper has a direct impact on the development, policy formulation and human resource development projects of the district municipality. It emphasizes the need and importance of local municipal support to business through training and development of support centers.

Accelerated and Shared Growth Initiative for South Africa (AsgiSA)

The CKDM must make concerted effort to meet national growth targets set out by AgsiSA. Thus, during policy-making, AgsiSA objectives must at all times be considered in respect to local economic development initiatives and their contribution to the National AgsiSA goals. This is especially relevant for LED projects that are in line with the ASGISA priority sectors.

National Spatial Development Perspective (NSDP)

The NSDP provides a common reference point for National, Provincial & Local governments to analyse and debate the comparative development potentials of localities in SA. The Central Karoo District Municipality is thus responsible to adhere to the guideline provided in the NSDP.

The Tourism Development Plan & Marketing Strategy

Tourism in the CKDM was identified by numerous development strategies e.g. LED strategy as an industry with significant development and growth potential. This suggests that a local tourism strategy is obligatory and will boost economic development at both the district and local level.

The Municipal Systems and Municipal Structures Act

The CKDM must operate in a manner such that it satisfies the conditions set out by the Municipal Structures Act. In addition, the Municipal Systems Act stipulates that the CKDM is legally bound to fulfil its duties and produce an IDP document to encourage development in its community.

Local Government: Municipal Finance Management Act (no.56 of 2003)

It is important that the CKDM adheres to financial procedures presented in the Act when engaging in financial matters relevant to any LED activities.

Joint Initiative on Priority Skills Acquisition (JIPSA)

CKDM is responsible to identify the scarce skills within the area and to consider long-term fundamentals for the skills needed in order to achieve sustained economic growth. This can be done by a regional skills audit and providing skills training where gaps exist.

The Broad-Based Black Economic Empowerment Act

The CKDM is responsible for addressing issues of transformation in the region. LED initiatives that empower the historically disadvantaged individuals (including minority communities such as those of Asian origin and 'coloureds') should be a priority.

The National Local Economic Development Framework

CKDM is required to follow the guidelines set out by the national government when developing their LED framework.

Integrated Sustainable Rural Development Strategy

The decentralized nature of the strategy implies that Central Karoo District Municipality is responsible for catalysing the transformation of local rural areas into economically viable communities. To facilitate positive change, an in depth understanding of local rural areas is required along with an excellent relationship with the local businesses. A local Tourism Strategy should be orientated in such a manner that it contributes to rural sustainable development in the CKD region. The LED initiatives for rural communities should grow the rural economy and train community members. There should be incentives to prevent loss of skilled and knowledgeable people from the rural areas.

National Strategy for the Development and Promotion of Small Businesses in South Africa

In promoting Local Economic Development, it is essential for the CKDM to promote the growth of its business sector. In order to do this, CKDM needs to facilitate an environment where SMME's can flourish. This can be done by increasing investment in infrastructure that encourages a competitive business environment, increased productivity, opportunities for employment and entrepreneurialism. Furthermore, a local Tourism Strategy can contribute to this environment by promoting tourist-related business opportunities for SMME's.

Provincial Level:

Western Cape Province Growth and Development Strategy: iKapa Elihlumayo

It is necessary for the CKDM to work in conjunction with the Western Cape Provincial government to vertically align goals of local IDP's (and subsequently LED frameworks) with the iKapa Elihlumayo. This creates ample opportunity and scope for inter- and intra-governmental integration, co-ordination and cooperation between spheres to focus resources on agreed upon priority areas.

Western Cape Micro-Economic Development Strategy

To boost regional economy, the CKDM should follow the guidelines provided by the MEDS. The MEDS will guide the Central Karoo District Municipality to harness their resources into meaningful co-operation and co-funding arrangements to achieve their goals in a focused and co-ordinated manner.

Western Cape Spatial Development Framework

CKDM should take note of spatial challenges relevant to the Western Cape Provincial Government and engage in strategies that compliment, not counteract, efforts to eliminate them.

Western Cape Strategic Infrastructure Plan.

The SIP directs the CKDM in investing in infrastructure that will enable a strong and sustainable local economy.

Human Development Strategy for the Western Cape

CKDM is responsible for improving and updating the current education system in its region. It is particularly important for the municipality to provide quality education in the rural areas where Lack of skills is prevalent.

District Level:

Central Karoo Integrated Sustainable Rural Development Strategy, 2003

The CKDM should ensure that internal capacity be attained to transform the node into an economically viable, socially stable and harmonious functioning entity.

Central Karoo Growth and Development Strategy

The Growth and Development strategy offers guidance to the CKDM with regard to developmental

issues in the region. In order for the Central Karoo to achieve its vision of sustainable growth and development clear strategic interventions were recognized and transformed into development projects. The process forward is not envisaged to be plain sailing as the Central Karoo is faced with various unique and limiting regional challenges. These challenges have to be addressed in a proactive manner to ensure that they do not restrict growth and development in the Central Karoo.

Central Karoo Integrated Development Plan, 2019-2021, 2nd Review

The CKDM IDP directs Local Economic Development as one of the most important and highest priorities within the region. Therefore, Economic development should be designated as the first strategic objective to be enforced by the district during the IDP's five year reign.

Central Karoo Local Economic Development Strategy

The CKDM should deem the development of the LED Strategy critical in response to the ever increasing social and economic pressures in the region.

Central Karoo District Nodal Vision, 2010

In order for the CKDM to realize its expectations of economic development, strengthening and amplification of internal capacity as well as the appropriate and effective allocation of resource assistance is required from National and Government side.

Central Karoo SDF

All policy and strategy documents produced by the CKDM should reflect similar goals and priorities. It is therefore crucial for the Spatial Development Framework to be taken into account at all times when considering other policies and/or strategies for the region. In particular, when formulating the LED document, the CKDM should take into consideration the way in which the region is to be spatially developed. Goals of the LED must contribute to objectives of the SDF and allow for the integration of existing land uses.

Central Karoo Economic Generation Study- Strategic Framework, 2003

The CK ERS provides the CKDM with a strategic framework that is designed to guide and stimulate economic development. Local authorities should implement a structured plan of action for economic development in the region.

Strategic Framework for Sustainable Tourism Development in the CKDM, 2003

The CKDM should use the framework to guide and stimulate activities required to effectively and sustainably develop the CKDM's tourism industry.

Growth potential of Towns in the WC, 2004

CKDM towns with identified with low development potential requires various types of investment structures/types i.e. infrastructural Investment, Social (people) investment. This investment structures can be addressed through LED.

These components of the Policy Framework which provides for the parameters in which the CKDM operates in, are the resources to engage in structuring its vision.

In order for the CKDM to successfully introduce an Economic Strategy, it has to engage in a Vision that is aligned to the Integrated Development Plan (IDP) 2019-2020, 2nd review:

1.3

Vision

That our district will be the premier regional location for business investment in 2021 by the setting of powerful and formidable trends that others will feel inspired to emulate, and by whom many will be served to ensure growth and profitability that will benefit all stakeholders.

1.4

Mission Statement:

To –

- Be a Public Entity that will make significant investment in the design, manufacturing and delivery of products and services to our customers;
- Promote training and Development for previously disadvantaged communities;
- Vigorously pursue Tourism Development Marketing of the District
- Create and maintain job opportunities across a broad spectrum of beneficiaries by the completion of community appearance projects;

2.0

THE LED STRATEGY AND ITS EVOLVEMENT IN THE CKDM

2.1

Concept of LED

LED is a process that requires participation from various stakeholders. It encourages the private, public and civil society sectors to work together in order to create an enabling environment for economic development. Participation between these stakeholders further creates common vision and goals to overcome economic challenges and utilise opportunities for economic development of the region.

Participation in LED is not subject to the Municipality alone. It includes the entire region and all the stakeholders namely the community, businesses and NGO's residing in it. The Municipality as the elected entity has the role to facilitate the economic growth and development within a region and therefore act as driver for Local economic development. The community, businesses and the NGO's are all part of the region and therefore are stakeholders in the LED process.

Local economic development (LED) is seen as one of the most important ways of decreasing poverty. Local economic development must aim to create jobs by making the local economy grow. This means that more businesses and factories should be started in the municipal area. As part of the IDP, key stakeholders in a municipality have to reach agreements and take decisions Council Resolutions) to make the economy grow and create income opportunities for more people, especially the poor.

National government makes policy and provides funds, research and other support for local economic development. Municipalities decide on LED strategies and the process of arriving at a LED strategy must be part of the Integrated Development Planning (IDP) process.

This LED strategy will be based on the overall vision outlined in the IDP and is taking into account the result of the analysis done to identify problems and prioritise development projects. It will also look at things like integrating the residential and work areas, building development corridors between areas and supporting the economy with good public transport.

The Department of Provincial and Local Government has identified the following as key principles underlying LED:

- Poverty and unemployment are the main challenges facing South Africa. LED strategies must prioritise job creation and poverty alleviation;
- LED must target previously disadvantaged people, marginalised communities and geographical regions, black economic empowerment enterprises and SMMEs to allow them to participate fully in the economic life of the country;
- There is no single approach to LED. This LED approach will be best suited to its local context
- This LED promotes local ownership, community involvement, local leadership and joint decision making
- LED involves local, national, and international partnerships between communities, businesses and government to solve problems, create joint business ventures and build local areas
- LED uses local resources and skills and maximizes opportunities for development
- LED involves the integration of diverse economic initiatives in an all-inclusive approach to local development
- LED relies on flexible approaches to respond to changing circumstances at local, national and international level
- Promoting tourism, which currently is one of the biggest growth industries in South Africa. This includes developing local tourist sites and facilities, improving security and ensuring that all residents are welcoming of tourists.
- Marketing the municipality, its infrastructure and people to local and international businesses. This can be combined with service centres that provide assistance and information to businesses that wants to start operations in the municipality.

The aim of the LED Strategy is to provide for a realistic plan that would provide for an environment where investors feel comfortable to invest meaningful which investment will in turn create employment opportunities for local residents. Therefore, the LED Strategy should also seek to infiltrate the economic strengths, weaknesses, opportunities and threats (SWOT) that would provide for realistic investments to be made.

2.2

SWOT Analysis

A SWOT analysis is a commonly used tool used to facilitate a strategic review of a particular organisation. It is a high-level exercise that identifies strengths, weaknesses, opportunities and threats of the organisation. The strengths and weaknesses are internal factors that the organisation may control. Opportunities and threats are those factors external to the organisation and therefore the organisation has little or no control over these macro environment factors.

The **SWOT** analysis does not identify what should be done. Rather, it provides a framework for identifying where strategic opportunities may exist and how to avoid weaknesses inherent in the organisation or external threats from limiting future expansion and growth. The purpose of the SWOT analysis is to identify and assess the strengths, weaknesses, opportunities and threats in the Central Karoo District Municipality, in terms of regional economic development.

STRENGTHS

- Increase in property prices & commercial development shows growing investor's confidence;
- Hype around proposed uranium mine contributing factor for increased private sector investment;
- Established Tourism Sector
 - Game Farming industry established
 - Established and organized hospitality industry
 - Eco-tourism industry established – (Karoo National Park and other)
- Established Agriculture sector
- N1 route through 2 major towns
- Organised business, organised civil society and government structures;
- Beaufort West seen as economic & administrative hub
- Development of airport in pipeline;
- N1 key arterial that runs through CK
- Close proximity to the Sutherland telescope (SKA)
- Infrastructure supply and maintenance
- Business Nodes well located from spatial perspective
- Diversifying tourism sector (township routes, proposed Khoi San village, etc)
- Socio-economic divisions separate some communities
- Limited support for entrepreneurs/SME's
- Lack of strong support partnership between local government and business

WEAKNESSES

- High percentage of unemployment
- Low levels of income
- Limited ability of population to create their own job opportunities
- Limited skills development
- Limited business retention – Lack of retention strategies Limited business incentives for business attraction
- Towns such as Nelspoort, Merweville, Prins Albert, Klaarstroom & Leeu Gamka are secluded
- No competitive advantage with relation to other regions and towns such as Oudtshoorn and George.
- Lack of aftercare for SMME's – hence lack of growth
- Lack of aggressive marketing strategy for the region
- Shortage of tourism facilities in smaller towns
- Lack of retail facilities in smaller towns
- Lack of office space in smaller towns
- No identified industrial areas in smaller towns.

OPPORTUNITIES

- Uranium mining
- Commercial developments
- Airport development
- Wind Power Generation
- Archeological sites & paleontology (rock art & fossils)
- International filming industry interested in Karoo landscape & architecture (potential for linkages with the neighbouring Graaf-Reinet film & tourism industry)
- Transport interchange & storage potential
- Small stock farming on commonage
- Biodiversity
- Rich history
- Potential for food gardens for income generation in Murraysburg
- Processing /value adding to raw products
- Tourism opportunity: Open space and Rural character
- Property industry: Karoo Architecture and rural Character.

THREATS

- N1 realignment (bypassing town)
- Closing down of businesses/lack of new business initiatives (all towns)
- Unemployment – related to crime, alcohol & drug abuse
- HIV/Aids affecting economically active sector of population
- Large number of households largely dependent on state support
- Out-migration of matriculants - large number of children & aged stay behind
- Brain drain of specialists & graduates who do not return
- Households have also become dependent on illegal credit systems
- Downscaling in normal & seasonal labour employment in agriculture
Import of seasonal labour from neighbouring regions
- Value addition in other neighbouring regions not locally

2.3

Socio-Economic Analysis

Introduction

This section will describe the economic status quo of the Central Karoo District Municipality. This creates an opportunity to examine the economy and the different economic sectors, which in turn identifies the sectors of the economy that have the largest contribution to the national economy.

Certain sectors show more potential for economic growth and development, which then create opportunities where further investment can contribute to an improvement. Sectors that show low contributions are also indicated which can help identify opportunities in order to develop those sectors. Ultimately, the aim is to create an economy that is more diversified and does not only depend on selected sectors for economic growth but on various sectors. This will then sustain the economy in times of low economic growth in some sectors while other sectors might help stabilise the economy.

Defining the Area: Central Karoo District Municipality

Map 3.1 shows the location of the CKDM.

MAP 3.1: CKDM AREA




(Source: Municipal Demarcation Board, 2008)

The district municipality (DC5) is located in the northern part of the Western Cape Province. It is extremely sparsely populated and much of the area is desert. It consists of 3 Local Municipalities and

the CK DM which includes Murray's Burg. The geographical area of the province is 38853 square kilometres. Central Karoo is about 400 km North West of Cape Town and about 1200 km South West of Johannesburg along the N1 road. The district borders the Eastern Cape to the East and the Northern Cape to the North.

Central Karoo is the largest district in the Western Cape Province; invariably this means that distances between settlements within the district are vast. Laingsburg is about 200 km from Beaufort West, while Prince Albert is 170 km. The Central District Municipality is classified as a 'Category C' municipality. The District includes the following Category B municipalities:

Municipalities	
	<ul style="list-style-type: none"> Laingsburg LM: Laingsburg is approximately 200 km from Cape Town on the N1 highway that passes through the town. It has a surface area of 8 785km² and a total population of 8 154 people in 2007. The population density is 0.9 persons per km². Apparently it is the smallest population in the province and is also the smallest in the whole of South Africa. Laingsburg Municipality is characterised by rural agriculture that consist of mainly extensive small stock grazing (Dorper and Dohne Merino sheep). This municipality gets only 50mm of rainfall per year. Small amounts of wool are produced in Laingsburg municipality. The municipality produce 80 000 sheep carcasses per year, though there are only two abattoirs in the area. The region is also known for the production of apricots, dried yellow peaches, pears, plums, quinces and tomatoes. In 2007 the economy was concentrated in mainly three sectors, namely wholesale and retail trade (23%), transport and communication (21.0%) and agriculture, forestry and fishing (20.8%). Laingsburg contributed 8.6% of the District's R871.5million in 2007. Growth between 1995 and 2007 was strong at an annual average rate of 5.0%. Transport and communication, construction and agriculture, forestry and fishing sectors grew strongest over the period 1995 and 2007 with an average at 10.2%, 11.1% and 6.5% respectively.



- Prince Albert is approximately 400km north of Cape Town and about 170km south of Beaufort West on the N1. The Local Municipality covers the towns of Leeu Gamka, Klaarstroom and Prince Albert. It has the second largest population in the CKDM, with 10 156 people or 16.8% of the District's population in 2007. Prince Albert is known for its architecture and agriculture and is also a tourist centre. The chief farming activities in this area are deciduous fruit for the export market, olives vineyards, vegetable seed production, lucerne and ostrich. The average rainfall for the area is about 41mm per year. Farming is much more diversified in this region with small stock farming forming an important part into the farming community. Small stock farmers with sheep, Angora goats and game. Karoo Lamb, olives, olive oils and cheese are local delicacies. Prince Albert is well situated for overnight stops from Gauteng, Cape Town and Port Elizabeth. The economy is concentrated in mainly three sectors, namely Finance and business services (46.2%), wholesale and retail trade (16.5%) and transport and communication (11.3%) Prince Albert contributed 30.9% of GDP of the District's R871.5million in 2007 with an estimated average annual growth of 8.9% between 1995 and 2007.

- **Beaufort West LM:** Recorded an annual average growth rate of 3.8% during the period 1995-2007, compared the CKDM which recorded 5.4%. The largest share of the regional GDP comes from Beaufort



West, although this share has been decreasing since 1995. In 2007 Beaufort West decreased its regional GDP share to 55.5% from 57.4% in 2004. Over the period 1995-2007 the growth in Beaufort West for the following sectors were:

- Manufacturing (11.7%)
- Construction (9.4%)
- Wholesale and retail trade (5.0%)

Beaufort west municipality is looking to develop an effective informal trading sector. Indications from the IDP 2019-2020 2nd Review are that there are high levels of infrastructure provision but unemployment and poverty are the key concern in Beaufort west.

Central Karoo DMA: The CKDMA founded in 2000, forms part of the CKDM. A DMA is run directly by the DM as opposed to being part of the LM. The DMA are usually National Parks and usually have a low population density. The CK DMA's has a particular low population density of 1.08/km². The region also have the smallest population in the district at 6 040 in 2007, or 9.9% of the total CKD population. The largest economic sector in 2007 was construction (27.8%) and agriculture (19.3%). The DMA area contributed only an average of 3.2% between 1995 and 2007. The region faces several challenges, amongst which are high levels of unemployment (35.5%), a slow growing economy, large distances to markets and dry climate.

3.0

MUNICIPAL ECONOMIC AND SOCIAL REVIEW OUTLOOK (MERO)

The overall aim of the MERO is to unpack Regional Development and Sectors that features in the Provincial Economic Review and Outlook (PERO) and other economic literature available to local policymakers across the Western Cape. Key objectives of the MERO include the following:

- Identification of constraints and opportunities to development per municipal area;
- Investigating the most appropriate avenues of escalating job-creating growth per municipal area;
- Analyzing factors affecting economic growth per municipal area and region;
- Providing updated historical economic information;
- Analyzing sectoral developments and trends per municipal area and region;
- Providing short to medium term sectoral forecasts;
- Analyzing of medium enterprises per region and,
- Analyzing the impact of economic activity on households' living standards using socio-economic indicators

The Central Karoo District (CKD) contributed 0.6% to the Provincial GDP in 2015; thus it contributes the least to the Western Cape. The largest economic sectors across the three local municipal areas are the Agriculture, Forestry and Fishery sectors and the General Government sector. Agriculture accounts for 18.4% of the District's inputs, largely consisting of pitted (Stone) fruit and livestock farming (namely goats and sheep). The CKD experienced an average GDPR growth rate of 3% between 2004 and 2015. The Prince Albert area economy recorded the highest average growth rate of 4.8%. Laingsburg and Beaufort West area economies during this period also experienced positive high growth rates of 3.5% and 2.5% respectively. Of all three areas, only Beaufort West area experienced a contracted GDPR between 2008 and 2009 (negative 0.9%)

The CKD has a comparative advantage in the Western Cape in the:

- Agriculture, Forestry and Fishery sector in terms of GDPR and employment;
- Electricity, Gas and Water in terms of GDPR and employment;
- General Government sector in terms of GDPR;
- Construction, and
- Transport, storage and communication.

Compared to the GDPR, the employment per sector is recovering at a slower pace than the GPDR per sector in all the municipal areas within the District. In general, the skills levels in all the local municipal areas in the District are improving, indicating either better access to education or up-skilling by employers. Agriculture is therefore not only an important source of value for the economy, but also important job creator. All three municipal areas are equally reliant on GDPR inputs and employment from the general government sector. More growth in animal product manufacturing and processing to boost the manufacturing sector should be emphasized as opposed to employment and stimulation in the general government sector.

3.1

Economic Sector Performance

The Central Karoo's average annual Five year GDP growth rate of 2.1% is less than the average annual 10-year growth rate of 3.0%, indicating that the economy did not fully recover from the recession. The Regional economy contracted again in 2016 by 1.2% mainly as a result of the contraction of the Agriculture, Forestry and Fishing, the Electricity, Gas and Water, the Manufacturing, the Mining and Quarrying, the Transport, Storage and Communication and Community, Social and Personal Services Sector.

Sector	Contribution to GDP (%) 2015	R Million Value 2015	Trend		Real GDP Growth (%)					
			2005-2010	2010-2015	2011	2012	2013	2014	2015	2016
Primary Sector	14.6	382.3	4.6	1.1	0.8	1.9	3.0	8.7	-2.9	-9.3
Agriculture, Forestry & Fishing	14.5	381.2	4.5	1.1	0.8	1.9	3.0	8.7	-2.9	-9.3
Mining & Quarrying	0.0	1.1	0.8	3.5	3.5	1.8	4.1	8.0	1.5	-0.1
Secondary Sector	13.8	361.3	2.6	1.8	2.0	-0.2	1.6	3.4	-0.3	-0.1
Manufacturing	2.5	66.9	1.1	2.3	2.6	1.9	-1.6	1.7	0.4	-0.4
Electricity, gas & Water	5.6	146.1	1.1	1.3	3.7	1.1	-0.1	0.0	0.1	-5.3
Construction	5.6	148.3	5.4	1.9	0.2	-2.8	5.3	7.4	-1.1	4.4
Tertiary Sector	71.7	1882.9	2.8	2.4	4.1	2.9	2.9	1.8	1.0	0.6
Wholesale & Retail, catering and accommodation	15.0	392.9	2.1	2.3	3.6	3.0	1.1	0.5	0.3	0.8
Transport, storage and communication	15.6	409.8	0.5	0.3	2.0	0.7	1.0	1.7	-1.9	-2.2
Finance, Insurance, Retail estate and Business Services	11.1	290.2	4.3	2.6	2.8	3.4	2.3	2.5	3.7	2.1
General Government	20.4	536.6	4.2	4.0	6.4	3.9	5.2	3.6	1.4	2.0
Community, Social and Personal Services	9.6	253.4	3.0	2.4	5.1	3.8	5.1	-0.7	2.0	-0.8

TOTAL CENTRAL KAROO DISTRICT	100	2626.5	3.0	2.1	3.2	2.4	2.8	3.2	0.2	-1.2

Economic activities within the primary sector are largely driven by Agriculture, Forestry and Fishing subsector which contributed 14.5% to the District's GDP in 2015. With an annual growth of 4.5% between 2005 and 2015, Agriculture, Forestry and Fishing was the second largest growing subsector in the District (just behind construction which was at 5.4%). Despite its historic strong performance, this subsector declined considerably in recent years, maintaining growth of only 1.1% between 2010 and 2015. The Agriculture, Forestry and Fishing subsector achieved a growth rate of 8.7% in 2014 due to the declining global maize prices and increases in meat prices, which favored the local livestock farmers. On a National level, slaughter numbers increased significantly in 2014 due to the higher prices in that year, which impacted the future growth rate of the Agriculture, Forestry and Fishing subsector as flocks needed to be rebuilt. Together with the drought conditions, maize prices increases, and the reduced stock, the Agriculture, Forestry and Fishing subsector contracted in 2015 and 2016.

The GDP contribution of the Mining and Quarry sector is insignificant across the District, although potential for mining exists, with Uranium and Shale gas deposits located in the District and the possibility of utilizing these resources are currently explored.

Secondary activities in the Central Karoo are driven by the Construction, Electricity, Gas and Water subsectors and, to a lesser extent, manufacturing subsector. The construction subsector reached a GDP growth rate of 7.4% in 2014, which also contributed to the good economic growth of the District during that time. Road works on the N1 in 2013, between Laingsburg and Leeu-Gamka as well as between Leeu Gamka and Beaufort- West, contributed to this growth (SANRAL, 2014) The Construction subsector, which grew by 4.4%, achieved the highest growth rate in 2016 compared to other sectors which can be attributed to the investment from the Beaufort-West municipality in acquiring service providers for the paving of roads as well as the upgrading and extension of sewer works.

It is evident that the Central Karoo District's economy is mostly characterized by tertiary sector activities which collectively contributed 71.7% (R1.883 billion) to the total GDP. This sector has historically performed moderately, experiencing an average annual growth of 2.8% between the period 2005 and 2015.

Tertiary sector growth subdued in the last 5 years, growing by 2.4% between 2010 and 2015 and is expected to decrease even further to 0.6% in 2016. Beaufort-West is the biggest town in the District hence why the municipal area represents the largest tertiary sector within the CKD.

The three largest contributors to the tertiary sector was in 2015:

- General Government (20.4%);
- Transport, Storage & Communication (15.6%), and

- Wholesale and Retail, Trade, Catering and Accommodation (15%)

These three subsectors were also the largest contributors to the overall economy of the Central Karoo, collectively contributing R1.229 billion to the GDP in 2015.

The general Government subsector, whose activities are mainly concentrated within Beaufort-West, has been growing at an above average pace, maintaining average annual growth of 4.3% between 2005 and 2015, only slowing slightly to 4.0% in the last 5 years (2010-2015). The strength of this subsector is further illustrated by the estimate that it will grow at 2.0% in 2016 in a time where the District's growth is expected to be -1.2%. Given the District's geographical importance as a strategic transport corridor towards the Northern part of South Africa, the transport, storage and communication's subsector contributed significantly to economic activities within the Central Karoo. Despite its large contribution to the GDP, this subsector has recorded less than satisfactory growth of 0.5% between 2005 and 2010. Growth has further slowed to 0.3% for the period 2010-2015.

Wholesale and Retail trade, Catering and Accommodation subsector performed consistently, maintain an average annual growth of 2.1% for the period 2005-2015 albeit below the District's average of 3.0% across the same period.

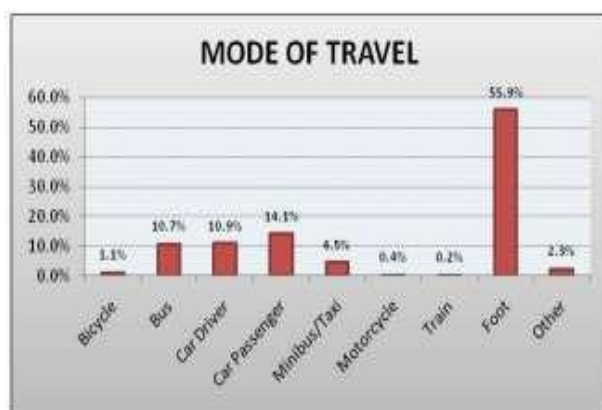
3.2

Infrastructure overview



The infrastructure of the District is mainly a number of main and National roads flowing from Beaufort West to destinations such as Gauteng, Free state and the Northern Cape. These include the N1 highway, the N12 on route to the Southern Cape. A number of dirt roads provide accessibility to local farms. National roads represent 5%, minor roads 56% of which 940km are tarred and 6 631km are gravel road. The road network coverage for the CKDM is 1km per 5km. Approximately 461km/19% of about 2 480km is estimate to be in good/very good condition. The rail network in the CK is very limited with 1 railway line running through the district that transports goods and people.

Mode of Transport in Central Karoo:



- 1) A Large percentage of the population in the Central Karoo does not have access to modern transport
- 2) About 55.9% commutes to work and school on foot.
- 3) Bus services on N2, long distance mini Taxi services available.
- 4) Taxis operate in towns
- 5) Only about 15.4% make use of public transport.
- 6) Public transport is limited especially in the rural areas.
This is due to the high costs and travelling distances between towns.
- 7) The usage of trains (rail) (0.2%) is also notably lower.

(Source: Quantec Research, 2001)

Implication: Lack of Public Transport make it difficult for the poor to reach public services (distances of towns)

Table 3.2: Population and number of households in CKDM

TOWN	POPULATION	No.of Households	Average Household Size	Unemployment Rate
BEAUFORT WEST LOCAL MUNICIPALITY (WC 53)	51 080 (2016)	13 089 (211)	3.6	25.5% (2011)
	54 213 (2020 Projection)	14 935 (2016)		
PRINCE ALBERT LOCAL MUNICIPALITY (WC 52)	14 272 (2016)	3 578 (2011)	3.6	19.4% (2011)
	14 357 (2020 Projection)	4 183 (2016)		
LAINGSBURG LOCAL MUNICIPALITY (WC 51)	8 895 (2016)	2 408 (2011)	3.3	17.9% (2011)
	8 450 (2020 Projection)	2 862 (2016)		

3.3

Population Growth

A significant slowdown in population growth is evident in the Central Karoo with the current population growth below 1%. In 2006 the population grew with -0.4%. The decline can be ascribed to factors such as urbanization. The Central Karoo's population to the Western Cape and South Africa is 1.3% and 0.1% respectively.

Implication: If the current trend continues the Central Karoo will soon have a negative population growth.

From 2002 onwards people were leaving the area and the trend is projected to estimate that most Africans and whites will continue to leave the district until 2025. This is largely due few job opportunities as the district has limited economic activity. It is estimated that there is going to be an out-migration of 4 coloureds in the CKDM. The Central Karoo is also plagued with drought conditions which force established farmers to quit and move to other areas (Source: Die Burger, 1 June 2019)

Implication: Infrastructure, housing, and regional planning will need to be extend beyond existing backlog.

POPULATION COMPOSITION

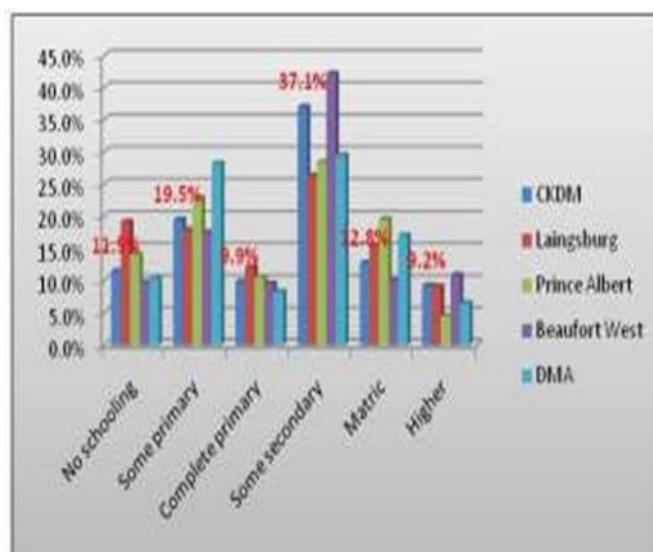
The population of Central Karoo is dominated by the female population (51.5%). The District is characterised by a small senior (6.8%) and large youth population, with 62% within the Potential Economically Active age group (15-65).

YEAR	CHILDREN 0-14 YEARS	WORKING AGE 15-65 YEARS	AGED: 65+	DEPENDENCY RATIO
2011	21683	44 950	4 370	58
2018	20 430	49 643	5 616	52.5
2013	19 267	52 975	6 772	49.2

Source: IDP 2019-2020 (2nd Review)

Implication: The majority of the population is of income generating age and therefore potential economic contributors, with the precondition that adequate employment opportunities are available.

Adult Education Levels:



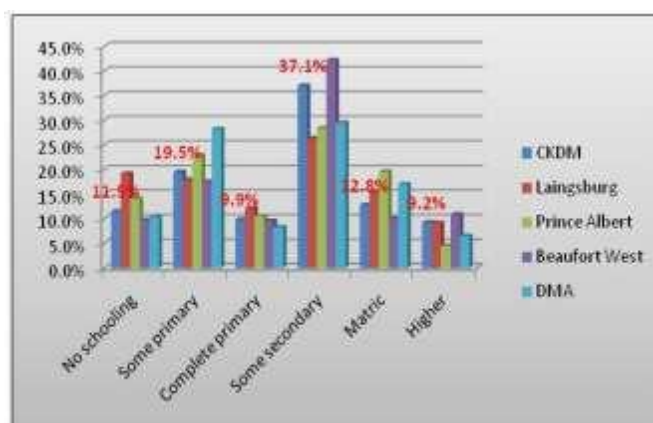
Literacy is the ability to read and write; according to the Labour Force Survey (2007) 88.5% of the Central Karoo population is literate with basic skills in reading and writing.

Education is often a means to expand the range of career options a person may choose from and a direct influence on a person's income and ability to meet basic needs and thus an important indicator of human development:

- 1) In terms of the highest level of education attained, 56.3% only have Primary school education
- 2) Only 1.2% of the CKDM population have a tertiary education.
- 3) The CK have one tertiary institution in Beaufort West (South Cape College) with approximately 90 students

Implication: The low level of adult education can be ascribed to the unavailability of education to especially Africans before 1994.

Population Level of Education



- 1) The majority of the population (37.1%) has some form of secondary schooling.
- 2) 9.9% has completed their primary education.
- 3) Approximately 12% is without any schooling.
- 4) A limited portion (12.8%) of the population has passed Grade 12.
- 5) The CKDM have 26 secondary and primary schools. This represents 1.9 % of schools in the Western Cape.

Implication: The workforce of the Central Karoo is primarily unskilled.

Table 3.3: GOVERNMENT GRANTS:

GRANT	NO.OF RECIPIENTS
OLD AGE PENSION	3078
DISABILITY GRANT	3 773
CHILD SUPPORT GRANT	9 276
CARE DEPENDENCY GRANT	327
FOSTER CARE GRANT	141

GRANT IN AID	78
SOCIAL RELIEF	50
INSTITUTIONS	2169
TOTAL	18 892

In 2007 the government issued 18 892 grants in Central Karoo District Municipality. The total grant funding amounts to R900 000 per month (± R10.8million per annum). The majority of the grants issued are for child support, and physical disabilities and old age pensions. According to the IDP these figures could be more as people who's grants are paid through the bank are not calculated.

CAPITAL EXPENDITURE, 2014/2015 – 2020/21 (R'000)

Functional Classification	Audited 2014/15	Audited 2015/16	Audited 2016/17	Audited 2017/18	Audited 2018/19	Audited 2019/20	Audited 2020/21
Governance & Administration	319	724	1056	267	719	393	1060
Community & Public Safety	-	-	-	1128	164	600	-
Economic & Environmental Service	-	-	-	100	132	5	50
TOTAL	319	724	1056	1495	1015	998	1110

Source: NT Database, Final Adopted 2018/19 Budget – Schedule A5

Due to its nature as a District Authority, the municipality performs limited revenue-generating functions which makes it highly dependent on grants and transfers from either National or Provincial Governments. This limited revenue-raising capacity renders the Municipality extremely vulnerable, at least, from a financial point of view. The result is that the Municipality has very limited resources available to invest in value-adding and game changing initiatives (Local Economic Development, LED).

It became imperative for the CKD to realize that they have to transcend their reliance on grants and transfers by seeking alternative funding sources to propel infrastructure expansion. The CK Region does offer immense growth potential which can be unlocked by means of efficient and effective Local Economic Development (LED) strategies and initiatives. Consideration of the IDP 2019/2020, reveals that, although there are no shortages of catalyst projects, initiatives and game-changing ideas, a lack of funding to implement such projects severely undermines local growth and development efforts.

Implication: Approximately a third of the population is reliant of government grants

The annual Western Cape Provincial Economic Review Outlook (PERO) together with the Municipal Economic Review Outlook (MERO) are key sources of economic intelligence empowering political and administrative leadership in their decision-making processes. The 2018 PERO focuses on providing global and national views of economic developments as it affects the Western Cape. Where applicable, it also disaggregates Provincial economic information to a district level to gain more insight into its spatial impact.

The current Provincial Strategic Plan (PSP) for the period 2014-2019, which firmly aligns to the outcomes of the NDP 2030, outlines the WCG's five Provincial Strategic Goals (PSGs), which include the following:

- Create opportunities for growth and jobs;
- Improve education outcomes and opportunities for youth development;
- Increase wellness and safety and tackle social ills;
- Enable a resilient, sustainable, quality and inclusive living environment, and
- Embed good governance and integrated service delivery through partnerships and spatial alignment.

4.1

Development of the Western Cape Economic Sectors:

The agricultural sector contracted in all districts in 2016, most significantly in the Central Karoo and the West Coast.

Strategic economic sectors in the Western Cape include:

- Tourism (business and leisure);
- Agri-processing (value-added activities in food and beverages);
- Oil and gas sector;
- Fruit and wine export, and
- Agricultural value chain.

The Fourth Industrial Revolution will provide substantive opportunities for the Western Cape economy. The digital revolution, driven by the 4th wave, will have an impact on a number of sectors such as:

- Construction;
- Retail and wholesale;
- Manufacturing;
- Tourism;
- Agriculture;
- Green economy;
- Transport;
- Financial and business services, and
- Government.

However, the full potential of technologies and related capabilities has yet to be fully explored and is yet to fully penetrate all aspects of business models in the Western Cape and emerging markets

generally. Therefore, key economic trends and opportunities should be considered along the following lines:

The weakened economic outlook and related decline in economic activity has the potential to decrease domestic and foreign private investment as well as leading to further international credit rating downgrades. This protracted period of low economic growth may also place employment and per capita income levels at risk. This could manifest in a widening income inequality and an increased risk of lower income households either becoming poor as or falling deeper into poverty.

The Central Karoo economy contracted in 2016, mainly due to the slump in agriculture, forestry and fishing sector. This District is particularly dependent on the economic performance of the agriculture, forestry and fishing sector which has recently been negatively affected by the drought. The response to the drought therefore requires a spatial approach that considers the economic and social implications of the drought.

Key points for the PERO which should be considered:

- 1) Uncertain global outlook;
- 2) Implications of the weak national economic performance and,
- 3) The prevailing labour economic and socio-economic challenges.

4.2

THE APPROACH OF THE PERO, MERO AND IDP TO THE LED

The PERO has more an approach of cautioning District Municipalities in terms of the global outlook and the economic implications thereof. Whilst the Western Cape and National Government constantly needs to exercise their lawful duties to ensure the functionality of the Districts and municipalities, the global economic performance determines the degree of assistance to the municipalities. However, the underlying emphasize for National and Provincial Governments, is to assist the Districts and local municipalities to forge private partnerships and to create a conducive environment for investors.

The MERO and IDP understand the weakness and vulnerability to rely on grants. The IDP therefore reveals that there is no shortages of catalyst projects and understands that the lack of funding undermines the evolvement of the projects.

5.0

KAROO SMALL TOWN REGENERATION PROGRAMME (STR)

The SALGA's Karoo Small Town Regeneration Programme (STR) assists municipalities to focus on resuscitating the functionality of small towns within their jurisdiction or even dealing with the burden of urbanization.

SALGA's Strategic Framework 2017-2022 argues that, adopting a regional economic approach resulting in the categorization of municipalities in terms of their location within different regional economies, would enhance the long term sustainability of municipalities.

An important focus point of the STR Programme of SALGA, is the addressing of the social trends such as urbanization (declining towns). The South African local governments have limited means to respond to this challenge and the question was, what means should be put in place to attract or keep the population intact.

The STR is still at a point where it is exploring the possible action plans that can be introduced to facilitate the STR.

6.0

ALIGNMENT OF THE CKDM TO THE LED STRATEGY

The CKDM has a wide range of economic projects to offer, with the medium to long-term vision of developing these projects into separate specialised Business Units, i.e:

- Formulation of the overall economic strategy in the areas of resource acquisition, operation standard setting, integration of internal departments with new acquisitions and finally the rollout of the economic expansion program.
- Identification of best practice in all operational areas and the production of training material and programs for implementation.
- Standardisation and implementation of best practice district-wide.
- Setting up local and district structures for the roll out of the strategic expansion.

The thrust and the structure of the LED Strategy will be separated into various business units as previously stated, along the following lines:

- Skills development and Training;
- Job Creation, and
- Entrepreneurial Mentorship

In order to achieve the goals of the core functions, it is necessary to phase the different business units

6.1

Phase One

Appointment of Professional Consultants:

The importance of appointing these consultants, is that they will give impetus to the evolvement of this LED Strategy with emphasis on the Tourism Development Plan and the Tourism Marketing Strategy. Effective communication will take place between the relevant stakeholders, the CKDM and Public Investors. These consultants will also play a critical role in:

- Drafting of Business Cases for council approved projects;
- Liaising with DTI, IDC, Land bank and other relevant stakeholders relating to Grants and Funding;
- Implement projects;
- Structure the Administration, and
- Advise Council on various Strategic Business issues.

The appointment of the Professional Consultancy can be for 18 months at a cost determined by the budget allocation of the CKDM to provide CKDM with the agreed services.

Note: The time periods set to acquire the funds, are arbitrary and is not fixed and do not have a determining outcome on the Business, but this had been stated in order to help plan for a realistic framework.

Phase one is a transitional phase in the life of the CKDM. It is the phase when the small projects will begin to evolve into the multi-structured entities.

The following characteristics are significant in this phase:

- A. Approval of Projects by Council and Senior Management of the CKDM;
- B. Sourcing of Funds by DTI, SETA's, IDC, Investors and other financial institutions.
- B. Structuring of core business units.
- C. The allocation of specific functions and responsibilities to each business unit.
A formal, yet dynamic structure will be formulated for each unit.
- D. Budgets and operating forecasts will be set.
- F. Human resources will be allocated to these units – responsibility and accountability will also be transferred.
- G. Fixed assets will acquire.
- H. Business will begin to take place – the business units will begin to forge their own real market identity.

Training and mentorship is a significant characteristic of this phase – raw unskilled, but talented/gifted people will be attracted and shaped and guided toward the objectives of the LED Strategy - the heartbeat of the CKDM is to avail opportunities to the physically disabled and previously deprived individuals in a real, non-patronizing manner.

This phase is expected to take 18 to 24 months to be firmly established.

6.2

Phase Two

This phase entails the next step in the evolvement of the Economic Development of the CKDM.

During this phase, each business unit must have begun to forge a real market identity, with financial results following. The following characteristics are significant of this phase:

- A. Each Project structured and established will have autonomous corporate identity within the CKDM.

- B. Targets and budgets will be set with Bonus Incentives accompanying them.
- C. Projects will be measured and be accredited according to their business performances.
- D. Community Shareholding will begin to be availed to targeted community groups after careful consideration and approval of the Investor/s after one year.

The Projects will ensure their own targets.

The role that the Investment office of the CKDM will play, is as follows:

- Advisory role;
- Policy Guidance;
- Custodian of the Public Private Partnership (PPP) and Concession;
- Strategic and Executive Decisions;
- Manage and Execute the Core Business;
- Security strategies; and
- Social Responsibility/Rehabilitation Strategies.
- Government relationship;
- Investor Relationship
- Controlling of Project Companies

6.3

Phase Three

This Phase will introduce **Corporate Enterprises**.

Significant characteristics of this phase – with Council Approval – will be:

Projects seeking International/Global interests.

The greatest management strategy is going to be – the management of the Capital (finances) and the development/management of competencies – Project Identity will be determined by the extent the competencies are developed and then established in each of the Business units in their involvement – but much of the “stamp” will be developed and established at Corporate Level. This ‘stamp’ is the ***Company Culture***.

The time period envisaged for full operational efficiency is about 3 years before venturing into phase three.

This time period is based on the perception of the current resources versus the potential markets. It takes into account the expected period of developing the needed capacity, financial capital, and the capability to provide the required competencies to successfully achieve the milestone we have projected. In order to progress to larger and more competitive markets, training and development must take place and the necessary experience gained, before the project can move into larger markets, especially within the global arena. However, there are no real fixed time constraints.

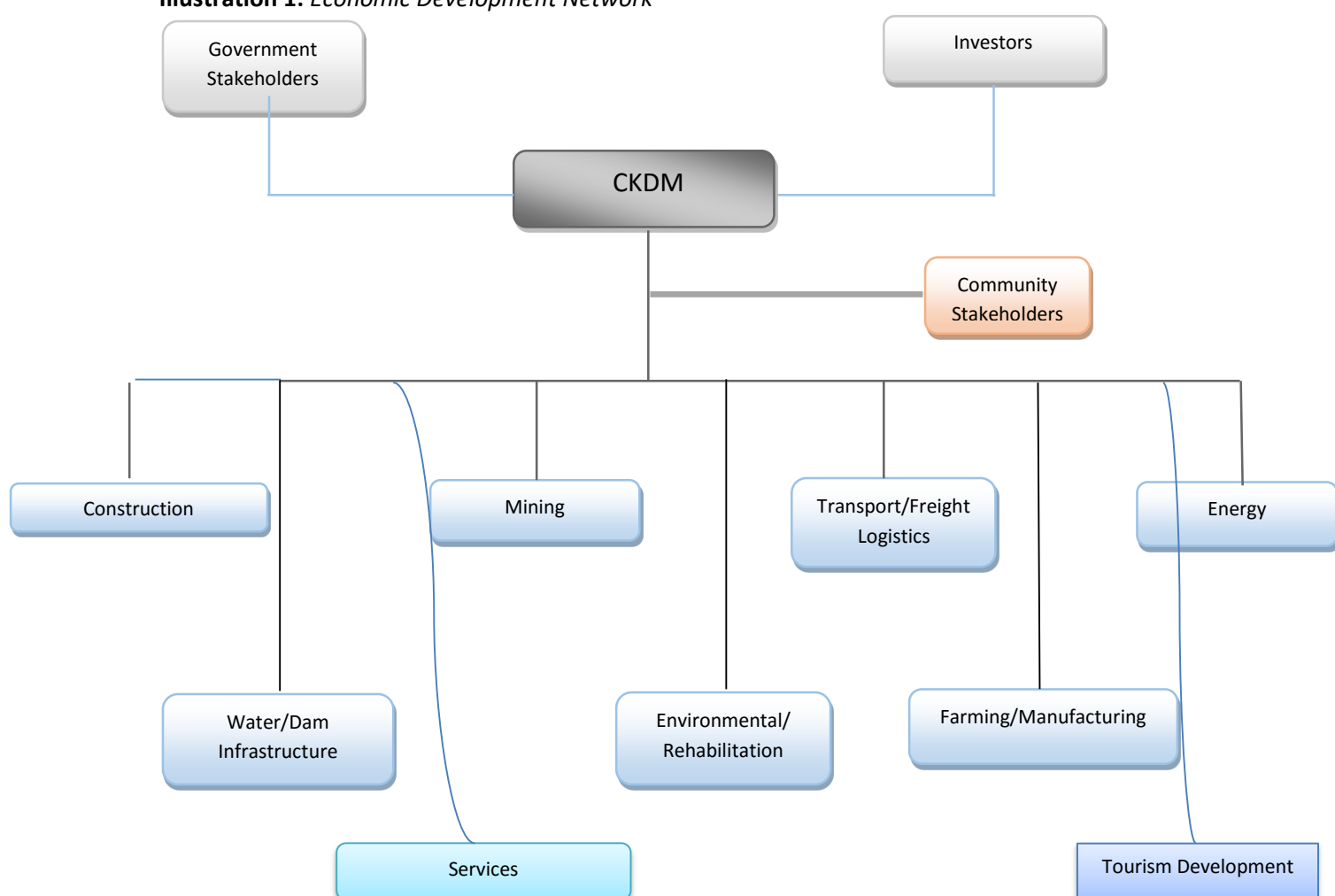
7.0

THE ECONOMIC DEVELOPMENT

The purpose of this section is to identify potential local economic development opportunities in the Central Karoo District Municipality, based on the current situation within the municipality, as detailed in the preceding situation analysis.

The dream and vision of the CKDM, is to become a major economic role player in South Africa and Africa. The road to fulfil this vision will not be short and swift, but will be a constant challenge that will become part of the lives of the key portfolios involved. It is a road and a challenge for the brave, a highly rewarding road for the successful. The following structure illustrates the Project Network:

Illustration 1: Economic Development Network



7.1

Objectives of the Economic Development

Short Term Objectives

The short term objectives will aim to create a cash flow by securing the flow of projects to the Contractors. The time frame for this period should be 1 to 2 years, but no longer than 3 years.

Once the first model is functioning it can be duplicated and numerous models can be implemented. This model will mainly be implemented in the different Local Municipal areas.

The short term plan is to establish and maintain implementation strategies and implement outcome driven planning systems. These Subsidiaries should create a good corporate governance and appropriate risk management to ensure success and flexibility in an ever changing and growing environment.

An environment of respect, integrity, dignity and consistence will be created for all the employees to ensure trust and personal growth in individuals as this will eventually lead to the project's growth.

Medium Term Objectives

With the medium term objective maintenance of the projects, establishments of Small-scale farmers, Waste to Energy Project and Integrated Development Zones (IDZ) as well as Transport Logistic Hubs. This time frame is 3 to 5 years.

CKDM will establish economic relationships with a long term vision with, Provincial Government and National Government and established leaders in the economic transformation processes. This approach should open doors for new and aspiring entrepreneurs.

Long Term Objectives

This phase should reach full maturity between 5 to 10 years, with an ongoing program after that to cause expansion and sustainable growth. The long term aim is to develop the CKDM in to a respected economic development zone which will be entirely based on its vision.

Evaluation Process.

An evaluation process that includes the success of each Project by reviewing the net profit, and the impact on the community, will be done on an ongoing basis. Every Project will be build up to peak performance and the weaker once sold or closed down.

There is indeed a long way to go to achieve the envisioned growth. The current situation can however be likened to the seed of a large tree that is placed into rich soil, and whereby growth will depend on how it is tended. The company structure and the available resources will be utilised in a manner that will ensure the success of this venture.

8.0

This section provides insight of the potential of the most prominent economic sectors within the Central Karoo Municipal economy.

This section is divided into two parts namely:

- 1) Criteria for determining Development Potential
- 2) Sector Opportunities

8.1

Criteria for Determining Development Potential

Before commencing with the discussion of the relevant development potential criteria, it is deemed necessary to first clarify the meaning of potential. The Concise Oxford Dictionary (1990) describes “potential” as follows:

Capable of coming into being or action; The capacity for use or development; usable resources

Therefore, potential refers to resources and / or capacity, which can be utilised or developed. In order to identify or determine this development potential and/or opportunities within an economy, a set of criteria is required against which to evaluate whether the resource and/or capacity can be regarded as having potential. The set of criteria serves as an evaluation tool to identify areas with potential for development and opportunities within each of the local economic sectors. These include:

- Availability of raw materials and resources
- Economic linkages
- Market trend
- Gap analysis / agglomeration advantages
- Logistics / Nodal point function
- Regional service delivery function
- Availability of labour
- Technology change
- Enabling policy environment.

A discussion of each of the above-mentioned aspects follows below:

Availability of raw materials and resources

Raw materials / local resources are one of the most important production factors. Without these, no product can be manufactured and no service can be delivered. The availability of raw materials/other resources makes local development promotion much easier, more feasible, viable and sustainable. Depending on the nature and extent of the resources/materials, these can also be a major tourist attraction, and apart from attracting tourists to the area, these raw materials / resources can be used

for local beneficiation and value adding through local processing.

Economic linkages

Economic linkages refer to the interaction of various economies with one another, or various sectors within one economy. These interactions can take place in various manners and on various scales. Linkages are important for an economy and its activities to be sustainable. One economy in general can't provide in all local needs and therefore need to interact with neighbouring or nearby economies.

When referring to linkages one can define two major categories:

Backward linkages:

This type of economic interaction refers to the raw material or intermediate products required as inputs into the delivering of the end product or service. In many cases the inputs required in the local economy cannot be delivered by the same economy and need to be inputted from other economies. In other cases the inputs are available but it is cheaper to obtain the same inputs from other outside economies. A very important question one always need to ask in determining the development potential is: Can't some of the inputs be supplied or manufactured locally, saving transport costs, creating employment opportunities and contributing to local beneficiation and value adding? If the answer is yes there is definitely potential for development within the economy.

Forward linkages:

Forward linkages refer to the supplying of intermediate products as inputs into the production process, and/or delivering an end product or service at the end of the production process.

Market trends

Market trends refer to the consumption trends and preferences of the general market. It can either indicate that there is a potential for an increase in the production of a specific product or delivering of a specific service, or it can indicate there is a need for change in products and service delivery. For instance, a trend can be observed for people consuming more organically farmed products than traditional products. This therefore indicates that the agriculture sector should focus more on producing organic products than traditional products.

Gap analysis / agglomeration advantages

This criterion refers to the identification of a gap within the local economy or an advantage for various industries to group together to stimulate economic growth. Agglomeration advantages can be illustrated by developing a mining logistical hub or cluster. Therefore, all manufacturing orientated and related activities are grouped together in delivering services and information to the manufacturing sector.

Logistics / Nodal point function

To determine if the area has potential for delivering a logistics or nodal point function, one needs to answer the following question: Can the area serve as a distribution point for specific products or services? This relates to the next criterion.

Regional service delivery function

Currently, the local economy is not strongly linked with the regional economy. An analysis is thus required to determine the economic comparative advantages. If these advantages can be exploited successfully, the area may become a regional service provider in terms of its competitive advantages.

Availability of labour

Labour as one of the important production factors also indicates the potential for development of an economy. When considering potential within the local labour pool, the determining factors include the quantity and quality of the labour force. Quantity refers to the magnitude of the labour force and quality refers to the educational and skills level of the labour force. If the educational and skills level of the local labour force meets the requirements for manufacturing development, the potential for development is high.

Technology change

Technology change refers to the change in production methods. Good examples are genetic manipulated production, the Internet, etc. The changes in technological techniques and methods increase the potential for developing an incubator in the area. Incubators provide collective services (i.e. training and facilities) required by industries and also individual people to become self-sustained in their newly adopted economic activities.

Enabling policy environment

Potential for development can also be identified when considering the policy environment. Various policies stimulate, support and encourage development, whereas others inhibit development. A good example of supporting policy is the SMME development programme of GODISA. They provide funding and other necessary inputs for upcoming SMMEs.

8.2

SECTOR OPPORTUNITIES

The purpose of this sub-section is to provide an assessment of the economic activities within the nine economic sectors in order to determine their potential for economic development. The following sectors will be addressed:

1. Agriculture Sector
2. Mining Sector
3. Manufacturing Sector

4. Utilities Sector
5. Construction Sector
6. Trade Sector
7. Transport & Communication Sector
8. Finance & Business Services
9. General Government Services

8.2.1 Agriculture Sector



The agriculture sector incorporates establishments and activities that is primarily engaged in farming activities, but also includes establishments focusing on commercial hunting and game propagation and forestry, logging and fishing.

The CKDM agriculture sector comprises of mainly large commercial farming. Lamb and goat production dominates the sector, and a small region produces horticultural crops such as olives, apricot and grapes. Very little agro- processing occurs in the node. Meat carcasses and skin are exported to major markets for further processing and/or export.

Agriculture forms a very big part of the community and local economic activities in the Central Karoo Municipal area. As a result, agriculture is one of the major role players in the economy of the Central Karoo and contributed 8.6% to the CKDM economy in 2016. This indicates that the Agricultural sectors relative contribution is declining in comparison to the contribution of 10.5% in 2005. This decline was caused by an increase in the production of other sectors, such as the manufacturing sector. Other causes can be ascribed to the fact that most of the emerging farmers in the CKDM are struggling with debt. As a result, most people are not attracted to the sector because of the time it takes before making a profit. Drought conditions also had a negative impact on agricultural activities in the Central Karoo.

The agriculture sector also provides work to 22.6% of the working population in the Central Karoo Municipal area. There has been a major decline in agricultural employment over the years. This decline occurred due to land reform where most white farmers are becoming reluctant to employ farm workers. It is difficult to diversify in the Central Karoo. One reason being that there is no suppliers of inputs in the local area and as a result the cost much more to produce and compete with other well established companies for the same market. The other reason is that most of the farms that are

distributed through the land reform process are owned by trusts and difficult to employ people outside the trust. Cost of labour including transaction costs associated with labour is high.

The climatic conditions of the Central Karoo restrict agriculture activity to mainly small stock farming. In the Southern areas of the region where there is better access to water, deciduous fruits and vegetables are grown. However, there are areas with untapped agriculture potential. In Prince Albert, Laingsburg and Murraysburg, agriculture is a big contributor to the GDP and the biggest employer (except Laingsburg). Wage levels however remain low in the agriculture sector.

Agricultural products produced in the Central Karoo include:

- Fresh Meat (mutton, Game, Lamb, Ostrich, goat, beef, etc)
- Processed Meat (biltong, cold meat, droë wors)
- Fresh Fruits and vegetables (figs, olives, apricots, grapes, herbs etc).
- Processed fruit and vegetables (chutney, dried figs, olives, jams etc) and
- Processed animal by – products (leather products, dairy products, wool and mohair products etc).
- Resuscitation of the hydroponics project which could focus on:
 - a. Flowers (currently mainly grown around Prince Albert) to serve various markets including the local tourism and conference industry;
 - b. Vegetables;
 - c. Goat milk Product Manufacturing in Laingsburg;

The Central Karoo, if it engages in an Agri Park, will assist to address the needs of emerging farmers to strengthen their ability to participate in both local and international value chains. This approach will be in line with the SALGA initiative on Small Town Regeneration (STR) Programme. The objective of the Central Karoo DM Agri-Park is to, by 2025, have transformed rural areas and small towns into thriving areas in terms of jobs, food security and opportunities to prosper.

For each of the different agricultural products, a different business case would have to be drawn to facilitate funding that would provide for the successful facilitation of a project.

Availability of Land and Water

In the Central Karoo district there is an increased interest in Agriculture due to land reform, but the challenge experienced is that agricultural land is shifted for uranium mining. Land is bought up by non – bona fide farmers and transformed into game farms. Some farms are bought by foreigners and are used for Holiday resorts. There is also a great demand for land used for residential purposes.

The external climate conditions, such as drought, are also a big challenge in the area, because it reduces output and increases risk and cost levels. Wool and mohair production has decreased by large percentages as a result of the periodic droughts in recent years. Another important constraint to agricultural expansion in the Central Karoo Municipal area and in South Africa is the availability and cost of water. Almost 50% of South Africa's water is used for agricultural purposes. There is also very little land under irrigation, due to the lack of water resources in the region, but also because the soil is very porous.

Despite the dry climate and need for water there are only four dams that predominantly serve the

region.

- The **Floriskraal Dam** is located near Laingsburg but serves predominantly Little Karoo needs
- The **Leeu Gamka Dam**, situated between Beaufort West and Laingsburg, serves local farming needs
- The **Oukloof Dam** serves a limited number of farms in the Prince Albert area, with the balance served by the **Gamkapoort Dam**.

Economic Linkages

Various linkages exist for Agriculture in the Central Karoo. There are strong backward linkages with various sectors, such as the manufacturing sector for the production of machinery and fertilisers, the transport sector for the transport of inputs, as well as the electricity and water sector for the provision of adequate water supplies to farmlands for irrigation and other processes. Other backward linkages include inputs from labourers, most of which have fairly low levels of education and generally earn low wages.

Inputs for the production of food and beverage products can be obtained locally by small-scale agricultural production around the District. Certain organically grown products are used to produce products, which in return can be consumed locally or exported to neighbouring towns. Leather products are aimed at the region's stream of passing tourist. Sheep and goat meat is for domestic consumption. Wool, mohair and deciduous fruit mainly go to major centres for export.

Although the agricultural economic linkages in the Central Karoo seem to be fairly well developed, there are possibilities to improve the existing economic linkages and establish new linkages. For instance, the possibility to develop organic farming in the area, which can expand the linkages to existing markets, as well.

Stronger linkages between agriculture and tourism can also be created, by not only expanding on existing situations, but also in creating new opportunities, such as accommodation on farms, incorporating the adventure tourism on areas on farms which are not utilised by crop production, as well as creating education opportunities. For instance, game farming can also help alleviate poverty in the Central Karoo Municipal area. Game farming includes linkages to agribusiness, like processed venison products. Game farms also provide opportunities for eco-tourism development and the settlement of emerging farmers/tourist operators. These opportunities are discussed in more detail at a later stage.

Technology Changes

In the Central Karoo, Agriculture poses a great threat to the environment if new technologies promoting sustainable agriculture are not implemented. The aim would be to implement new technologies to improve the efficiency of farming practises.

Enabling Environment

Some of the constraining factors in terms of the supporting/enabling environment that have been identified in earlier studies include: Lack of financial services and support for the intensive and subsistence farmers

Lack of supporting services for farmers in the area
Lack of efficient representation of farmers' interests
Under-utilisation of the services of extension officers

Availability of Labour and Skills

With unemployment at 30.7%, in terms of the quantity of the labour force in the agricultural sector, the Central Karoo Municipal area does not have a shortage in labourers. In terms of the quality of the labour force the population has a literacy rate of 89%, which can be trained to obtain agriculture education and skills. The 11.5% who are not literate can be trained in labour-intensive work such as cutting and packaging of fruit and vegetables.

VALUE CHAIN & GAP ANALYSIS

In order to further investigate some of the development opportunities identified above, this section contains a value chain analysis of three agricultural industries, namely horticultural, meat production, and Agri Tourism. The analysis will focus on the elements/components of typical value chains in each industry and point to current gaps within the Central Karoo District Area, in terms of these value chain elements.

HORTICULTURE:

Horticulture is the science, business and art of growing and marketing fruits, vegetables, flowers, and ornamental plants. It's unique among plant sciences because it not only involves science and technology, but it also incorporates art and design principles. Horticulture can be divided into two groups - edible plants (fruits, vegetables, nuts) and aesthetic plants [meaning those grown for their beauty].

HORTICULTURE IN SOUTH AFRICA

South Africa has a highly developed deciduous fruit industry geared for the export of a large percentage of its products. The deciduous fruit industry consists mainly of pome fruit (apples and pears), stone fruit (apricot, peaches & nectarines, plums) as well as table grapes. Peaches, pears and apricots and grapes are also processed and supplies as either canned or dries fruit products to the international and local markets. The total area planted to deciduous fruit in South Africa amounts to 74 246 hectares. The total number of deciduous fruit producers is 2 225. The Western Cape has the largest concentration growers which represent 74% of the total area planted to deciduous fruit. The Northern Cape is the second largest area representing 15% of the total area followed by the Eastern Cape (8%).

The South African deciduous fruit industry is an export orientated industry with large volumes being exported annually. The exporters are represented in the industry by the Fresh Produce Export Forum (FPEF). The current members of the FPEF include 88 of 172 registered exporters, representing more than 80% of export volumes. During the 2005 season 108 exporters were responsible for exporting more than 50% of the total export volume.

The deciduous industry creates employment for almost 100 000 employees (converted to equivalents) throughout the whole of South Africa. Permanent labour is mainly employed to perform task such as harvesting, supervising, operational duties in pack houses, irrigation management, and insect and disease management on a seasonal basis, tractor and forklift driving.

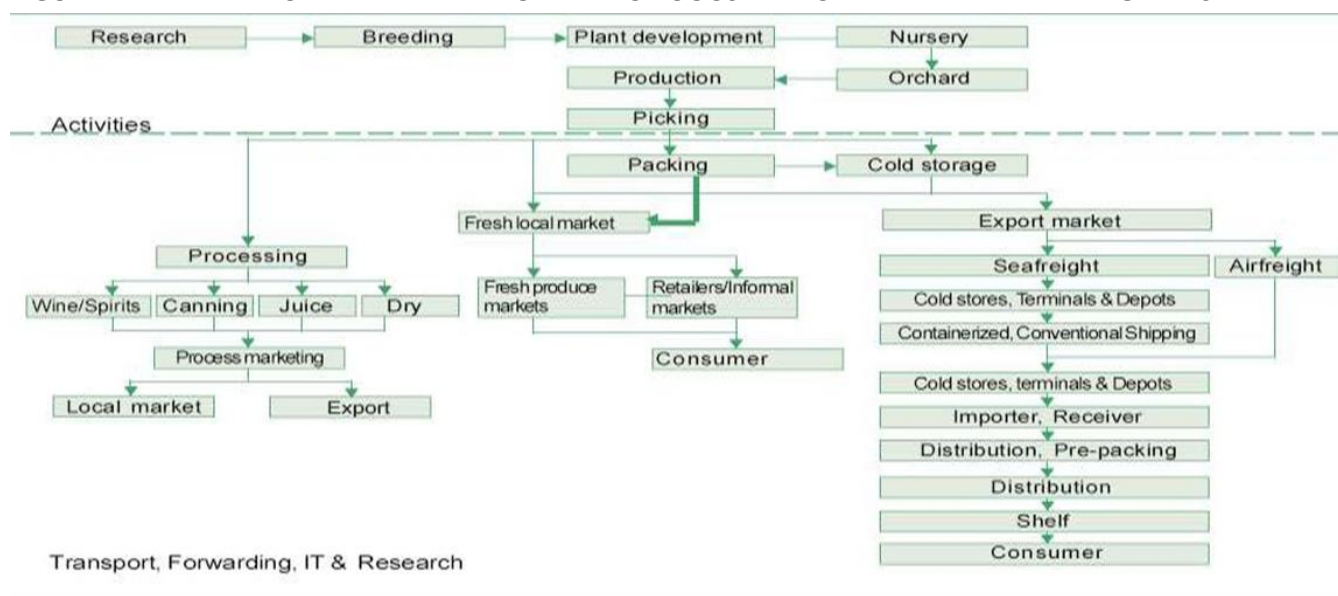
South Africa is self-sufficient with regard to vegetable production and also exports both fresh and processed vegetables. Tomatoes are the most important vegetable crop, followed by onions. A steady growth in more sophisticated vegetable products, such as asparagus, celery, lettuce and baby-marrow's is taking place. The ornamental plant industry has grown into an important branch of South African horticulture. Although ornamental plants, seedlings and pot plants are economically by far the most important, cut flowers also make a noticeable contribution. The export of fern leaves is also noteworthy. At present, it is estimated that 150 ha of greenhouses are in use in South Africa, in which mainly English cucumbers and tomatoes are produced. Greens, such as peppers, lettuce, spinach and

celery are grown on a much smaller scale and mostly under 50% shade-cloth structures. Hydroponic vegetable production is firmly established. Horticultural crops, particularly vegetables are produced throughout South Africa (Sub Sector Study: Deciduous Fruit, 2007).

HORTICULTURE DISTRIBUTION

The south-western and southern regions of the Western Cape for deciduous fruit, grapes, wine and vegetables. The low lying, sub- tropical areas of Mpumalanga and the Northern Province for sub-tropical crops, citrus and vegetables. The lower reaches of river valleys of the Eastern Cape for citrus and vegetables. The Upington area is responsible for the distribution of grapes and wine.

FIGURE 4.2: VALUE MATRIX FOR DECIDUOUS FRUIT AND TABLE GRAPES



The Central Karoo is currently contributing to the deciduous fruit and grape value chain on mainly the primary production level, while little is contributed on the production, processing, Cold storage, packing and process marketing levels. The following gaps have been identified within the Central Karoo deciduous Fruit and grape value chain:

- By far the most prominent gap deciduous fruit and grape industry is **poor production** and **processing**. The transport of these products to ports is still a concern, but corrective measures can result in growing this sector.
- Regional Cold storage facility:** Establishing a regional cold storage facility to enable fruit and vegetable production.
- Infrastructure/Logistics** – Efficient infrastructure and logistics, such as the availability of efficient freight transport, cooling facilities, roads, telecommunications etc. is extremely important in order to create effective value chains.
- Access to high growth/niche markets** – As already mentioned, there is huge potential in exploiting the growing market for organic products. This could be especially relevant for The Central Karoo in terms of creating opportunities for small-scale and emerging farmers. Programmes must focus on assisting such farmers in gaining access to these markets and ensuring that international standards for organic produce are met.
- The introduction of **grapes** and particular the **winemaking industry** is very exciting. The export possibilities for these products look very good as the wine industry has been very strong contributors to the Western Cape Economy. The **employment opportunities** in

this industry out weights that of the existing agriculture sector by far and should have a very positive aspect once these wine farms are operational.

- **Skills and Training** - In the CKDM practical skills for horticulture development is needed. These skills includes, seed sowing, pricking out seedlings, propagation, planting, soil testing, pruning, potting plants, caring for plants etc.

MEAT PRODUCTION

Meat Production in South Africa:

South Africa's climate is ideally suited for stock farming, and it is the most viable agricultural activity in a large part of the country. Almost 70% of the 122.3 million hectares of land surface of South Africa are suitable for raising livestock, particularly cattle, sheep, pigs and goats. On primary production level the South African red meat industry has a strong dualistic character, which stems from the past existence of self-governing states of the pre-1994 political dispensation. This has given rise to a large-scale commercial production sector co- existing with a small-scale, so-called communal, production sector in the former self-governing states. The commercial and communal production sectors respectively are also known as the developed and developing sectors

CKDM VALUE ADDING ACTIVITIES

Except for some leather manufacturing, most value adding activities take place outside the node

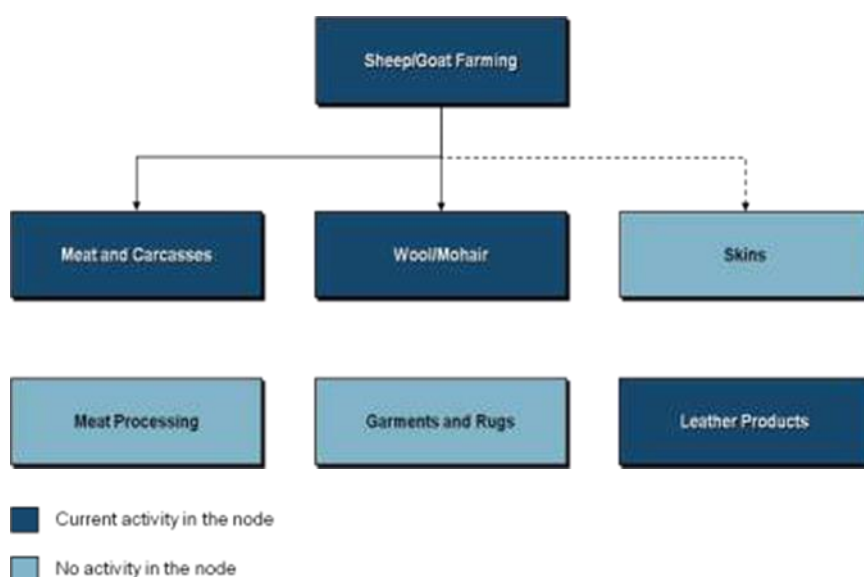
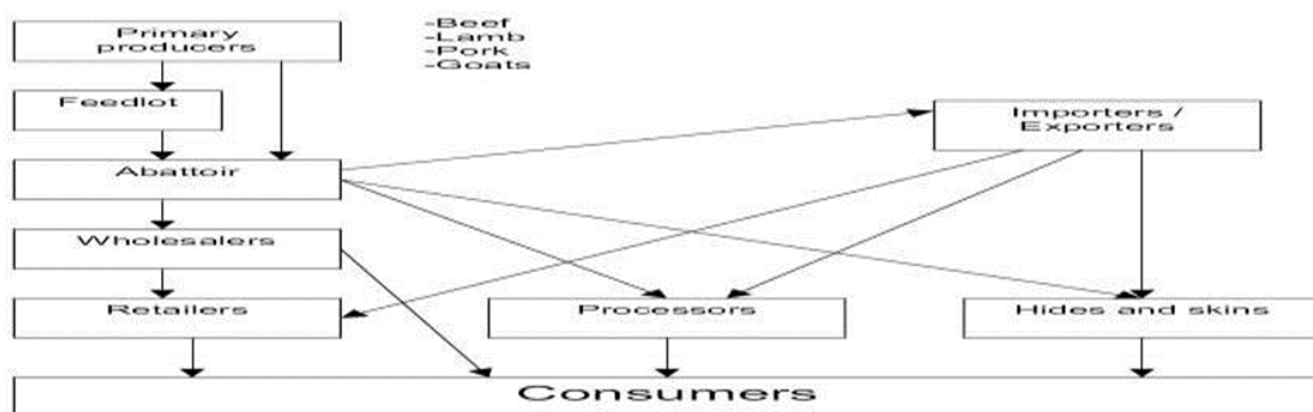


FIGURE 4.3: VALUE MATRIX FOR RED MEAT PRODUCTION



Local Perspective

The Central Karoo contribution to the red meats value chain is currently concentrated in the primary production area, while a limited contribution is made to secondary and tertiary production activities. The following are gaps in the value chain that should be addressed in the Central Karoo to ensure sustained growth in the red meats industry:

- Research and development – Investment in technological research and the development of new products is crucial in gaining a competitive advantage, and producers should be up to date with new developments.
- Infrastructure/Logistics – Efficient infrastructure and logistics, such as the availability of efficient freight transport, cooling facilities, roads, telecommunications etc. is extremely important in order to create effective value chains.
- Meat processing capacity – In order to add value to the meat produced within the Central Karoo, there is a need for meat processing facilities. This includes products like Karoo Lamb etc.
- Skin Processing – No processing of skin is taking place in the district. Current abattoir value – adding activities can be expanded to include skin processing.
- Wool and Mohair processing – improving the quality of wool and mohair products.
- Livestock feed production – The availability of affordable and correctly formulated livestock feed is an important factor in red meat production. As a producer of Lucerne, there is an opportunity for the Central Karoo to produce Livestock feed and fulfil this requirement. An improvement in the capacity of the Central Karoo to produce commercial feed will have positive implications for the production of red meat in the area.
- Financing – Targeted provision of finance is necessary to promote participation of emerging farmers and overcome barriers to entry.
- Skills – The CKDM should ensure that the necessary skill is developed for meat production to take place. This include basic skills such as animal husbandries, slaughter men etc. More advanced skills include production managers, meat process workers etc.

AGRI-TOURISM

Concepts of Agri Tourism

Certified Farmer's Market (CFM): A location approved by the local authority, where certified farmers offer for sale only those certified agricultural products they grow themselves. Other agricultural and non-agricultural products may be sold at the markets depending on regulations and market rules.

Direct Marketing: Any marketing method whereby farmers sell their products directly to consumers. Examples include roadside stands, farm stands, U-pick operations, community supported agriculture or subscription farming, farmers' markets, etc.

Farm Visits: The activity of visiting a farm for short periods of time for the purpose of participating in or enjoying farm activities and/or other attraction offered.

Community Supported Agriculture (CSA): Partnership between consumers and farmers in which consumers pay for farm products in advance and farmers commit to supplying sufficient quantity, quality and variety of products. This type of arrangement can be initiated by the farmer (farmer directed) or by a group of consumers (participatory).

Farm Stays: The activity of visiting a farm for overnight stays and for the purpose of participating in or enjoying farm activities and/or other attraction offered.

Roadside Stands: Also known as farm stands, refers to any activity where the farmer sells agricultural and value added products from his farm directly to consumers at a stand or kiosk located on or near his farm or along a road near the farm.

U-Pick or Pick-Your-Own Operations: These are fruits and farms or orchards where the customers themselves harvest the fruits or products. The prices they pay for the volume harvested will be usually higher than what the grower would get from a broker.

Rent-a-Tree Operations: These are arrangements where customers rent or lease trees from farmers. The consumers pay the farmer at the beginning of the season, the farmer takes care of the trees and either the farmer or the customer will do the harvesting.

Value-Added: Any activity or process that allows farmers to retain ownership and that alters the original agricultural product or commodity for the purpose of gaining a marketing advantage. Value-added may include bagging, packaging, bundling, pre-cutting, etc.

Benefits of Agri Tourism

Various organisations and linkages can be formed locally. These linkages can include tourism organisations, farmers, crafters, local government etc. The benefits of these organisations working together can be to promote a wide range of businesses that are producing goods in a rural region. These benefits can be linked to the farmer, the local community and the region as a whole. It is the function of local government to create an atmosphere for economic growth in their respective municipalities.

These organisations can benefit from marketing together and not just as individuals. It can be easier to lobby government for assistance be it financial or capacity building. Brochures can be produced that can be made available in local tourist offices. Linkages can be made with other attractions in the area, like game Parks, heritage sites, etc.

How Agri Tourism can Add value in the CKDM

There may be a niche market for "farm" style accommodation that offers peace and quiet, rustic accommodation, personal contact, simple activities and a connection to agrarian roots in South Africa. However, agri tourism does not seem to be organised as such. It does not seem that there is a government supported programme in place. There are rural areas and farms that practice this type of activity in South Africa and agricultural and rural shows are held regularly. An example of these is the Royal Agricultural Show (KZN).

Agri Tourism can be incorporated into normal agricultural practises in the Central Karoo. It gives an opportunity to the public in visiting agricultural, horticultural, or similar enterprises to learn more about them, to take part in farming activities, or just to enjoy a day out. It is an alternative for improving the incomes and potential economic viability of small farms and rural communities. Agri Tourism provides recreational experiences and visits to rural settings or rural projects where customers participate in and experience many kinds of activities, events or attractions developed specifically for them. The Central Karoo offers good combination of tourism experiences. Local areas like Prins Albert and Laingsburg, Matjiesfontein are such destinations. These areas have grown into an eclectic and fascinating mix of arts and crafts, restaurants and homely comforts, with a wide range of sporting, environmental and historical pursuits thrown in too. Popular activities include the Olive Festival in Prince Albert and the Beaufort West Heart Festival. Other towns in the region have smaller festivals and sport gatherings. These include:

The Laingsburg Marathon The Karoofees in Laingsburg Leeu Gamka's NG Kerk Bazaar Prince Albert: Witblitzfees Landbouskou

Oktoberfest Harvest Festival

Many farmers in the Central Karoo can supplement their farm's income by offering Farm stays and visits. Agri Tourism projects include:

1. Identification and history of farm and family
2. A tour of the farm
3. Light lunch
4. Showing of Angora goats (sex, age, etc)
5. Farming methods
6. Sheering demonstrations in season and mohair classification
7. Sheep counting competition
8. coffee / tea and finger snacks
9. Activities include:
 - 4x4 tours
 - wheel motorbike rides wildlife viewing

- hand painting demonstrations for women as well as painting of cushions or tray cloths (depending on time)
- Curio shop

Other Agri tourism Projects that can be incorporated include: Level One

- Roadside Stands sales
- Pick-Your-Own
- Community Support Agriculture

DEVELOPMENT POTENTIAL

According to research conducted, the agricultural sector in the Central Karoo has a location quotient of larger than one, indicating a comparative advantage in this sector. Due to this high percentage the agriculture sector has huge potential to grow and stimulate economic development.

The challenge however for the agriculture sector in the region is to add value to more local products, which currently are just leaving the economy of the area “untouched”. All the skins and hides produced in the region for example are sent to places such as Paarl and Port Elizabeth as raw materials without any value addition to be refined and returned as high level economic goods. Approximately 50% of the sheep carcasses is marketed and processed outside the district. This creates an opportunity for agro-processing within the District. The pursuit of this opportunity would also be in line with the priorities of provincial and national government. Food production and agro-processing are identified as target sectors by AGISA, WESGRO, the DTI and in the National Integrated Manufacturing Strategy.

The following areas of potential have been identified within the Agriculture/Agro-industry Sector:

Labour Intensive agricultural projects

Intensive commercial farming requires the highest capital input and the highest levels of organizational, technical and financial management, as well as being labour intensive. Such projects can be used to create focal points of economic activity within low-income communities.

Specialized Horticulture

Essential Oils, herbs and spices.

Soya Beans

Replacement field crop.

Oil Processing;

- oil may be refined for cooking and other edible uses
- sold/ use for biodiesel production or industrial uses
- Candle Making
- SOY-BASED FOAMS are currently being developed for use in coolers, refrigerators, automotive interiors and even footwear. Beginning in October 2007, Ford Mustangs rolled off the production line with soya flexible foam in the seats.
- Human Consumption Feed for Animals
- The high-protein fibre (which remains after processing has removed the oil) is toasted and prepared into animal feed for poultry, pork, cattle, other farm animals and pets.
- Bio composites (Building Materials) - recycled newspaper and soybeans.

Warehouse and Milling Operation

The availability of affordable and correctly formulated livestock feed is an important factor in red meat production. As a producer of Lucerne, there is an opportunity for the Central Karoo to produce Livestock feed and fulfil this requirement. An improvement in the capacity of the Central Karoo to produce commercial feed will have positive implications for the production of red meat in the area. The CKDM can become an important node for animal feed/ agriculture equipment distribution through the establishment of a warehouse and milling operation.

Structured Agricultural Training

It is important for farmers and farm workers to work together to ensure the sustainable development of the products farmed. Farmers should therefore ensure that farm workers enrol in structured agriculture training programmes. The DoA can be approached to provide such training through the Cape Institute for Agricultural Training in Elsenburg.

Incorporate farm workers in value-adding processes

Agriculture is the highest employment sector, but poses a threat with seasonal employment. There is the potential of processing and packaging of products be done on the farms which will prolong the employment period.

Organically produced seed

There is no organically grown seed available in South Africa. Empowerment Group Diverse International identified this shortage as a market opportunity and launched the National organic Seed project. The Central Karoo District can take advantage of this project as its dry climate makes it a favourable place to grow organic seed.

Community Seed production project

Organic seed can be produced in people's backyard and then sold to the organic farmer/ central marketing agent.

Agri Training Facilities

To teach community and farmers organic seed production techniques and provide information on organic farming processes and access to information.

OTHER DEVELOPMENT OPPORTUNITIES WITHIN THE AGRICULTURE SECTOR

Agro-processing industries/activities

Meat Processing, Goat meat (Young meat for export), Wool and mohair production, preservation of organic fruit and vegetables, Skin processing, Leather tanning, dairy product processing (goat/small specialised cattle dairy)

Agro-based tourism

Tourists visiting the large commercial farms in the area, e.g. ostrich farm, game farms and hunting. Accommodation and Restaurants. Game trails, Eco-Tourism – all local municipalities. Breeding of Rare game species (Hunting)

Organic Agriculture

Organic agriculture promotes linkages and connections between land and water, plants and people. Soil fertility is enhanced through the use of composted waste to be generated at the farm site and recycled into it, multiple crops and rotations, a belief in the beneficial results of encouraging biodiversity through numerous species, and no use of synthetic fertilizers or pesticides.

Agriculture Waste Management Systems

Potential for processing and application of waste in the agricultural sector.

Agricultural waste 4 electricity

Garden Refuse Recycling

Import and Export Factors

South Africa produces many products of world-class quality for export. The country has a major importer of diverse products from most countries. From pharmaceuticals to telecommunications, South Africa is an advanced consumer of the latest on offer from international sources (*South Africa Info, 2008*).

Agricultural products

Imports

South Africa supplements local agricultural production with imports, key among these being consumer-oriented products, forestry products and intermediate products. One of the mainstays of the South African economy, the agricultural sector holds many opportunities with both large commercial and emerging farmers in areas such as capital investment, training, equipment and services supply.

Exports

South Africa is among the world's top five exporters of avocados, grapefruit, tangerines, plums, pears, table grapes and ostrich products. Farming contributes some 8% to the country's total exports. The largest export groups are wine, citrus, sugar, grapes, maize, fruit juice, wool, and deciduous fruit such as apples, pears, peaches and apricots. Other important export products are avocados, dairy products, flowers, food preparations, hides and skins, meat, non-alcoholic beverages, pineapples, preserved fruit and nuts, sugar, and wines. A number of high-growth niche markets are emerging, such as herbal beverages and luxury seafood (*South Africa info, 2008*).

Imports / Exports CKDM

The scale of exports in the Central Karoo is very limited and does not contribute significantly to the economy. The majority of the products exported is primary food related goods such as beverages, spirits and vinegars. The main export destinations include Europe, America and Asia (Quantec, 2008). The CKDM is currently not importing any products for local use.

Import/Export Opportunities

Organic Seed production / Organic Agriculture

The global market for organically grown products is a growing trend. There has been a shift (trend) towards high quality, organically farmed produce, which is captured by a smaller, high-quality portion of the market. This trend has especially been visible within the 56 middle to high-income portion of the market and looks to be an escalating one, in terms of domestic sales and exports.

Already boutique chain stores such as the Woolworths group, has focused their entire marketing strategy on this end of the market and only sells organically grown, non-preservative foodstuffs. These products range from fruit and vegetables to niche market olives, grapes (wines), teas, etc.

Some 70% to 100% of the produce from large organic farms in South Africa is exported, whereas smaller farms tend to produce for the local market. An estimated 80% of all exports are to the EU, primarily the UK, Germany and the Netherlands. Despite the existence of EU producer subsidies that put pressure on prices, there are further export opportunities, particularly given southern hemisphere/seasonal advantage and the weakness of the Rand.

Production for the local market includes a variety of vegetables and produce not of export quality. Some 15% of produce is sold directly to the public, with 30% going to national retail chains and 15% to small retailers. The remaining 40% is used in processing (Wesgro, 2000).

Organic farming is very appropriate for the inclusion of emergent farmers in the Central Karoo Municipal area because it implies traditional farming methods. For example land is ploughed with traditional hand-held ploughs and teas such as Honeybush is harvested and processed with hand held implements. Organic farming is, whilst being a viable commercial opportunity, also a communal effort. Organic farming practices need organic inputs, and cannot be readily produced along farms, which uses non-organic production methods. This implies a greater effort among the local community to really benefit from organic farming.

Organic seed farming

The CKDM is utilised for seed production on a contract basis for a European Company who supply the feedstock and technology. The CKDM can expand this market by organic seed production agriculture which will give access to niche markets.

Branded Karoo Lamb and Mohair

The Central Karoo District is popular with its Karoo Lamb and the mohair industry is regarded as the largest in the world with a market share of 60%. Prins Albert falls within Cape Mohair country, which consistently produces the world's highest quality mohair and accounts for 60% of world production. The local market for mohair rugs and garments has grown phenomenally during the past years, making Johannesburg the mohair consumer capital of the world. The industry provides much local employment. Shearers and Classers from Prins Albert are sought after throughout the Karoo. The district is home to the oldest Angora stud in South Africa. Local farmers host visitors from all over the world and are actively involved in the industry development and offer training and sheering courses. Although the wool and mohair is not processed locally opportunities can be created to add value to these secondary products. These products will give access to huge export markets.

Other Export opportunities include:

- Processing and Value addition to skins and hides Processing and value adding to fruit and vegetables

Import/Export competitive advantage

CKDM agriculture and agribusinesses have a number of competitive advantages making the region and important trading partner and a viable investment destination.

Infrastructure:

The CKDM has a well –developed network of roads and railways. The region has access to major ports and international airports. Upgrading of the Beaufort west airport can contribute to the region as a favourable export destination.

MANUFACTURING SECTOR

MANUFACTURING SECTOR DEFINITION

Manufacturing is defined as the physical or chemical transformation of materials or compounds into new products, whether the work is performed by power driven machines or by hand.

Manufacturing is regarded as the foundation of economic development, which can be attributed to the sector's significant multiplier effect due to its backward and forward linkages with other sectors. Linkages

with the primary sectors of agriculture, fisheries and mining as well as the tertiary sector such as trade, transport and communication are common. Manufacturing adds to the value of the products and plays a role in creating direct and indirect jobs through processing and beneficiation of the raw materials.

In the context of this section, manufacturing is viewed as the value added activities of transforming primary products into secondary products. It includes:

- Processing of primary agriculture products (Agri-processing)
- Conversion of primary products into secondary products (e.g. clay into bricks)
- Conversion of secondary products into final products (e.g. wool into garments)

MANUFACTURING IN THE CKDM

Manufacturing in the Central Karoo region is very low. The region is characterised with basic manufacturing which include pallet making, brick making (Murraysburg), casket manufacturing in Laingsburg and small scale manufacturing (hydroponics with its herbs and salad products, bottling of olives and olive oils, etc.).



In general, the industrial base in the Central Karoo is relatively small, although it has exhibited steady growth since 2003. In 2007, the manufacturing accounted for 11.2% of the total manufacturing output in the District, and 5.2% of formal manufacturing employment.

The largest portion of manufacturing output is situated in Beaufort West. In terms of manufacturing employment in the Central Karoo, Laingsburg and Prins Albert have a relatively large number of employees per industry and a large gross output in total. Industries in the DMA, on the other hand, are medium- and small-sized with a lower percentage of workers employed.

Manufacturing Industries in the Central Karoo Region includes:

- Printing and Publishing
- Coffin Manufacturing Battery Products
- Steel Construction Building Construction
- Casket and Furniture Manufacturing Welding Repair Engineering
- Steel Slabs and Pump works Slabs, Pillars, Paving and kerbs Auto Electrical and Aircon gas

The leading manufacturing industries in the Central Karoo include:

- Metal Product, Machinery and Equipment
- Food and beverages
- Furniture Manufacturing
- Petroleum Products
- Transport Equipment
- Other-non metal mineral products
- Textile Clothing and leather goods
- Wood and paper products

FACTORS IN THE ANALYSIS OF DEVELOPMENT POTENTIAL

The following factors, specific to the Central Karoo District, have an influence on development potential within the Manufacturing sector:

Resource Base

Manufacturing within the Central Karoo is linked with the primary sector such as Agricultural and mining activities. Mining Activities in the CK is limited in contrast with Agricultural activities which plays a major role in the District economy. Except for Agriculture as an important economic sector the small numbers of activities that take place in the primary sector are done on a small scale. Raw materials that are found in the vicinity of the Central Karoo include uranium resources, small scale fruit and vegetable production, angora goats (mohair), ostrich (leather), game etc.

The Central Karoo is weak in terms of:

- Human Resource (Skills) A Conducive Business Environment (there are no significant business associations and thus little coordination)
- Local markets which are small and products which are transported to potential markets.

On the positive side Central Karoo has:

- An “untapped” source of raw material provided by mining products
- Good road and rail infrastructure
- Useful geographical position and reasonable access to markets
- Satisfactory climate.

Market Conditions

Trends are specifically becoming a more important part of everyday life. Such is the case with regards to Textile and clothing. The Central Karoo with a reasonable local textile industry could take advantage of supplying branded clothing. The market for branded clothing includes the younger population and tourists visiting the Central Karoo (Wool processing, jerseys, Dye etc).

Agglomeration advantages

The agglomeration and cluster of certain production functions would create opportunities where knowledge spill-over's occur and where industries can benefit. The agglomeration potential in the manufacturing of art and crafts associated with leather products, ostrich-ware and tourism is a good example of the benefit of agglomeration. The agglomeration of the meat processing and food and beverage sector is another development opportunity.

Economic Linkages

Various linkages exist for the manufacturing of products in the Central Karoo. Inputs for the manufacturing of food and beverage products can be obtained locally by small-scale agricultural production around the District. Certain organically grown products can be used in order to manufacture products, which in return can be consumed locally or exported to neighbouring towns. The tourism sector already creates various opportunities where traders sell arts and crafts to the tourists. Other Craft base industries include leather products. This type of linking between the manufacture of tourism products and the tourism industry enables these two sectors to create

added development opportunities. The potential manufacturing of mining products on small scale is another link between two sectors, which is an added potential in and around the Central Karoo.

Labour and Skills

Certain skills are necessary for specific manufacturing procedures. It is important that skills that are needed within the manufacturing sector be supplied by way of training programs. These can be done by developing certain courses in which people can enrol and attain the skills. Manufacturing knowledge, depending on the manufacturing sub-group, also requires very specific skills. Such skills are mainly learnt 'on-the-job' rather than in tertiary education institutions. However, skills can be imported from the Western Cape Province and from outside South Africa to allow for skills transfer to the locals.

AGRIFOOD PROCESSING

Industries in the Agri - Food Manufacturing Sub-Section transform livestock and agricultural products into products for intermediate or final consumption. The industry groups are distinguished by the raw materials (generally of animal or vegetable origin) processed into food products. The food products manufactured in these establishments are typically sold to wholesalers or retailers for distribution to consumers.

National Manufacturing Perspective

South Africa has developed an established, diversified manufacturing base that has shown its resilience and potential to compete in the global economy.

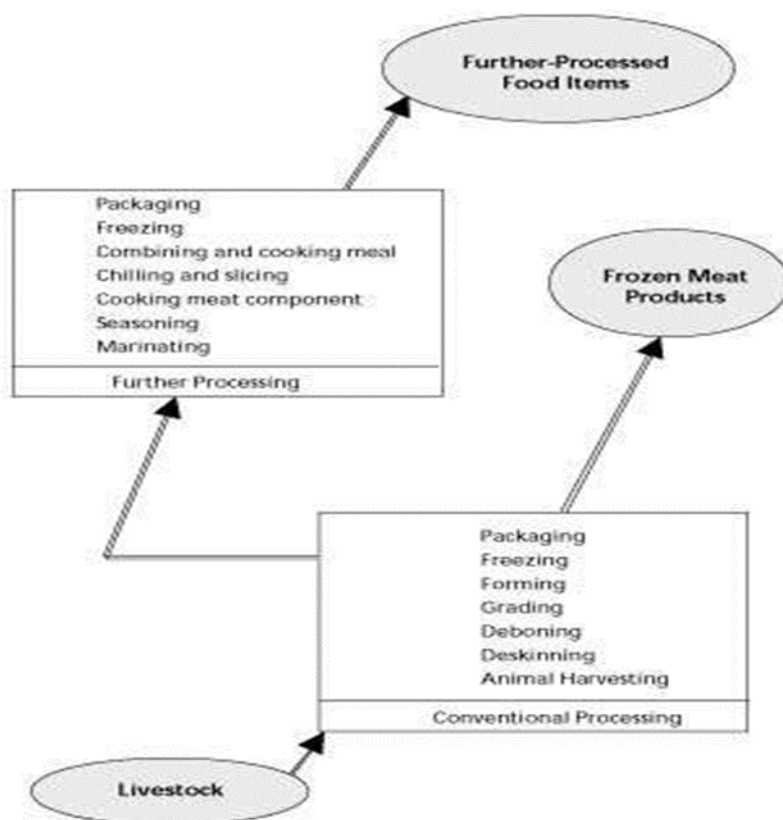
The manufacturing sector provides a locus for stimulating the growth of other activities, such as services, and achieving specific outcomes, such as employment creation and economic empowerment. This platform of manufacturing presents an opportunity to significantly accelerate the country's growth and development.

The dominant manufacturing Industries in South Africa which relates to manufacturing opportunities in the CKDM include:

- Agri - Food Manufacturing
- Textile, Clothing and foot wear
- Agri Food Manufacturing

The agri-food complex (inputs, primary production, processing) contributes approximately R124 billion to South Africa's GDP and employs approximately 451 000 people in the formal sector. Exports of processed agricultural products amounted to R17.2 billion in 2001.

The South African agri-food complex has a number of competitive advantages, making it both an important trading partner and a viable investment destination. A world-class infrastructure, counter-seasonality to Europe, vast biodiversity and marine resources, and competitive input costs make the country a major player on the world's markets. The establishment of preferential trade agreements, such as the Africa Growth and Opportunity Act (AGOA) for the US market and a free trade agreement with the European Union confer generous benefits (South Africa.info).



Local Perspective

The Central Karoo contribution to the Food Manufacturing value chain is currently concentrated in the primary production area which includes food growing and livestock rising. The following are gaps in the value chain that should be addressed in the Central Karoo to ensure sustained growth in the Food and beverage industry:

Enabling environment – Factors that contribute to an enabling environment that promotes food manufacturing include slaughterhouses, Cold Storage Facilities, Packaging Plant, Canneries etc. Other factors that contribute to an enabling environment that promotes industrial development include adequate infrastructure, reliable electricity and water supply, information and communication technology networks, safety and security, and general levels of business confidence in the area.

Further Processing Food:

In further processing plants, meat and poultry parts, received from animal harvesting plants, are seasoned, marinated, and processed through cooking lines. Precooked and ready-to-eat products are then chilled for slicing, possibly combined with other ingredients, refrigerated in freezers, packaged, and shipped.

Value adding processing: for local and export markets

Training and skills – The lack of appropriate skills is a severely constraining factor in the food manufacturing sector, production workers, artisan and skilled precision workers. The lack of skilled

artisans, for instance, has a negative effect on not only the food manufacturing industry, but the entire manufacturing sector. The specific skills areas where shortages are experienced should be investigated and training in these skills should be promoted. This can be part of the Seta's R23-million National Skills Fund (NSF) project to develop scarce and critical skills in the food and beverage manufacturing sector.

Research and Development – Technological innovation is another key determinant of global competitiveness. Traditionally, South African firms have imported and adapted technology, instead of developing their own from basic research. Innovation and the improvement of technological capabilities are therefore crucial to strengthen the competitiveness of South African industries. Local government can play a role in promoting R&D and facilitating cooperative ventures with research facilities, e.g. the CSIR, Mintek

8.2.2

TEXTILE, CLOTHING, CRAFT AND LEATHER MANUFACTURING

National Textile and Clothing Perspective:

The South African textile and clothing industry has a powerful vision. It aims to use all the natural, human and technological resources at its disposal to make South Africa the preferred domestic and international supplier of South African manufactured textiles and clothing. Though the textile and apparel industry is small, it is well placed to make this vision a reality. Due to technological developments, local textile production has evolved into a capital-intensive industry, producing synthetic fibres in ever-increasing proportions. The apparel industry has also undergone significant technological change and has benefited from the country's sophisticated transport and communications infrastructure. The South African market demand increasingly reflects the sophistication of First World markets and the local clothing and textile industry has grown accordingly to offer the full range of services from natural and synthetic fibre production to non-woven's, spinning, weaving, tufting, knitting, dyeing and finishing. Since 1994, about US\$900 million has been spent on modernising and upgrading the industry, making it efficient, internationally competitive, and ready to become a major force in the world market. Exports account for R1,4 billion for apparel and R2,5 billion for textiles, mostly to the US and European markets. Exports to the US increased by a dramatic 62% in 2001, driven primarily by the benefits offered under the Africa Growth and Opportunity Act (AGOA) which provides for duty-free imports of apparel produced in South Africa (South Africa. Info).

Manufacturing Process Textile Mills

Industries in the Textile Mills Sub-Section group establishments that transform a basic fibre (natural or synthetic) into a product, such as yarn or fabric, that is further manufactured into usable items, such as apparel, sheets towels, and textile bags for individual or industrial consumption. The further manufacturing may be performed in the same establishment and classified in this Sub-Section, or it may be performed at a separate establishment and be classified elsewhere in manufacturing.

The main processes in this Sub-Section include preparation and spinning of fibre, knitting or weaving of fabric, and the finishing of the textile. Major industries in this flow, such as preparation of fibres,

weaving of fabric, knitting of fabric, and fibre and fabric finishing, are uniquely identified. Texturising, throwing, twisting, and winding of yarn contains aspects of both fibre preparation and fibre finishing and is classified with preparation of fibres rather than with finishing of fibre. Excluded from this Sub-Section are establishments that weave or knit fabric and make garments. These establishments are included in Sub-Section, Apparel Manufacturing.

Textile Product Mills

Industries in the Textile Product Mills Sub-Section group establishments that made textile products (except apparel). With a few exceptions, processes used in these industries are generally cut and sew (i.e., purchasing fabric and cutting and sewing to make no apparel textile products, such as sheets and towels).

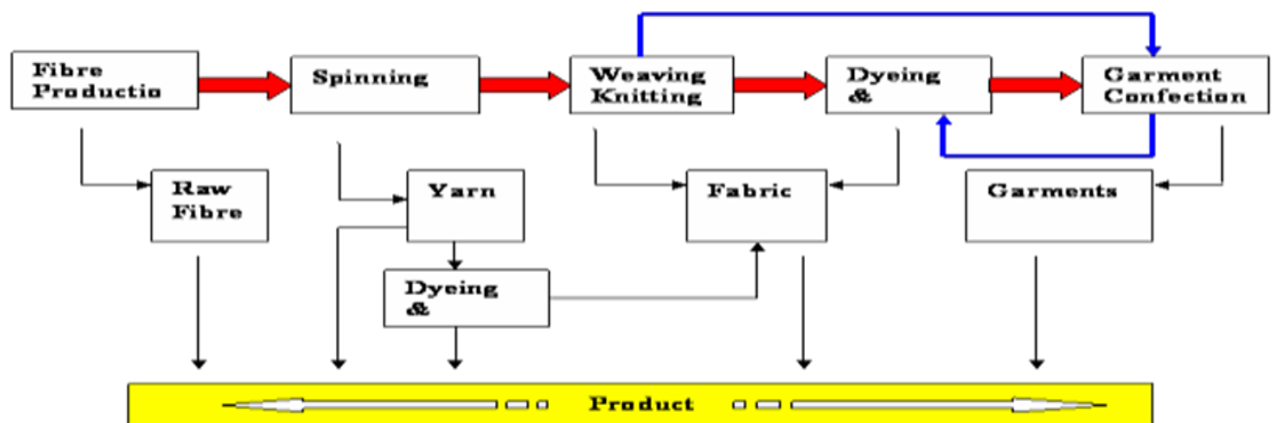
Apparel Manufacturing

Industries in the Apparel Manufacturing Sub-Section group establishments with two distinct manufacturing processes: (1) cut and sew (i.e., purchasing fabric and cutting and sewing to make a garment) and (2) the manufacture of garments in establishments that first knit fabric and then cut and sew the fabric into a garment. The Apparel Manufacturing Sub-Section includes a diverse range of establishments manufacturing full lines of ready-to-wear apparel and custom apparel: apparel contractors, performing cutting or sewing operations on materials owned by others; jobbers performing entrepreneurial functions involved in apparel manufacture; and tailors, manufacturing custom garments for individual clients are all included. Knitting, when done alone, is classified in the Textile Mills Sub-Section, but when knitting is combined with the production of complete garments, the activity is classified in Apparel Manufacturing.

Leather and Allied Product Manufacturing

Establishments in the Leather and Allied Product Manufacturing Sub-Section transform hides into leather by tanning or curing and fabricating the leather into products for final consumption. It also includes the manufacture of similar products from other materials, including products (except apparel) made from "leather substitutes," such as rubber, plastics, or textiles. Rubber footwear, textile luggage, and plastics purses or wallets are examples of "leather substitute" products included in this group. The products made from leather substitutes are included in this Sub-Section because they are made in similar ways leather products are made (e.g., luggage). They are made in the same establishments, so it is not practical to separate them.

The inclusion of leather making in this Sub-Section is partly because leather tanning is a relatively small industry that has few close neighbours as a production process, partly because leather is an input to some of the other products classified in this Sub-Section and partly for historical reasons.

FIGURE 4.8: TEXTILE AND CLOTHING MANUFACTURING VALUE CHAIN

The Textile and clothing sector value chain in the Central Karoo District is concentrated around activities linked to the Agricultural sector. In terms of the above diagram, activities in the CKDM Textile industry revolve around Mohair, wool, skin processing and primary manufacturing. The following gaps in the value chain should be addressed for downstream/beneficiation activities to develop and grow:

Enabling environment – Factors that contribute to an enabling environment that promotes industrial development include adequate infrastructure, reliable electricity and water supply, information and communication technology networks, safety and security, and general levels of business confidence in the area. These factors often have a significant impact on the cost competitiveness of firms.

Investment incentives – Local government can promote investment in priority industries through incentives that make it profitable for firms to invest in certain areas/activities. The CKDM can also play an important role in providing information on national/provincial government incentives and other industrial development initiatives.

Training and skills – The lack of appropriate skills is a severely constraining factor in the textile and clothing Industry, specifically machine operating skills, elementary textile knowledge and personal skills needed in textile processing. The lack of skilled these skills have a negative effect on not only the textile and clothing industry, but the entire manufacturing sector. The specific skills areas where shortages are experienced should be investigated and training in these skills should be promoted.

Research and Development – Technological innovation is another key determinant of global competitiveness. Traditionally, South African firms have imported and adapted technology, instead of developing their own from basic research. Innovation and the improvement of technological capabilities are therefore crucial to strengthen the competitiveness of South African industries. Local government can play a role in promoting R&D and facilitating cooperative ventures with research facilities, e.g. the CSIR, Mintek.

Machinery and Equipment - Textile machinery and equipment ranges from the machinery used to create fibres, yarns, fabrics, and final products as well as machinery used to apply chemical finishes and dyes. Additional equipment used to facilitate the logistics of the supply chain are also found in this industry such as computer and telecommunication devices, ERP and other planning systems, intra- and extranet, as well as Internet and other communication systems. It is important that the necessary machinery and Equipment be available to further process textile products.

Conclusion

In conclusion, manufacturing industries in the global economy earn their economic position based on their competitiveness. Therefore, industries in South Africa need to maximise their performance in terms of the competitive factors that are under their control. The main role of government, including the CKDM, is to ensure a favourable business climate and a suitable infrastructure for industries to grow and to promote investment, R & D and innovation in priority industries.

DEVELOPMENT POTENTIAL

The Central Karoo district does not currently exhibit a comparative advantage in the Manufacturing Sector, although it is a growing sector. However, the following development opportunities have been identified in the Central Karoo Manufacturing sector:

Industrial cluster development

Manufacturing development can be promoted through the development of industrial clusters around growth sectors that appear to have a (potential) comparative advantage, e.g. industries linked to the agriculture sector; textile and clothing.

Industrial Park Development

The CKDM should identify an area zoned and planned for the purpose of industrial development. The Industrial Park should include the construction of industrial stalls/incubation to accommodate SMME's, with emphasis on manufacturing. This should include primary value adding products which can in turn be sold to wholesalers and retailers.

Manufacturing opportunities in niche markets

Invest in niche products in growing the manufacturing industry in the CKDM. This includes the development of small and medium manufacturing concerns producing goods for domestic and international niche markets. The CKDM meat industry provides opportunities to small-scale manufacturers who would like to engage in value added activities such as the manufacturing of processed meat, leather and leather products.

- Downstream processing of ostrich leather products Manufacturing of leatherwear from local skins and hides Organic food supplements and bio-medical products
- SMME manufacturing, incl. clothing, upholstery, arts and crafts, etc.
- Essential oils cultivation and extraction
- furniture industry

Community Development Projects

- Jewellery Design and manufacturing Sewing
- Livestock Banking

8.2.3

Trade Sector

WHOLESALE AND RETAIL TRADE SECTOR DEFINITION

The trade sector is defined as the resale (sale without reformation) of new and used goods to the general public for personal and household consumption or use by shops, department stalls, etc. Business is the derived demand from the local buying power; this suggests that the business sector cannot develop if there is limited buying power. The impact of the SMME sector is also impacting the wholesale and retail trade sector with a large number of small businesses parts of this sector. This sector excludes the activities from the informal sector and does not highlight the importance of the informal sector's contribution to the economy.

**WHOLESALE AND RETAIL TRADE IN THE CKDM**

The wholesale and retail trade sector is one of the largest sectors in the Central Karoo economy. The majority of trade activities take place in the urban settlements and towns within the Central Karoo District Municipality. The CBD of Beaufort West is an important area for economic activity in the Central Karoo. The number of businesses and the type of establishments located there gives an indication of the importance of the CBD to the economy of the Central Karoo.

The sector has realised positive growth over the time period indicated. This shows that the sector is constantly growing with consumer demand and supply reflecting in the growth of the sector. The average growth rate was 6.2% per annum (2010 -2015). A growth in the sector usually also co-indicates with employment creation as business owners are more eager to employ people in an expanding economy.

According to the Quantec and Urban Econ's Calculations 18.3% of the Central Karoo's workforce is employed in this sector. This is the sector that employs the third largest number of people in the region after the agriculture and community and other personal service sectors. Beaufort West is the largest urban centre and the most developed in the Central Karoo with linkages to other national markets. The large urban population in Beaufort West (36 268) means that there are a distinctive higher percentage of establishments and consumption of wholesale and retail than in any other area in the Central Karoo. This is also the case for Prins Albert which is the second largest within the district.

SUB-SECTORS

Wholesale & Retail Trade

The dominant contribution (87.13%) was made by Wholesale & Retail Trade Sub- Sector. There is a distinctive higher percentage of establishments and consumption of wholesale and retail trade in Beaufort West and Prins Albert. This sector is also one of the most important sources of informal employment, with the informal trading segment having mushroomed in the region over the last decade.

Catering and Accommodation

The Catering and Accommodation Sub Sector accounted for 12.87% in 2007. The dominance of the catering and accommodation sub- sector can be ascribing to tourism in the areas. Tourism activities contribute significantly to the trade and service related activities in the region as a whole. These areas contain out of a number of accommodation and tourism facilities and destination points, with the majority of which are neither graded, nor registered with the Tourism Bureaus.

FACTORS IN THE ANALYSIS OF DEVELOPMENT POTENTIAL

The following factors, specific to the Central Karoo District, have an influence on development potential within the Trade sector:

Resource Base

In the Central Karoo region, a number of cattle farming activities take place. Along with this is the increasing number of game farming in the area. These activities together with the processing of the livestock into certain products can be sold by retailers in the local market. Business represented by the retail sector within the CKDM includes:

- wholesale and trade
- retail trade
- repair of personal household goods
- sale, maintenance and repair of motor vehicles and motor cycles
- Catering and accommodation

The Beaufort West CBD plays an important role in trade within the Central Karoo. The CBD is characterised as an important retail area which consequently also attracts a great number of people to that area.

Market Conditions

An increase in the number of by passers (± 7000 in season) (N1 alignment) through the District creates markets for the informal sector in which it can provide certain goods and services to these tourists. Ultimately the amount of informal trade should be reduced and linked to formal trade of tourism produces. An increase in demand of certain goods such as cattle products or beverages entails opportunities to trade these goods in the local market.

Linkages

This sector has linkages with various other sectors for example the tourism and manufacturing sector. Products are produced in the manufacturing sector and are then sold in the retail sector of the economy. This illustrates that there are various linkages that form part of the wholesale sector and that activities in the other sectors may well influence the output of this sector.

Regional Functionality

When goods and services are not readily available in the area in which people reside they will most often go to other areas in search of these products. Beaufort West with its large number of wholesale and retail stores offers a variety of goods to the consumer in Beaufort West but also to people staying in other towns in the Central Karoo. To ensure easy access to products the development of the Beaufort West Mall and Square increases an opportunity that not only eases access to trade services but also agglomerates traders. This attracts large numbers of people to one location for all their wholesale and retail requirements.

Availability of Labour and Skills

Trade is a sector, which has many 'informal' participants. This is as a result of the low-skill requirements. As in most parts of South Africa, the poor normally turn to 'vending' as a means of survival. However, only formal trade sector is reflected in the District's Gross Geographic Product.

DEVELOPMENT POTENTIAL**OPPORTUNITIES WITHIN THE TRADE SECTOR**Gaps in regional retail hierarchy

Provide shopping facilities to fill the gaps between the regional settlement hierarchy and regional retail hierarchy.

Manufacturing and agriculture supplies and services

This includes all services and supplies needed by the manufacturing and agriculture sectors, for example Building Materials & Hardware, agriculture equipment etc.

Fresh produce market

A local fresh produce market would act as a local off-set point for the product of farmers, which could lessen transportation costs.

Multi Purpose Retail facility

That sells local produced products in smaller towns. Economic space for trade is needed

Vendors at shopping malls

This includes more vendors at the premises of shopping malls through a controlled but not intrusive strategy. These vendors should include a variety of shopping mall components. This includes exclusive

food courts that offer different cuisine etc. This could also be a means to keep/attract more tourists to the region.

SMME opportunities

Lower retail rental space i.t.o cheaper rent

Wholesalers

Of local produced food/products distribution to other areas. Linkage with the transport sector

The Trade sector has enormous potential for growth and employment creation. This is based on the substantial leakage of disposable income out of the Beaufort West Municipal area. The major shopping node in the CKDM exists in the settlements of Beaufort West. Apart from these towns, the retail supply consists mostly of small isolated shops scattered throughout the district. Many of these are informal in nature and only cater in the day-to-day requirements of local residents. Although facilities in the Central Karoo District Municipal area would never be able to compete with the agglomeration advantages of shops in areas like George, the population and its consumable spending power can support a variety of shops and consequently more local jobs can be created and more money invested locally. The development of the two shopping Centres in BFW has a great impact on the local area.

This development of the mall retains spending power in the local area. The Chamber of Commerce is trying to create an environment which is conducive to trading, such as to educate the local people and to develop the local economy in order to empower people and SMME's to attain growth and change. Trade and service activities are, to a large extent a function of the scale and nature of the agricultural and manufacturing activities within the area. This implies that the difficulties that are currently being experienced in the agricultural sectors as well as the growth in the manufacturing sector could all impact on the scale and nature of trade and service activities in the Central Karoo Municipal area. The exception to this is tourism activities, which should therefore be actively promoted to act as a balance against the other activities occurring in the area.

8.24

Transport and Communication

TRANSPORT & COMMUNICATION SECTOR DEFINITION

This sector includes activities related to providing passenger or freight transport, whether scheduled or not, by rail, road, water or air and auxiliary activities such as terminal and parking facilities, cargo handling and storage. Division 75 of the SIC (Standard Industrial Classification) includes postal activities and telecommunications.

TRANSPORT & COMMUNICATION IN THE CKDM

The Central Karoo District Municipality has a number of transport companies located in the area as well as various tourist information offices, telecommunication and post office. The district has two airfields and is well linked by road and rail to the rest of the country.

Transportation is a major economic driver in the district. The Transport and Communication sector contributed 15.6% to national GDP during 2015 and if it is broken down even further it shows that transport and storage contributed 68.2% while post and telecommunication contributed 31.8% to GDP in 2015. The sector employed 4.2% of the regional workforce during 2015

Transport

The Central Karoo's strong transport sector does not result from transport that originates in the region but rather from traffic that pass through the district. The passing traffic constitutes a range of traffic types from large freight vehicles and trains to private cars and formal and informal public transport.

The Central Karoo region has two national roads that run through the district, the first is the N1 and the second is the N12 which connects to the N1 south of Beaufort West providing a link to Oudtshoorn and George. The national roads that lead through the CK region increase the linkages to the rest of the country. The majority of the roads in the CK region are tarred roads and in good condition while traffic flow is managed by traffic lights and stop streets. Entry into Beaufort West by means of roads is easily accessible with traffic flow heavier at certain peak times of the day/year..

Public Transport

There is limited supply for public transport in the Central Karoo, which can be ascribed to the limited economic activity and low levels of affordability. Public transport is mostly by means of local bus services, long and short distance minibus taxi's and local informal sedan services. Transport for education, social and medical needs remains of concern. This is particularly true for the poorer part of the population outside the main towns due to the size of the region and the long distances from the main towns. For this group transport connection present a significant problem. Non-motorised transport alternatives (Cycling etc) must be considered as option for the local mobility of the rural population.

Telecommunication and Post

The Communication sub-sector contributes 31.8% of the sectors total performance. Development within this sector is also supported by the importance of communication in the new global economy. The introduction of new technology to the area, i.e. logistics, ICT, marketing channels, networking platforms, call centres, etc. can all contribute to the development of various clusters and linkages within the local economy. The Central Karoo region is well host with telecommunication companies. According to the 2007 Community Survey 61.3% of households in the region have access to telephones. There is a post office in each local area

FACTORS IN THE ANALYSIS OF DEVELOPMENT POTENTIAL

The following factors, specific to the Central Karoo District, have an influence on development potential within the Transport & Communication sector:

Availability of Raw Material

Transport does not comprise of raw materials but the transportation of raw materials surely does occur. The raw materials that need to be transported include mohair, animal skin, meat and fruit products. These materials are transported to major ports for export purposes and to the manufacturer for processing or to the wholesale and retail services where it is sold to the public.

Market Trends

Communication is vital to get information from one place to another. The use of sources that makes the flow of information quicker adds value to the business environment. The internet is an import tool used in the business environment and more and more businesses and organisations are using this as a method to promote their products and services. The supply of communication systems needs to be in good order and of the highest standard to support economic growth and development in the region.

Economic Linkages

Normal linkages with the tourism, manufacturing, construction etc. sectors exist within the Transport sector. This sector is an important part of national and international trade. Central Karoo is in a position where it has access to various modes of transport to trade internationally. These include by road, rail and aviation. Other initiatives that also add value are the N1 that runs through Beaufort West.

Agglomeration advantages

If the transport service is close to the actual inputs that need to be transported it minimises the transport cost and also reduces the time goods need to be transported. Services such as 'just in time' delivery can be implemented which increases the logistics of the sector

Logistics

With the various linkages and agglomeration that can take place in the Central Karoo the potential development of the region as a package, storage and distribution hub would be ideal.

Infrastructure

A good working public transport system would enable people to move around quickly especially from rural areas and it will ensure tourists can get around easily. Well maintained transport infrastructure could also increase the attractiveness of the Central Karoo Region for investors.

Availability of Labour and Skills

Many South Africa universities are churning out ICT graduates who end up in other fields or in ICT companies in the Western Cape Province. ICT skills in CKDM are low/not available.

OPPORTUNITIES WITHIN THE TRANSPORT SECTOR

Upgrading of Beaufort West Airport to increase accessibility to the region. The upgrading of the BFW airport will also have positive implications for the area's accessibility, especially in terms of air transport links. Car Rental Company to accommodate tourist that want to visit other areas besides BFW.

Transportation corridor development with surrounding areas and economies of importance

This should also entail attracting investment and creating business opportunities(owned and operated by woman), especially along the transportation corridor/s

Examples Include:

- 1) Regional public transport corridor development plan
- 2) Freight – Export Contracts, Warehousing shipping
- 3) Trucking – Long Haul Trucking
- 4) Short distance from wholesalers to Harbours
- 5) Aviation – Medical Evacuation/Medical Tourism

Transportation for rail commuters

- Main station BFW
- Upgrading of Railway lines and reopening of railway stations
- passenger rail transport service between a town centre, and outer suburbs and commuter towns
- A public transport hub behind the main railway station, to facilitate connections with other modes of transport available Improving the safety and efficiency of rail commuter services, in order to utilize the system to full capacity

Introducing new communication technology, i.e. logistics, ICT, networking platforms, call centres, etc

Possibility of a Logistics/Distribution Centre in the Central Karoo should be investigated that link with the identified potential for processing industry and retail.

Need for an effective subsidised mass public transport system and a district level institutional structure to focus on and take charge of managing the public transport function.

Control and regulation of the minibus-taxi industry

8.2.5

Finance and Business Services**FINANCE & BUSINESS SECTOR DEFINITION**

This sector includes inter alia financial intermediation; insurance and pension funding; real estate activities; renting or transport equipment; computer and related activities; research and development; legal; accounting; bookkeeping and auditing activities; architectural, engineering and other technical activities; and business activities not classified elsewhere. The sector therefore includes business activities offered by individuals, organisations or the renting of equipment.

FINANCE & BUSINESS IN THE CKDM

The Finance and Business Service Sector is the major economic contributor within the Central Karoo. This sector contributed 11.1% towards the Central Karoo Municipal area's GDP in 2015. As a Tertiary sector, the performance of the finance sector is dependent on growth in the other economic sectors. This sector provides work to 11.4% of the working population in the Central Karoo Region

Sub Sectors

The dominant contribution (83.6%) was made by the Business services and 11.1% was made by Finance and Insurance in 2015. This also illustrates that business services decreased from 2007 to 2015. The same trend is true for finance & insurance. The insurance industry plays an important part as unpredictable floods and other natural disasters can have major implications for the sector.

The financial sector has an important role in terms of the SMME sector. A number of entrepreneurs make use of credit facilities in order to start and run their new businesses. Most often people borrow money from the banks to finance their start-up of capital expenditure of the business. An increase in interest rates affects these entrepreneurs more often than not because of large amounts of credit they have with the banks. Another aspect of the financial sector is the availability of funding; in order to stimulate the economic growth people should have access to good and sufficient financial institutions.

CKDM has a number of financial institutions most of which have their headquarters in Beaufort West. Branch offices of financial institutions, such as ABSA, FNB are located in the other local towns such as Prins Albert, Laingsburg and Murraysburg. In some of the more rural settlements and smaller towns, most of the financial services are rendered by ATM machines.

These institutions in Beaufort West are easily accessible and awareness of the type and different products available from these institutions should be communicated effectively to the public. Accessibility of the financial institutions is better in the central business areas and the surroundings than in the informal and rural areas of the Central Karoo. In order to improve the accessibility to the informal areas financial institutions should consider opening small information offices in those areas.

FACTORS IN THE ANALYSIS OF DEVELOPMENT POTENTIAL

The following factors, specific to the Central Karoo District, have an influence on development potential within the Finance & Business sector:

Economic linkages

The private sector does not operate and function in isolation in the Central Karoo. The local authority as well as the private sector should work together in order to understand the reality of the sector and what is needed for growth and development in this sector. The SME sector can also supply services that are indicative of the Finance and business service sector. The number of financial institution and their accessibility create the opportunity for entrepreneurs to access finance from various sources. The financial sector with its ability to provide finance, insurance etc to various sectors has string linkages with all sectors. The baseline is that any economic activity needs finance and the financial sector is the provider of these sources.

Agglomeration advantages

The development of office parks ensures that services are in close proximity of one another and that easy access is possible for clients.

Market trends

The business sector is in many ways one of the sectors that can provide employment and economic development in any economy. In order to support the establishment of viable and potential businesses the financial sector should provide credit support to these establishments.

Availability of Labour and Skills

The education of people in order to help them understand the basics of the financial services accessible for business development should be considered. The South Cape College as an educational institution together with other tertiary institutions in South Africa provides skills to people for employment in the finance and Business Service sector

Logistics

The supply of business services is mostly concentrated within the Beaufort West CBD; development with regards to this sector could identify suitable property outside of the CDB/other areas and establish them there.

Infrastructure

The CKDM should supply properties with serviced land suitable for business to encourage business development. The improvement with regards to access to financial institutions in the rural/informal areas in the Central Karoo should be considered. Better access to financial institutions creates opportunities for people to start businesses, invest in pension and insurance funds etc. Other types of funding should also be promoted.

OPPORTUNITIES WITHIN THE FINANCE AND BUSINESS SERVICE SECTOR

Capital Funding for Government Programmes

Finding funding for capital projects is a major concern for many government facilities. In searching for funding for capital projects, it is very important that facilities consider and use a variety of potential sources, including public grants and loan programs, as well as private sources such as foundations and donations from local residents.

Awareness Programmes

Financial education has an important role to play in ensuring that the CKDM population are equipped with the knowledge they need when making important decisions with regards to their financial situations. Improving financial literacy in the CKDM is a societal challenge which requires the contribution of a range of different stakeholders. Public authorities, the private sector, academia, financial and insurance institutions can all play their part when addressing knowledge deficits amongst consumers regarding the wide range of financial products and services on offer. Examples of awareness raising can be promoted through:

- Schools
- Workplace
- Current Customers
- Events
- Publications and brochures
- Telephone and Internet
- TV and Radio

Financial Packages

- Offer special financial packages to the CKDM population as they struggle with the effects of the current economic and financial crisis.
- Responsive to the needs of sector/clients
- Design with customers in mind

Business Incentives

Provide business incentives to encourage SMME and young Entrepreneurs. The main government departments, public entities and public-private partnerships that help small businesses get access to finance/ business incentives include:

- The Small Enterprise Development Agency (SEDA)
- Department of Trade and Industry (DTI)
- Industrial Development Corporation (IDC)
- Khula Enterprise Finance
- CASIDRA
- Banks

Business/office Park Development

To ensure that services are in close proximity of one another and that easy access is possible for clients.

8.2.6

Service Sector**SERVICES SECTOR DEFINITION**

This sector includes the general activities of central, provincial and local government such as health and social work, education, infrastructure provision, community organisations (NGOs), recreational, cultural and sporting activities, and other community, social and personal services. This includes sewage and refuse removal, sanitation and similar activities and military and navy activities.

The Central Karoo District Municipality is the only Rural Presidential Node in the Western Cape. The CKDM Oversees Environmental Health throughout the region. The service sector contributed 20.4% to the districts GDP during 2015. This is the sector that contributes the most towards employment (30.1%) in the Central Karoo region. This percentage (30.1%) indicates the importance of the services sector in employing regional residents. It is believed that this sector will continue to play a major role in the regional economy, as these services will continually be in demand. Future investment in this sector is, however, dependant on Central, Provincial and Local Government investments in the Central Karoo Municipal area.

Sub Sectors

The Service sector can be divided into two sub-sectors namely general government services and community, social and personal services.

General Government Services

This Service sector mainly includes activities related to government services in the Central Karoo. Activities in this sector can mainly be found in the established urban nodes of the Central Karoo, where a larger concentration of people and economic activities are found. Beaufort West hosts most of the government departments within the District (CKDM and BFW LM and provincial Departments). The region consists of 3 local municipalities, the Central Karoo District Municipality and other provincial departments. The municipality has certain roles and responsibilities it needs to undertake for effective governance of Central Karoo Municipal area and the economy of the region.

Community Services

In terms community and personal services, the Central Karoo has long been neglected in the provision of higher order social facilities, mainly due to low population densities in the rural areas which make the provision of these facilities very difficult.

Although there are some well-established sporting facilities in the larger urban areas, as well as some recreational facilities, there is still a huge requirement for such facilities in disadvantaged areas, i.e. sport-orientated facilities, libraries, recreational facilities.

The education sector has been identified as one of the service sector in which there is a severe shortage, especially in terms of tertiary training facilities. There is also a lack of schools in rural areas, which forces pupils to attend schools in urban areas. A further serious problem is the growing mismatch between supply and demand for labour due to the dominance of an academic focus in training. The focus therefore needs to shift towards vocational and artisanal training in order to meet the demand for specific skills in the Central Karoo economy.

Infrastructure and Basic Services

STRENGTHS <ul style="list-style-type: none"> • Good quality service • Sufficient water resources • Water canals 	OPPORTUNITIES <ul style="list-style-type: none"> • Effective use of water canals
WEAKNESSES <ul style="list-style-type: none"> • Lack of 5yr maintenance plans • Insufficient municipal funds for regular effective maintenance • Maintenance and provision of roads & storm water not sufficient • Bucket system in certain farming communities • Upgrade of individual sanitation services for farming communities per household (not communal) 	THREATS <ul style="list-style-type: none"> • High maintenance cost of upkeep of gravel Roads

FACTORS IN THE ANALYSIS OF DEVELOPMENT POTENTIAL

The following factors, specific to the Central Karoo District, have an influence on development potential within the General Government Services sector:

Logistics

HIV/AIDS has a negative effect on the economy as people require more health services and spend less time at work and decrease productivity if the disease is not treated. Antiretroviral medicine used to improve the health of people that have HIV/AIDS needs to be distributed and accessible.

Infrastructure

Infrastructure provision to all members of the community as well as improved access to health, educational and other infrastructure increases the attractiveness and service delivery of an area. The CKDM should ensure that infrastructure provision such as waste disposal, water and electricity supply and other government services are of a good standard to enable development in the region.

CONSTRAINTS

The only constraining factors for development in the services sector are availability of funds, supply and demand, consumer preferences and their needs.

Some of the problems experienced in this sector in the CKDM, include:

- Shortage of educational facilities and personnel
- Lack of capacity in Government departments
- Lack of job opportunities
- out-migration of young matriculates and graduates
- Lack of Skills
- Lack of entrepreneurship spirit
- Over dependency on state support
- **HIV/Aids** affecting and taking the lives of economically active persons (often the breadwinner) who leave dependents behind
- **Seasonality of labour** market mostly situated in the agricultural sector
- **Decline of farm labour** on farms due to legislation on land rights, the high cost of farming, associated droughts and turbulent export markets.

DEVELOPMENT POTENTIAL

In terms of the education sector, it is important to undertake an **identification of specific skills shortages** within the Central Karoo. These identified shortages should then be addressed by the establishment of **tertiary training facilities** in the Central Karoo Region that can train the local labour force in the desired skills areas. Skills shortage has also been acknowledged as a major development constraint within ASGISA, and several medium-term educational interventions are being implemented by national government. ASGISA also encourages the development of an **Employment Services System**, which matches potential employers to employees, as well as a **scarce skills database**.

- Further potential also exists in the business services sector for the development of a **Call Centre**, since **business process outsourcing (BPO)** is one of the fastest growing markets in South Africa. Foreign direct investment has also increased in the call centre industry. Business process outsourcing has also been identified as a priority sector within ASGISA, and a joint project between government and business is currently focusing on strategies and incentives to create 100,000 direct and indirect jobs in this industry by 2009.
- Improve **access to basic service** throughout the region.
Provide land for **housing developments**.
- Create an **enabling environment** for development and investment.
- **Private Hospital** in Beaufort West

Conclusion

The following **development opportunities and constraints** were identified within the Central Karoo Region:

- a. The agriculture and transport sectors are the sectors in the Central Karoo with a comparative advantage, with the Agriculture sector demonstrating a latent potential comparative advantage
- b. Within the agricultural sector, the main constraints to development are lack of arable land,

- c. water constraints, high input costs, low productivity and lack of access to financial support.
- d. Opportunities identified within the agricultural sector include the development of agricultural value chains, red meats and horticulture, as well as a focus on niche and export markets.
- e. The manufacturing sector is constrained by the decline in the agriculture sector, a lack of investment in industrial activities, lack of forward and backward linkages and a shortage of labour with the necessary skills.
- f. Development opportunities within the manufacturing sector include agro-processing, Textile, leather and clothing, the investigation of agriculture waste recycling as an economic opportunity.
- g. The performance of many of the other sectors, such as finance, trade and services, is essentially a derived demand. These sectors will benefit from the development of the previous economic sectors, as well as the general strengthening of economic linkages within the Central Karoo. The Transport and Communications sector has a particularly important role to play in terms of creating an enabling environment for economic development. The improvement and expansion of transport linkages and communication technology will improve the accessibility of the District
- h. In terms of services, many communities are still in need of higher order social amenities. A shortage of especially tertiary education facilities within the Central Karoo has been highlighted as a particular constraint.

9.0

PROJECT IMPLEMENTATION GUIDELINES

9.1

LED Prioritization and IDP Integration

Many projects were identified in the Potential Analysis phase of this report. The PERO, MERO, STR, AGRI-PARK CONCEPT and IDP documents also have recommended economic development projects.

The municipality IDP is an important tool in ensuring that the work of local and other spheres of government are coordinated to improve the quality of life for all people living in an area. It also set a framework for how land should be used, what infrastructure and services are needed and how the environment should be protected (Education Training Unit Local Government Toolbox, 2009). For this reason, the LED Strategy and IDP documents work hand in hand. While the IDP gives the overall picture of development interventions, the LED strategy zooms in on the economic development aspect of development planning. The LED officials at CKDM should ensure that LED projects in the LED strategy are integrated into the District IDP.

However, projects cannot be implemented simultaneously since financial and human resources would not be sufficient. Even if there were sufficient funds, the quality of projects may be compromised by attempting all at once. This leads to the point that LED projects will need to be prioritized.

PROJECT PRIORITIZATION

Project prioritisation can be undertaken by engaging with stakeholders in the District. Therefore, **Business Chambers** should be allowed to suggest additional opportunities and to evaluate the projects already identified in the District. The **CKEDA** should also be able to do the same. A representative group would be the **LED forum**. They may decide, taking into account all stakeholders'

views, which project(s) would best meet District economic development needs.

The criteria used to prioritize projects include:

1. Does the project provide opportunity for job creation, especially for the previously disadvantaged communities?
2. Would the project create economic growth in order to continuously meet the ASGISA growth target of 4.5% per annum?
3. Would the project help diversify the economic base?
4. Is the project a wealth creating project or only a poverty alleviation project?
5. Would the project attract new investors to the Greater Central Karoo Area?

A projects prioritization matrix is used to assign values to the projects. These values represent the project evaluation. Project evaluations are assigned weightings. The weightings are used to calculate scores for each project. If projects have the same total score, the project that scores highest on the most important criteria is selected as the one that is more important.

IDENTIFICATION

This step refers to those activities pertaining to the identification of potential projects and opportunities that can be developed in the local economy. This is the first practical step to LED. The identification of projects can be brought about through brainstorming and consultation with the local community and the business community. The local municipalities should therefore also take the first step to identify these projects as they are well informed of the dynamics of the area of jurisdiction.

IDENTIFICATION OF LOCATION

Once the project to be implemented has been identified, the next would be to identify where it will be located. These considerations include the municipality to operate in, the city and suburb of choice.

Thereafter, it is important to see whether there is any land available. It should be noted that some land belongs to traditional leaders, while other land has been identified for redistribution under the Land Reform and Restitution Programme. Such land cannot be sold to investors or to the municipality.

The location choice is made by considering:

1. What is the cost of the land?
2. Where is the target market?
3. Where are the inputs sourced from?
4. What resources are available in that area e.g. water, labour-force?
5. Is transport available?
6. Is there a network of access routes?
7. What is the already-existing activity in that area?
8. Is there a possibility of aligning or complementing already-existing programmes?

If the answers to the above questions complement the project, then the location choice is a good one. Sometimes, investors choose a location that may not at face-value, have any benefits. This is because there will be an advantage that outweighs all the negative factors. Therefore, in the end, the choice of location is completely up to the investor or project members.

PRE-FEASIBILITY

A pre-feasibility study is conducted before a feasibility study to help sort out relevant project alternatives. In large projects, a preliminary study undertaken to determine if it would be worthwhile to proceed to the feasibility study stage.

Pre - Feasibility assessments essentially comprise of:

1. A location analysis
2. An initial environmental assessment
3. Market Assessment
4. Propose the potential limits of the project
5. Identify potential alternative
6. Perform a preliminary estimate of project cost
7. Identify lacking information which will be necessary for the Feasibility Study.
8. Identify potential financial sources for the project.
9. Prepare the TOR to contract the Feasibility

DETAILED FEASIBILITY STUDIES

A feasibility study is an analysis of the viability of an idea. Feasibility assessments essentially comprise of:

1. A location analysis
2. An initial environmental assessment
3. Market research (which is a demand and supply analysis)
4. Identification and quantification of income streams
5. Identification of potential funding sources.

The development concept is then refined and concrete concept designing and planning is done. An independent consultant may be involved with the pre- and feasibility

study, but the CKDM should be involved. This is an opportunity to understand the issues of project development.

9.2

Partnership Identification and Project Match-making

The purpose of this step will be to identify possible partnerships that can be formed. It will also identify the parties that will be involved with implementing projects. The correct stakeholders, beneficiaries and project leaders need to be identified.

This can be done, as alluded to earlier, by:

1. Hosting an Opportunities Awareness Campaign.

This campaign will assist the LED agency to find interested parties, who will be willing to run with the project by bringing various quotas of the District population into contact with each other.

2. Project-specific workshops can follow the initial one to ensure that the interested parties identified understand the project. At this stage the training requirements, if any, are identified.

3. The campaigns will also assist to match investors to projects that are already running in the District and also to the identified but not yet implemented projects.

DEVELOPMENT OF BUSINESS PLAN

Business plans are drawn up firstly to map out how a project will be executed and secondly they are required when applying for funding. A business plan should have the following components:

1. Description of the Proposed Development Project

2. Development of an operational plan – to give a concise, clear and understandable description of the input and capital requirements, production, operational and logistical strategies and systems that will be applied by the proposed development.

3. Impact assessment – to assess the project's economic impact on the market as well as potential risks.

4. Development of an organizational, management and staffing plan

5. Development of a financial plan – Analyses envisaged income and expenditure of project

6. Draw up Implementation Action Plan - to provide clear, functional guidelines with respect to implementing the preferred development concept

7. Monitoring, Evaluation and Mitigation framework – This highlights Key Performance Indicators and remedial actions to take should KPI's fail to be achieved.

Business plans give details about the project that give funders the liberty to decide whether or not they want to put their money in the project.

9.3 Municipality Budgeting and Funding

Central Karoo District Municipality has a role to play in funding economic development. The District was assigned, among other responsibilities, Integrated Planning for the District, Tourism

Development, and Regulation of Passenger Transport, Municipal airports, abattoirs and fresh produce markets.

The role of the Local Municipalities is important. There should be constant dialogue between the LMs and the DM to ensure that all economic development related issues at local level are communicated upwards. This will enable the District Municipality plans to draw up informed budgets for economic development in the District.

By the same token, the District Municipality may need to delegate some responsibilities to the Local Municipalities. This is because the projects will be located within LM borders. These should also be communicated to the LMs in order to the LMs to budget accordingly.

9.4 Financial Assistance

In order to be able to implement the projects a degree of funding would be needed. It is therefore, important to note that there are constantly new public and private sector funding sources becoming available. The identification of funding sources is part of the process to implement the projects that have been identified. Funding is the backbone of the projects and without it; the successful implementation would be very difficult. Potential funding sources have been identified that could assist in the implementation of the identified projects for the CKDM or other stakeholders. The CKDM must ensure that a database of sources is maintained. The purpose of this section is to identify some of the more prominent sources and provide direction on how to access these funds. Importantly, many (if not all) sources of development finance will require preparatory work on the part of the applicant.

One of the most common challenges faced by entrepreneurs and government departments alike is the access to funding. There are various institutions that have funds allocated specifically to support economic development initiatives.

In obtaining capital from mainstream banks, there are many requirements such credit-worthiness, entrepreneur's assets, time of operation, viability of the business and so on. Further, banks charge the prime rate plus a margin. These margins vary from bank to bank and they also depend on the entrepreneur's relationship with their bank. Therefore, many new entrepreneurs are not able to source funding from mainstream financial institutions. In this section, we look at possible funding options available for businesses in the formal sector, as well as SMMEs, besides those offered by commercial banks and merchant banks.

Initially, when considering funding sources, the municipality or the entrepreneur needs to look at the project focus. Funding available is normally allocated to strategic industries which assist government to attain goals such as economic development, job-creation, skills enhancement etc. Industries identified to best meet these goals in the South Africa context are Clothing and Textiles; Capital Equipment manufacture and Metals Beneficiation; Chemicals, Pharmaceuticals and Plastic

manufacture; and Forestry and downstream industries that flow from it like Paper and Furniture Manufacture (IPAP, 2007).

Secondly, the project leader should determine how much they have and the shortfall they require. A business plan is required in order to convince funders that the project is not a fly-by-night project. Business plans give details about the project that give funders the liberty to decide whether or not they want to put their money in the project. The entrepreneur should have some equity in order to give evidence of their commitment to the project. This can be in the form of personal funds, savings, or capital equipment.

Organisations that may be able to assist entrepreneurs and project leaders in Central Karoo District are:

1. The Central Karoo District Municipality:

The District municipality is the biggest stakeholder in development projects because the more economic activity, the higher the revenue to be earned by the municipality. This revenue, in turn, is used to ensure that the enabling environment remains conducive. Therefore, it is important to budget for District development projects. If the municipality is able to fund most projects, thus being self-sufficient, projects can be implemented faster. Other funding sources require time to:

- Understand the District.
- Understand and also see the opportunity presented
- To decide whether they will fund the project or not To allocate funds within their budgets
- To disburse funds to the project

2. The Department of Trade and Industry (DTI) has made available, funding schemes in the effort to 'oil' the wheels of industry in South Africa. These are listed in Annexure A.

The Industrial Development Corporation (IDC) is a self-financing, national Development Finance Institution (DFI). It was established in 1940 to promote economic growth and industrial development in South Africa. The forms of funding provided by the IDC are shown in Annexure A.

3. **Municipal Infrastructure Grant (MIG)** - MIG1 was created as a coordinated and integrated funding system for projects that develop infrastructure necessary for municipal services. MIG funds may be used to upgrade and build new infrastructure up to a basic level of service as well as to rehabilitate existing infrastructure, so long as the infrastructure is for basic services for the poor. MIG funds can be used to fund the installation of infrastructure necessary for water, electricity, sanitation, street lighting, refuse removal, roads, schools, clinics, sports facilities and public buildings. MIG funds could be applied for to supplement funding of necessary infrastructural enabling public sector projects. The main criterion for funding is that the project will benefit the poor.

4. Enterprise Investment Programme:

This programme is targeted at manufacturing and tourism businesses which are BEE compliant. Foreign businesses will also be able to obtain funding for relocation of capital equipment in the manufacturing sector. It is calculated as follows:

5. **Total Qualifying Investment less than R5 million:** benefit calculated at 30% of the qualifying investment, over a three-year period. Total Qualifying Investment between R5 million and R200 million: benefit calculated on a regressive scale of 30% to 15% of the total qualifying investment, over a two-year period

The total benefit is limited to a maximum of R30 million over the period of the Incentive term

6. **The Development Bank of Southern Africa (DBSA)** is a development finance institution whose purpose is to accelerate sustainable socio-economic development by funding physical, social and economic infrastructure (DBSA website, 2008). DBSA Development Fund is a section 21 company which supports municipalities in service delivery and local economic development. The Siyenza Manje initiative which provides hands-on support to municipalities by facilitating and fast-tracking infrastructure development and service delivery is supported by the DBSA Development Fund (DBSA website, 2008).
7. **Small and Medium Enterprise Development Programme (SMEDP)** provides grants to small businesses in manufacturing, tourism, agro-processing, IT, arts and crafts, aqua culture and high value agricultures that require training or land, machinery or buildings for expanding existing projects or starting up new ones. Entrepreneurs who will participate in making the agro-processing hub functional will benefit from this fund.
8. **National Treasury** provides funding for infrastructure projects.
9. **DEAT:** The department of environmental affairs and tourism provides funding through various programmes to promote LED and tourism issues.
10. **The Chief Directorate: Tourism Development** has an annual budget for funding projects which help to grow the tourism industry. This growth can be realised in many ways, for example through job creation, training or infrastructure development. Eligibility for funding is limited to a range of entities, such as Section 21 companies or NGOs, which are locally focussed and community-based.

11. **The poverty-relief programme** was established by government to alleviate poverty in South Africa. The tourism branch within the Department of Environmental Affairs and Tourism was allocated funding to support projects of a tourism nature. The fund is aimed at:

- *creating jobs through the development of tourism infrastructure*
- *developing new tourism products providing training and capacity-building*
- *Ensuring that the projects are sustainable in the long-term*

12. **Tourism Help Desk Funding:** A number of tourism help desks have been set up in various areas of the WC province. The THD filter micro projects. It can be required at the THD in the Central Karoo if projects with merit support under the THD Fund exist.

13. **Rural Economic Assistance Fund (REAF)** – is aimed at providing local economic role –players access to provincial and non-financial support for LED opportunities for development. This engagement also intends to deliver on the follow up request received by municipalities around the challenges with securing LED funding projects.

14. **DoA:** The Western Cape Department of Agriculture is a provincial government department that provides a wide range of development, research and support services to the agricultural community in the Western Cape Province.

10.0

SMME's & PPP's

Small to medium enterprises are known for their potential to generate job opportunities. Therefore, the CKDM needs to be in a position to give mentorship to such enterprises or at least to direct them to where they can receive assistance.

In CKDM, there is a Plek Plan office in Beaufort West, the administrative node of the District.

Plek Plan- In order to accelerate Local Economic Development (LED) across the province, the Provincial Government of the Western Cape, in partnership with the CSIR and Casidra, has developed an innovative intervention called 'Die PLEK Plan'. "DIE PLAaslike EKonomiese PLAN" aims to identify potential local and regional economic opportunities and develop these into REAL BUSINESS OPPORTUNITIES; and to assist local municipalities in defining and formulating realistic LED strategies and implementation plans.

The Small Enterprise Development Agency (SEDA) was established in December 2004 in terms of the National Small Business Amendment Act. A key function of SEDA is to provide information to small enterprises and prospective entrepreneurs that will help and encourage them to start and build sustainable businesses. Information is provided online on the SEDA webpage. There is also a National Information Centre contactable by telephone on 0860 103 703. The SEDA Technology Programme provides support services and incubation facilities to small technology enterprises.

The Department of Labour also provides support to employers including SMMEs by way of legislature that guides employment conditions (Department of Labour website, 2009)

Business Partners is a specialist investment company which provides debt and equity investment, mentorship and property management services to SMEs in South Africa (Business Partners website, 2009).

Independent Development Trust (IDT) is a development agency which supports government in managing the implementation of development programmes that are directed at poverty reduction, employment creation, and local economic development. The IDT also acts as a link between poor communities and government in meeting resource needs and invests in enhancing institutional capacity for programme delivery and for sustainable development.

The NAMAC Trust is an SMME support agency within the DTI which provides advisory and information services to new and existing SMMEs in line with best practices globally.

Business Referral and Information Network (BRAIN): Gives up-to-date information for business owners on everything from guidelines on starting a small business, to where to find finance, locate news on tenders and how to find out about more on drawing up a business plan.

Council for Scientific and Industrial Research (CSIR): Assists business owners who want to improve on or develop a product with market-related research and product testing.

The National African Federated Chamber of Commerce (Nafcoc): Represents the interests of black business and provides networking and lobbying for small business members.

The SA NATIONAL Standards (SANAS): Assists small business with accreditation of products and services with a 50% subsidy.

Small Business Project: Assists small businesses through their Linkage Programme with link-ups and joint ventures with corporates.

11.

ECONOMIC ENABLING ENVIRONMENT AND LABOUR MARKET

Local government is not directly responsible for creating jobs. Rather it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities.” - White Paper on Local Government (March 1998).

In other words, Local government should create an enabling environment for Local economic development to take place.

An enabling environment describes the environment that is external to a business or any other entity which promotes a sustainable trajectory of market development (Porteous D, 2006). While most businesses can control internal matters such as Finance, Human Resources and the bottom line, certain outside factors cannot be changed by private entities. It is therefore critical that the CKDM creates the appropriate enabling environment - that encourages and supports the confidence and growth of private initiative, and also facilitates the development of public-private partnerships. It is belief that if the enabling conditions are in place, private initiative and the organisations of civil society can work successfully, with governments, toward achievement of the vision for the CKDM.

For a business to function well, the population around should be skilled. This can be achieved if there are sufficient schools which benefit entrepreneurs' and employees' children. In the Central Karoo District, there are 28 schools in total, therefore, there is sufficient basic training. The District enrolled 5000 Pre Grade R schools.

The availability of clean water for human consumption and for industry is imperative. The district source 100% of its water needs from its own sources. It has four dams. Each municipality is responsible for the sourcing of their own water. As water resources are scares within the Central Karoo each municipality are faced with the challenge to research and implement alternative water sources to deal with backlogs that exist particularly in the light of the economic development initiatives envisaged. This refers to residential developments, the uranium mine and Cold Storage facilities. This will require bulk water supply systems. Smaller agricultural projects identified can make use irrigation and ground water. Hand in hand, with that need is that of good sanitation. The Central Karoo made progress in access to sanitation. The majority of households have access to flush toilets with offsite disposal. Water-borne sanitation systems are known to be the most efficient.

In 2007, the department of water affairs and forestry has allocated R1-billion to eradicate bucket toilets in established settlements by December 2007. Buckets are replaced with ventilated improved pit latrines (VIP).

In the CKDM the farming community is worst punished by sanitation problems with a major part of households not adequately serviced. It should be a priority of council to eradicate sanitation problems in rural areas. In Beaufort West sanitation is above basic RDP standards and most toilets in the farming areas are VIP standard. It is argued that the advantage of VIP toilets is that they function without water but they pose serious hygiene problems. Efficient sanitation systems are required in order to allow for the implementation of the mining projects, the agro-processing hubs, and for the manufacturing of leather goods and farming equipment. The higher the

population density, the more strained sanitation facilities will be. Therefore, Central Karoo District Municipality needs to prepare in advance for the fact that where the new projects located, more people are likely to migrate to such areas in order to be closer to work. These areas of greater concentration, like most urban areas, will require efficient sanitation that is as clean and environmentally friendly as possible.

An environment in which businesses can thrive is one where the road and rail linkages between various towns within a District/Province are efficient. In the Central Karoo, access to road network is the only means of economic survival for the business – starved area. The district is strategically positioned along the N1, which is the main National road linking the region to the North Province, Gauteng and the Free State province. The road network is good; however most of the road is gravel due to the fact that the Central Karoo is a largely rural district. This also is a potential constraint to the district's competitiveness. Transport cost tends to be high where there is no adequate infrastructure.

If a Distribution Hub is to be set up in the District, the standard of the roads must make it easier for trucks, lorries, and people to travel between different nodes in the District. Further, since the upgrade of the airport has been proposed, the airport itself must have runways of a high standard and the road network around the airport must be complementary, or else it will stand as a 'white elephant' – under-utilised and more an expense than a benefit to the District.

It therefore follows that Public Transport systems along those linkage routes also be efficient. This is because firstly, labour needs to be transported from residential areas to places of work. Secondly, goods (inputs and final products) need to be transported between varied locations. The households from the Central Karoo cited unavailability, cost and overloading as the main problems with public transport. These problems reflect the impact of inadequate transport on their livelihoods and have negative implications for the costs associated with travelling to school and job search.

Electricity is one of the basic services that districts and local municipalities must deliver in order to create an enabling environment and to change the standard of living and lives of the people. The Central Karoo buys electricity from the state owned parastatals, Eskom. The majority of the Central Karoo population have access to electricity. In the rural areas the use of paraffin and wood are major sources of energy. This has negative implications for child safety and pollution.

The percentage of people living below RDP standards is relatively low and imminent in farms with usage growing significantly, but the variation would be more significant if we consider alternative energy sources.

Proposed projects which will require large electricity usage include the uranium mine and Cold storage facility. Nature also provides human beings with the challenge of countering naturally occurring disasters such as floods and earthquakes. An enabling environment is one which takes such possibilities into consideration. Disaster plans/strategies buffer business from 'natural disaster risk'. Disaster management ought to be a present in every local municipality. There is no disaster management centre in the whole District. To ensure security in the farms, factories and the proposed airport, and for tourism to take off, it is essential to set up Disaster Management in ensuring an optimum enabling environment. Disaster Management and Emergency Services will also depend on the other aspects of an enabling environment have been met, e.g. Good roads, good sanitation and easy access to water.

The CKDM enabling environment is also supported by the presence of Red door and the Plek Plan (DEAT) offices giving access to small business support and funding, including support to prospective entrepreneurs. Plek Plan provides access to LED funding especially through the new launched REAF fund (DEAT).

Some of the constraining factors in terms of the enabling environment regarding LED in the CKDM include:

- Absence of private sector engagements (Lack of confidence by the private sector in the CKDM)
- Absence of investment in the CKDM
- The CKDM's inability to generate their own revenue The CKDM lack capacity to steer LED in the CK area.

Besides the constraints mentioned, the CKDM are bound to guiding strategies and initiatives and infrastructure interventions which include delivery of basic and social services that have an impact on LED in the Central Karoo Municipal Area.

For projects to be implemented land should be available and identified. The CKDM SDF serves to guide and inform all decisions made by the municipal council on spatial development and land use management in the area. Land use planning is an important part of social policy, ensuring that land is used efficiently for the benefit of the wider economy and population as well as to protect the environment. Projects like the **Tertiary Training** and **Correctional Facility** will require adequate land to be implemented.

One of the active roles of local governments with regards to LED includes the creation of an economic enabling environment. The role of the CKDM in providing an active economic enabling environment to promote LED in the CKDM area includes the following:

11.1

Effective Private Sector Engagement to Development in the CKDM

It is believed that sustainable development is only possible when the community is engaged at the grassroots level and is given the ways and the means to take responsibility for its own future. This means building the capacity of civil society institutions as well as tapping into the wellspring of individual initiative that has been part of the CKDM LED vision. It is therefore critical that the CKDM creates the appropriate legal and fiscal framework, the regulatory conditions and stable democratic institutions - in other words, the enabling environment - that encourages and supports the confidence and growth of private initiative, and also facilitates the development of public-private partnerships. The CKDM's growth requires private initiative (both for-profit business and non-profit civil society) to make full and effective use of the region's human potential, generate material resources, and develop a vibrant and robust socio-economic base.

The urgent priorities that require immediate attention and must be fast-tracked, to create an enabling environment for private initiative in the CKDM includes:

- Establishment of a LED forum/Task team with include members of the CKDM, LM's, business owners (business chambers), and local community members.
- Improve business confidence through continues business engagements through: a monthly municipal newsletter
- Improving access to government through better use of the web site (public opinion poll), to provide feedback on service
- Compile Business Expectations Survey (BES), Customer satisfaction surveys.
- Interest Group Note.

- Identify a detailed list of infrastructure projects and related information like funding sources and timetables, so that the public can help ensure that these investments are really put in areas where economic and social returns are high.
- Allow for public participation in the formulation of the CKDM budget and how much of the money is devolved as untied funds to take up works suggested by the public.
- Implement a credible, legitimate and accountable mechanism by which the Council/ private sector decides which works should receive priorities over others.
- Investment in human development by providing decent working conditions with water and sanitation, public transport, crèches for every 1,000 population, and proper schools and primary health centres.

11.2 Attracting Investment

1. Identify “lead” LED sectors within the district that can drive development and attract investment Identify sectors with potential to attract investment to the area.
2. Improve public Safety
3. Improving the business climate by reducing unnecessary government regulations/red tape to speed up the development process
4. Improving economic and business conditions to attract both domestic and foreign investment Providing technical assistance for skills training and improving microeconomic conditions.
5. Focus resources on infrastructure development.
6. Lobby Provincial, national and international funding
7. Become a member of LED network groups (example South African LED network) Led Manager should network more
8. Identify resource availability (grants available at provincial level, land, infrastructure) Maintain strong relationship with the province
9. Market the CKDM according to labour availability, cost, skills availability, infrastructure, level of technological development and the presence of strong financial markets.
10. Host investment indaba’s

Generate Revenue

Encourage economic development to generate revenue from development fees Through projects implemented by a Special purpose vehicle (CKEDA)

Central government funds.

Municipal Land (Hire land to developers, etc)

Improve Capacity

- Appoint a LED Manager that will drive LED in the CKDM

- Identify LED Budget
- Encourage inter departmental participation/engagements and awareness into LED
- Align Tourism with LED
- Identify “lead” LED sectors within the district that can drive development
- Engagement with leading sector role-players
- Establish database that records all LED projects in the region, their status and requirements.

Business Retention and Expansion

It is important that the CKDM develop a Business Retention and Expansion Strategy. These strategies should be able to help business leaders and communities work together to identify barriers local businesses face as they try to survive and grow.

A possible suggestion is the use of a business survey. This should include training to Community members to conduct the surveys on small businesses. The results should be analysed and taken up in a report. The resulting report should provide valuable information and ideas to how to invigorate the local economy. These should include:

- Demonstrate to local businesses that the community appreciates their contribution to the local economy;
- Help existing firms solve problems and local concerns;
- Assist local businesses in using local, government programs aimed at helping the firms become more competitive; and
- Develop strategic plans for long range business retention and expansion activities etc.

LABOUR MARKET: Skills Required

The Central Karoo is mainly an Agricultural area; in addition, the projects identified will require a sufficient skills base without which the projects cannot take off. Further, existing businesses need to enhance the skills of the current workforce. This part of the report, seeks to highlight ways of ensuring that labour is appropriately skilled.

In South Africa, SETAs (Sectoral Education and Training Authorities) have the mandate to fulfil JIPSA objectives, i.e. to ensure that crucial skills are acquired. They are regulated by the Skills Development Act no.97 of 1998.

There are 27 SETAs in South Africa. However, none present in the Central Karoo.

Attracting the Skilled

Just as every company wants the right individuals with the right skills in order to meet the company goals, geographical areas need to have the right brain matter within. As shown in the District Profiling phase, 88.5 percent of the population is literate, while only 13 percent of the ‘educated’ population have matriculated and/or studied further.

Therefore, there are two options for the District:

1. Train the current population

2. Bringing in skills from outside the District.

Option two is what we will explore at this stage. Why Live Here? The factors that most human beings consider when choosing where to live and work are the following:

1. What is the quality of life in that area?
2. What amenities are available?
3. Where do family, spouses, and friends live?
4. Are there employment opportunities?
5. What are the remuneration levels in that area?
6. Cost of living – is it competitive?
7. Is there opportunity for personal growth?
8. Is quality education for children available?
9. Is it safe – i.e. Security?
10. Is the transport network operational and efficient?
11. What hobbies can be pursued there?

Therefore, in order to attract skilled people to the Central Karoo, the good aspects of living there should be advertised, especially those that answer one or more of the concerns listed above. For example, the fact that the Central Karoo District is a quiet, calm District with both the benefits of urban life, and the serenity of rural life, can be used as a marketing tool to attract people there. The rural life attribute will possibly attract people with farming skills and who have found means of living comfortably in rural areas. This is the type of brain power required in the Central Karoo.

11.3

Solving the Asymmetric Information Problem

The main problem in life is asymmetric information. For example, one finds many unemployed graduates who know exactly what they want to do in life but not how and which organisation does that. On the other hand, there are many employers who know the type of people they want in their organisation but cannot find them. This asymmetric information problem is the reason why information remains a winning tool.

Ways of bridging this information gap and thus bring in the right skills to the right place, i.e. Central Karoo District are:

1. Hosting Careers and Employment Expo
2. Publicizing the type of employees sought in the District using media and the internet
3. Producing documentaries/infomercials to show the opportunities within the District

4. Educating learners within the District about the opportunities available to them therein to keep them from migrating

District Municipality's Role in Training Facilitation

The District Municipality cannot be expected to provide training in all nine economic sectors. However, they do have an important role in mobilising human resources in the District in the following ways:

LED Awareness Campaign: LED is a buzz word among public servants and consultants in the public sector, yet it has not made its way to the general public. Therefore, an awareness campaign would close the dialogue gap between the public and the private sector. The Central Karoo Development Agency and LED unit can do this first at a larger scale to the community at large and then from that level, the LED forum could continue LED discourse for the Central Karoo District.

Opportunities Marketing: This will ensure that the public – both within the District and in South Africa – will know the opportunities that are ready to be exploited within the District. Such publicity will begin the mobilisation of investors and labour into the District.

Municipality as Mediator: The LED officials in the LED unit and the Development agency, having listened to potential investors as well as those already present within the District, will convey training needs to tertiary institutions in the Province.

Training PPPs: At government level, it is more cost effective to offer general training, rather than specialised training, which should really be undertaken by the private sector. However, since this private sector investment in skilling portions of the population is of benefit to the District, they may contribute financial resources and possibly training facilities for specialised private sector training. This partnership will ensure that there are leaders in those sectors in which training is offered.

What normally happens is that people will hear of training opportunities and they will attend the training workshops. Yet, thereafter, if there is no leadership in that sector in the form of an entrepreneur/visionary, they fall by the wayside losing the training gained. Therefore, where there is leadership, there is likely to be continued growth.

Skills Audit and JIPSA: Earlier in this report, a skills audit was recommended. This, in conjunction with nationally determined priority skills, will highlight the priority skills for the Central Karoo District Municipality.

Most importantly: it still remains the Municipality's responsibility to ensure that there is sufficient basic education and training within the District, distributed so that all children of school going age have access to education. The Department of Education needs to ensure that there are sufficient educators in the District and that resources required by schools are delivered in time.

11.4

Project Handover and Mentoring

Initially, the LED unit, in conjunction with the CKEDA will assist with initialising projects as discussed above. The Central Karoo Economic District Development Agency having facilitated implementation

needs to communicate deliverables achieved to the LED unit and LED forum. Further deliverables for the project leaders need to be set.

Project Privatisation – The idea is that after a year or so, the project should be run independently by the private sector, with continued public sector support where necessary and/or applicable. Therefore, project leaders and the project team should be encouraged to register the project as a business venture. This means that the role of the CKEDA will gradually become a supportive and mentorship role.

Mentorship can also be provided by the support structures discussed in Section 3.2. Established businesses in the private sector can also provide mentorship. The municipalities, local and district, should continue to ensure that they continue to improve the enabling environment to retain existing businesses and to attract investors.

Status of the LED in Municipal Structures

The purpose of this section is to provide a profile of the Central Karoo District Municipality in terms of the administration of their structure and functions in terms of LED. It is important to understand the structure and capacity of the municipality to implement the LED strategy and facilitating LED in the region. The CKDM has an LED Strategy Framework. This strategy is very outdated (2008) and very incomplete. The Strategy does not provide socio-economic profile of the area or any key LED objectives. The LED merely states certain identified initiatives. The Districts' Integrated Development Plan (IDP) of 2019 – 2020 2ND Review does, however provide some socio- economic data (which is outdated) and lists some LED objectives. Thus, while a single LED document is still required, this document serves to replace the existing LED Strategy Framework as well as the LED component of the IDP.

As stated in the above it is important that the CKDM LED strategy should be in alignment with the IDP Framework, which is also the strategic development plan of the CK. Thus it is important to incorporate the development planning initiatives in the IDP. The Integrated Development Plan (IDP) is a process by which municipalities prepare strategic plans in consultation with communities and stakeholders. These plans seek to promote integration through planning within social, economic and ecological pillars of sustainability without compromising the institutional capacity required in the implementation, and by co-coordinating actions across sectors and spheres of government.

In terms of the guidelines issued by the Department of Traditional and Local Government Affairs, an LED Strategy is a sector plan to form part of the IDP process. From a strategic perspective, the LED Strategy itself must provide a framework that can be incorporated into the IDP, providing a strategic, yet meaningful guideline in terms of where the municipality should focus its LED initiatives. The LED Strategy should also provide a list of prioritized projects in various sectors, thereby enabling the identification of strategic projects to be fed into the IDP project register. Budgetary requirements of LED projects included in the IDP register must be included in the IDP budgeting process.

The IDP process is prepared as a five-year strategic plan and is reviewed annually. Therefore, it is important that the LED Strategy be reviewed annually, so as to update the project register, budgeting requirements and sector plan to be adjusted in the annual review of the IDP.

The Central Karoo Municipality's organisational structure is designed in such a way as to ensure optimum efficiency with the limited human resources currently available within the DM. As illustrated in Figure 6.1 the Central Karoo DM has clustered its administration into three main directives: Corporate services, Finance, and Technical services. The sub directive of LED is currently classified under the directive of Corporate Services.

FIGURE 6.1: CKDM ORGANISATIONAL STRUCTURE

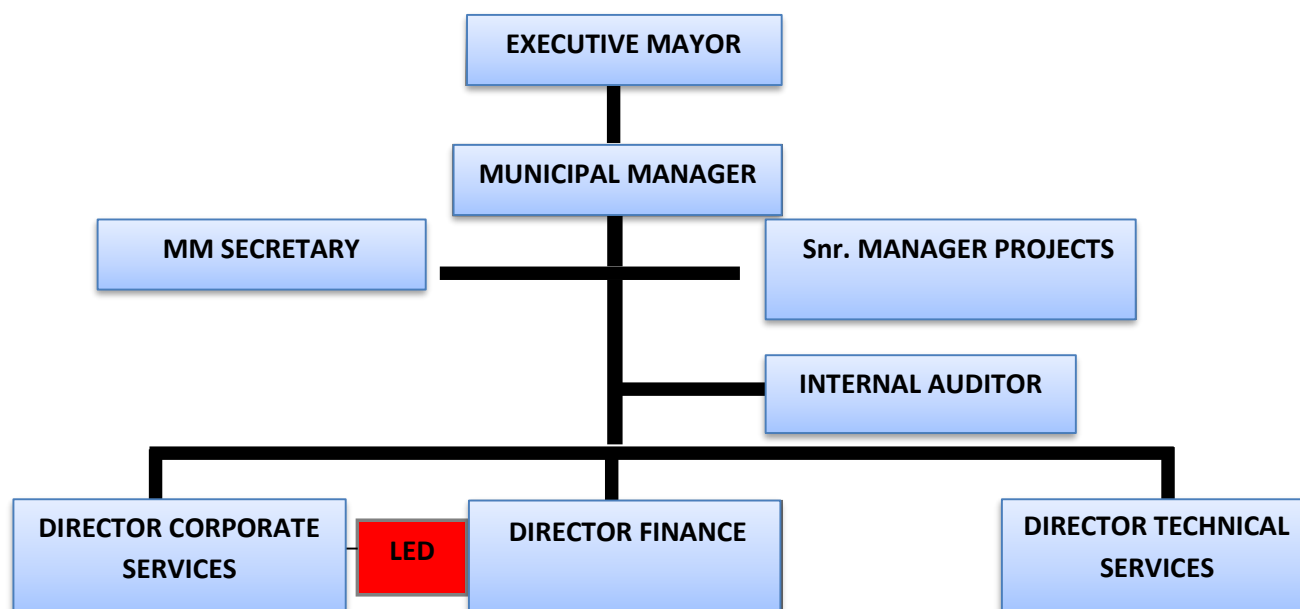


Figure 6.1 illustrates that LED is regarded as a function within the Corporate Service Delivery directive. Moreover, this figure indicates that the current LED department has practically no support staff and capacity with the exception of the Regional Tourism Officer assistance.

Technical professionals need to be employed who can undertake key responsibilities in urban and regional planning and studies in working out the competitive advantages of local economies. In cases where such experts do not exist, researchers and planners with the appropriate skills can be contracted.

11.5

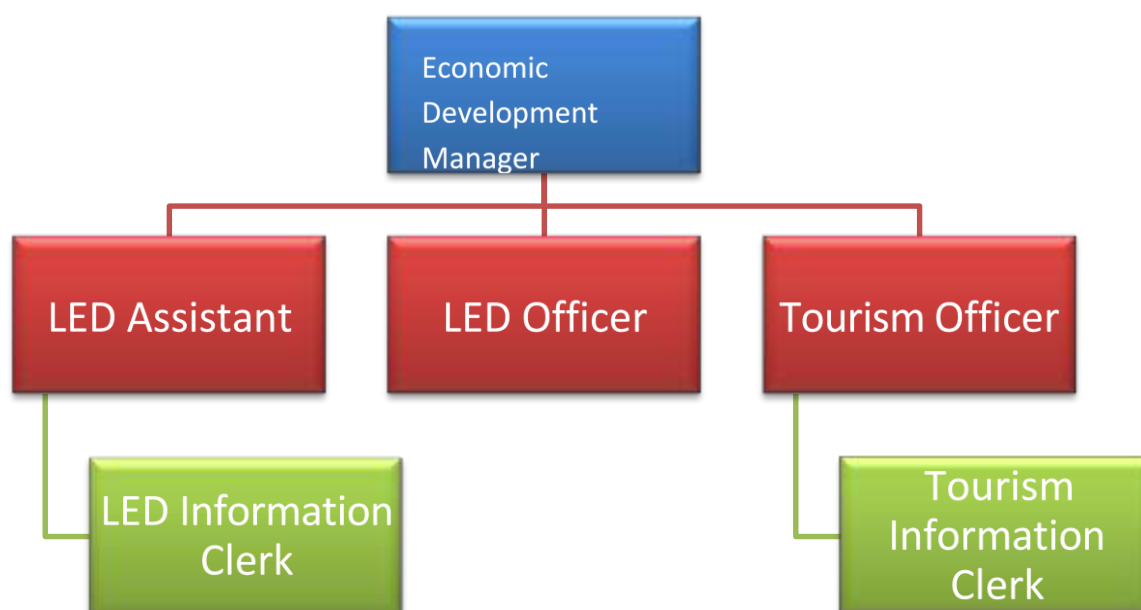
Ideal CKDM LED Structure

The CKDM LED unit does not retain the required support staff and capacity to influence and effectively carry out responsibilities and tasks relating to LED in the CKDM. The CKDM led unit is technically nonexistent, after the former LED manager resigned 3 years ago. The LED Structure for the CKDM should include:

- LED unit and resources: staff (LED Manager, officers etc.); offices and related equipment; funds/ LED budget

- Additional LED stakeholders: Finance; Human Resources; Mayor`s office; Funders; project/sector role players; community members
- Good HR practices that is fair, valid, reliable and practicable.

Figure 6.2 provides A PROPOSED organogram of the CKDM LED Unit.



One of the outcomes of the National Framework for LED is that all districts have a credible LED strategy which is being effectively implemented by a dedicated LED unit or similar entity. For the CKDM the implementation of a LED Unit will allow for the implementation of the opportunities identified in the Opportunity Analysis of this report. The opportunities identified provide positive impacts for the economic development in the Central Karoo District, but also come attached with certain challenges.

It is important that the LED unit be capacitated to steer these different projects in order to manage the challenges and implement the projects to unlock the positive impacts on the economy. Possible solution to capacity problem within the LED Unit is to establish a Local Economic Resource Development training programme. The programme should comprise of government staff, representatives of the private sector and project representatives of the relevant project trusts from the different local areas in the CKDM. It is acknowledging that some identified projects under the different thrust are economic products with a certain potential for national and international markets. The representatives should be identified under the different thrusts and be responsible for the project implementation of the thrusts. They should be involved from identification to implementation phase.

The training should aim at a concrete final product. Participants will receive training with specific emphasis on the CKDM institutional structure, function and skills for marketing and export, knowledge, product and technology development attracting direct investments and small enterprise

development. For all these aspects the roles of government (national, provincial and local) and the private sector (business community) will be utilized.

It is recommended that the programme be followed up regularly to monitor the dissemination and implementation of the action plans and to identify the eventual need for further support. Possible responsible stakeholders should include, but not limited to: CKDM, IDC, LGSEDA LED Learnership/ Partnering Universities and DTI.

With regards to LED the CKDM are to play a connector role in LED mobilising resources from national government departments. In the case of the constrained capacity in the CKDM LED unit capacity could be optimised with training to improve the skills of the DM or to make use of a capacity building programs. For Example Local Government SETA provides the following two programmes in order to educate and update the knowledge and skills of LED Unit's in South Africa:

Governance Programme: This programme aims to bring about a more effective process of co-ordination, capacity building and skills development initiatives between governments departments and all stakeholders of society with can contribute to LED. Furthermore this programme aims to create synergies between different elements of the development project, by promoting leadership, skills development programmes and other educational interventions that will enhance the efficiency and effectiveness of the LED Unit and the provision of basic services from this department.

Learnerships Programme: This programme aims to educate prospective LED Unit members by providing National Qualification Framework (level 4, 5, 6) educational opportunities. *Further detail is available on Local Government SETA website.*

Capacity Building Programmes:

A capacity building programme should aim at the following:

- Building sustainable partnerships between the relevant stakeholders
- Promote exchange of knowledge and learning
- Establish effective, innovative and highly adaptable LED management functions for the municipal area
- Establish a baseline for enabling environment through training and skills development Initiative that work well during capacitating processes are:
 - Mentoring (e.g. LED manager, LGSEDA LED Learnerships/ Partnering University professors)
 - Training Programmes
 - Seminars and Lectures
 - Networking
 - Marketing and Communication

Institutional Structure Revisited & Recommendation

The purpose of this sub-section is to provide an overview of the current LED Institutional structure and provide recommendations for possible structures which would help optimise the LED functions of the CKDM. The Sub- section is divided into the following parts:

- Role and Structure of the LED Forum
- Relationships with external implementation agencies
- SMME Support Structures
- Cooperatives
- Other Dedicated Vehicles

11.6

Role & Structure of the LED Forums

It is important that the CKDM acknowledge the major challenges facing Local Economic Development (LED) in the region. The central role of local government is to facilitate LED therefore there are a number of different institutions and agencies that should be involved in LED.

Since LED is very limited in the CKDM the presence of LED stakeholders in the form of a LED forum is absent. A LED forum can be seen as a crucial structure to ensure strategic focus in achieving balanced development and growth across the region's economy. At the beginning of the Khulis'umnotho credible LED process a steering committee was established to evaluate the process and success of the Credible LED work plan/process. The role of Steering Committee member was to participate, give inputs, prioritise and give feedback on the credible LED process. It is therefore recommended that this steering Committee be expanded to a LED forum. The reason for establishing a functional LED Forum is to expand the scale and scope of LED initiatives, by systematically leveraging support from partners in LED. The LED Forum provides an opportunity for interactions with privates sector, organised business, sector development organisations, educational institutions and a multitude of support institutions that are rich in expertise, resources, relational capital and networks.

It is therefore important that the forum comprise of the following composition:

- Mayor
- Executive committee of the District council Ward representatives
- CKDM LED Manager - Chairperson Organised labour
- Civil society
- Organised business/ business chambers Government department(Sector representatives)
- Education and Training Colleges SETAs
- LED managers LM's NGOs
- CBOs
- Public Institutions
- Services Sector (e.g. banks)

The role of the LED Forum is as follows:

- Vehicle to improve integrated planning of economic development (Public and Private Sector Representatives)
- Co-ordinating access to funding and finance for LED and the creation of multi-sourced funding streams Assisting local municipalities in identifying and capitalising on local competitive advantages for economic and social development
- Improving sustainable access to investment finance necessary to unlock identified opportunities Ensuring the participation of local communities
- Identifying overlaps, duplication and misalignment of National, Provincial, District and Local strategies

LED Forum Operating Mechanism

It is recommended that the LED forum operate under a TOR with special emphasis on the participation of the private sector, civil society, the community under regular and structured interaction. The TOR should be effective once excepted by the CKDM council.

Coordination of Meetings

The CKDM LED Forum should meet on a quarterly basis or when need arises. The provincial department must ensure that the District forum are operational and achieve the set objectives set out in the TOR. Once set up the District LED manager/unit is however, responsible for coordinating quarterly meetings and communicating with stakeholders. The District is also responsible for facilitating the meetings and compiling reports/minutes of meetings.

The District Forum meetings will be held in the various Local Municipalities in the CKDM. The hosting Municipality will identify the venue and carry the costs of the catering on that day. Forum meetings should only last half a day. Members of the forum should be notified of the meetings at least three weeks in advance and send apologies accordingly for non-attendance. An agenda should be drawn up and will help to achieve consistency. Meeting minutes should be kept and circulated to all members to ensure that all decisions which were taken are recorded. Consistency in the meetings is very important for the purposes of process.

Decision Making

Relevant issues will be discussed and debated at forum meetings according to the set agenda, after which consensus must be reached on a particular issue and a decision made. Decisions made at forum meetings must be integrated with the planning activities of municipalities, through the involvement of municipal LED managers with decision making powers. The relevant LED managers must therefore ensure that decisions of the LED Forum are implemented and must report back to the forum.

Relationship with External Implementation Agencies

The South African Constitution and various pieces of local government legislation give municipalities a mandate to act as a catalyst for sustainable economic development. One of the important vehicles to assist in the delivery of these objectives is Economic Development Agencies. EDA's are established to drive economic growth initiatives in defined geographical space such as Provinces, Districts and Local Municipality areas (The South African LED Network, 2009).

The CKDM is in the process of establishing a Regional Economic Development Agency. The Central Karoo is faced with numerous development challenges. The concept of establishing an EDA has been introduced to address the developmental challenges faced by the Central Karoo. The concept of the Agency has been introduced to council and consensus was reached amongst the CKDM and CKDM Council to implement the agency concept in the Central Karoo District.

The purpose of the CKEDA is to implement economic development projects within the Central Karoo as very few initiatives are implemented. Implementation of economic projects is not within the role of the municipality and capacity prohibits LED to a focus point in local and regional government. The CKEDA is a delivery mechanism that bridges the gap between the private and (local) public sector.

It is not the agency's intention to replace the LED department but only strengthening the capacity of current LED systems and resources in place within a municipal area, by using a semi-external body. Therefore, the Agency only serves as extension of municipality's role.

IDC Involvement

The IDC has a dedicated unit that support municipalities with financial resources and technical expertise, namely Agency Development Support. The IDC has set aside funding to help municipalities set up agencies. Assistance from the IDC comes in the form of three grants, totalling R18,5 million.

Coordination with National and Provincial Institutions

The Central Karoo was declared a presidential node in 2001, in terms of the Integrated Sustainable Rural Development Strategy. This strategy promotes co-operation between national, provincial and local governments. The strategy is driven by the Central Karoo District Municipality. Government spending within the district has increased dramatically because of this initiative.

The Local Economic Regeneration Programme (LERP) forms part of the government's LED Programme and is intended to enable municipalities undertake studies so as to identify economic development opportunities and viable projects for implementation. The fundamental objectives of the LERP specifically within the context of rural development nodes are as follows:

- Undertake Nodal District Economic Development Strategy;
- Maximising the impact and capitalising on the Integrated Sustainable Rural Development Programme; Strengthening the municipal Integrated Development Plans;
- Furthering municipal efforts in Local Economic Development and facilitate Black Economic Empowerment initiatives.

It is imperative that the LERP find synergies in other programmes such as the IDP, Urban Renewal, Rural Nodes, etc. In the regeneration process a value adding impact on other initiatives would represent a critical milestone by the programme. This CKDM is part of this programme.

In order to accelerate Local Economic Development (LED) across the province, the Provincial Government of the Western Cape, in partnership with the CSIR and Casidra, has developed an innovative intervention called 'Die PLEK Plan'. "DIE PLAaslike EKonomiese PLAN" aims to identify potential local and regional economic opportunities and develop these into REAL BUSINESS OPPORTUNITIES; and to assist local municipalities in defining and formulating realistic LED strategies and implementation plans. To deliver on this programme, fully trained staff is placed in the 5 regions

of the Western Cape with full 'head office' support (from provincial government and its service providers) to implement high quality LED initiatives at all municipalities. The CKDM is host to a Plek Plan office situated in BW.

Corporate governance is a key element of success when it comes to supporting economic development. DEAT recently launched two LED initiatives for the participating of the Central Karoo economic role- players and stakeholders at impacting on economic development in the region. This initiatives include

Rural Economic Assistance Fund (REAF) – is aimed at providing local economic role –player's access to provincial and non-financial support for LED opportunities for development. This engagement also intends to deliver on the follow up request received by municipalities around the challenges with securing LED funding projects.

It is important that the CKDM LED manager be aware of these initiatives in the CKDM. As well as continuously engage with the plek plan manager and build a firm relationship. This will assist in gaining funding and provincial support for LED initiatives as the PLEK plan managers report to province.

11.7

Place Marketing and LED Promotion

It is vitally important for the CKDM to have access to a focused marketing plan, as this is the mechanism used to inform and communicate the LED message to key investors and stakeholders. A focused marketing plan will provides the CKDM with a pro-active approach towards gaining investors. More specific will be the discussion around the marketing of a specific location or place i.e. place marketing. The degree of success with which local authorities will adapt to an ever changing economic environment is influenced by their ability to spread information of their town on the local, regional and national level.

Place marketing means designing a place to satisfy the needs of its target markets. It succeeds when citizens and businesses are pleased with their community, and the expectations of visitors and investors are met (Kotler et al. 2002a in Rainisto, S.K., 2003).

Place marketing is imperative to make potential investors aware of business perspectives in the Central Karoo District Municipality. This also increases knowledge of the area and would increase the effectiveness of an investment promotion programme. Three methods often used in place marketing include branding, promotional material and collaborative marketing initiatives.

The CKDM has no formal market plan in place. Since LED is non-existent within the municipality no marketing approaches in followed to promote and market LED. Tourism within the district is non-existent. Proposed marketing tools for tourism in the district might include:

- Regional Tourism DVD
- Website: www.tourismcentralkaroo.co.za

- Advertisements include the Travel Companion pocket book Yearly shows: Indaba Travel and Trade Show
- Karoo Heart Festival

Creating & Maintaining an Economic Information System

An economic information system indicates a comprehensive data basis of information relating to among other economic growth, GDP, production, inflation, capital flow, foreign and local direct investment. Economic information is essential to analyse economic performance and identify and monitor sectors with high sustained growth and development potential. This information is valuable to attract potential investors and could also be of assistance to existing stakeholders in the District.

Data that should be available within the economic data basis include the following:

- Number of businesses (sector, contact details) Available labour and skills
- Infrastructure and development opportunities List of community stakeholders
- GDP per sector and specific comparative advantages

District imports and Exports

Available land for development socioeconomic data sources LED Project Information

Some of the economic information is already available in a usable format from sources such as Statistics South Africa; however other economic data is not area specific and can only be obtained with primary research. To obtain these types of information a consultant economic research company can be appointed to conduct the analysis and obtain relevant economic data. The economic data should be updated on a regular timely basis to ensure data is recent and relevant. This is very important for the CKDM in terms of infrastructure and service planning. Implications for the CKDM are that census is outdated and funds should be secured to do sample household surveys etc.

The system should include the use of modern information technology and the development of a structure (database) within the Municipality, through Internet access. Data management should be done through Microsoft access. This is a database management programme used to build powerfull, customize organisational data.

The system will be used by Small and medium enterprises, community organizations, minority businesses, women, owned businesses, environmentalists, investore ect. Thus, they will be able to access detailed demographic, consumer and workforce data that through the internet programme. Therefore, this information should be available via a web portal on the CKDM website so B municipalities can also access it.

The database should be maintained by professional staffs that have the capacity to analyze the information. This staff should part of the Municipalities IT network.

Business chambers and other organised business bodies could be utilised to promote LED initiatives. By establishing common LED goals, beneficial to the District as a whole but also benefit each of these business stakeholders, progress can be made to promote Local Economic development.

A business chamber, often also referred to as a chamber of commerce or board of trade, indicates towards an association of businessmen that establish a business network with the purpose to protect and promote certain business interests in a specific area on a national, provincial or local level. These chambers can relate to a specific industry such as metal manufacturing, a sector such as agriculture e.g. farmers union or a geographic area such as a specific town or district.

Currently there are no formal business bodies or business chambers in the CKDM. For this reason the Municipality should motivate members of the LED forum or influential community members to ensure a network of business chambers in the District that could assist with the promotion of local economic development.

Utilizing Marketing Opportunities to promote LED

As indicated above the CKDM, businesses and community stakeholders forms the core of the planning group to market an area. Other factors such as infrastructure, attractions, the people, image and quality of life etc. are part of the marketing tools that can be used to market the CKDM. There are different types of marketing tools that can be used to market a destination. Other marketing tools which can be include for the CKDM:

- Business Chambers (BW Chamber of Commerce)
- Business Chambers could be used to promote LED initiative within the businesses belonging to the Business Chamber. It would be important that the CKDM LED Unit have a representative on the Business Chamber in order to have regular updates on what is going on in the business environment and also for the businesses to have regular update of the happenings within the CKDM.
- Expo's, Indaba's and Conferences
- The CKDM LED Unit could make use of these initiatives to market the CKDM as an investment destination. This can be promoted through the SALED network

Infrastructure Development

The creation of an enabling infrastructure environment is one of the key building blocks in the establishment of the CKDM LED Society. It is recognized that to maximize the social, economic and environmental benefits of the CKDM, government needs to invest in providing infrastructure and services. This is regarded as one of the key ingredients towards development as it is enabling factors and is part of the municipality's mandate.

Providing LED role-players with the infrastructure and services to regulate the sector effectively and efficiently can boost investment, promote innovation and build confidence in the CKDM markets.

The CKDM should therefore ensure that the following infrastructure is available and in good working condition:

Water: The availability of clean water for human consumption and for industry is imperative. The district source 100% of its water needs from its own sources. It has four dams. Each municipality is responsible for the sourcing of their own water. As water resources are scarce within the Central Karoo each municipality are faced with the challenge to research and implement alternative water sources to deal with backlogs that exist particularly in the light of the economic development initiatives envisaged. It is also important to ensure that there is sufficient water for business development specifically in the industrial and agricultural industries identified as potential projects.

CKDM need to work in partnership with the Department of Water Affairs and Forestry (DWAF) in order to source sufficient water sources and increase the availability of industrial and potable water. The DWAF can assist the CKDM in research and the implement alternative water sources.

Sanitation: Hand in hand, with water need is that of good sanitation. The Central Karoo made progress in access to sanitation. The majority of households have access to flush toilets with offsite disposal. In the CKDM the farming community is worst punished by sanitation problems with a major part of households not adequately serviced. It should be a priority of council to eradicate sanitation problems in rural areas. In 2007, the department of water affairs and forestry has allocated R1-billion to eradicate bucket toilets in established settlements by December 2007. Buckets are replaced with ventilated improved pit latrines (VIP).

The DWAF provide many water and sanitation related projects and programmes which the CKDM can enrol in. This includes:

2020 VISION FOR WATER AND SANITATION EDUCATION PROGRAMME (VFWSEP):

Curriculum Support

The Curriculum Support component of 2020 VFWSEP is the core project of the programme. Curriculum aligned educational resource materials related to water and sanitation have been developed for grades R-9. These materials are the tools which enable educators to implement water and sanitation activities within the school curriculum.

The DWAF provides ongoing support through workshops conducted jointly with the Department of Education (DOE). The Curriculum Support component of 2020 VFWSEP has a practical focus that encompasses action projects. The educators and the learners identify problems related to water, sanitation, forestry, health and hygiene and thereafter develop a plan of action to solve the problems and later engage in various projects aimed at solving the problems. The schools participate for a period of four years and thereafter an impact assessment is conducted.

Transport Infrastructure

An environment in which businesses can thrive is one where the road and rail linkages between various towns within a District/Province are efficient. In the Central Karoo, access to road network is the only means of economic survival for the business – starved area. The district is strategically positioned along the N1, which is the main National road linking the region to the North Province, Gauteng and the Free State province. The road network is good; however most of the road is gravel

due to the fact that the Central Karoo is a largely rural district. This also is a potential constraint to the district's competitiveness. Transport cost tends to be high where there is no adequate infrastructure.

The CKDM should enrol into partnership with the District Public works department to address the challenges relating to road infrastructure.

Electricity is one of the basic services that districts and local municipalities must deliver in order to create an enabling environment and to change the standard of living and lives of the people. The Central Karoo buys electricity from the state-owned parastatal, Eskom. The majority of the Central Karoo population have access to electricity. In the rural areas the use of paraffin and wood are major sources of energy. This has negative implications for child safety and pollution.

The percentage of people living below RDP standards is relatively low and imminent in farms with usage growing significantly, but the variation would be more significant if alternative energy sources are considered. The recent 60% tariff increase by ESKOM boosts a major challenge for the CKDM in providing electricity and the CKDM community electricity affordability. This is especially the case for the poorer communities. To address this challenge the municipality should consider alternative electricity sources and encourage local communities to save in electricity usage. A recommendation include the CKDM encourage with the wind generation in BW as alternative source of electricity and awareness campaigns on how to save electricity usage in the region. This process should be driven by the LED manager/ Unit.

12.0

INTEGRATED PROGRAMMING OF PROJECTS AND ACTION

Programmes will probably include:

- Infrastructure development to increase access for businesses and households;
- Business support programmes to retain existing businesses and encourage start-up or relocating businesses to enter the area;
- Spatial planning to promote land acquisition and property development for businesses and households; Skills programmes to respond to business and government for greater productivity and efficiency; and Social development programmes to increase participation in the local economy and build better lifestyles for the community.

In each area of possible programme activity, there are a range of projects which aroused.

Local Economic Development Thrusts

From a strategic development facilitation point of view, it is necessary to ensure that the appropriate linkages and interactions between programmes and projects be established. Such an integrated approach is needed to ensure the optimal rate of implementation and economic development in the CKDM. Projects identified from the programme activities are grouped into trusts.

Within these thrusts, numerous programmes have been identified which concentrate the attention on specific areas of development, which support the overall goals set by the thrusts. Each programme

further comprises specific development projects, as well as the facilitation issues that need to be addressed. The projects and facilitation actions are aimed at enabling the municipality to achieve the targets set by the development programmes and thrusts. This section, therefore, provides the framework as a set of thrusts, programmes for development, projects and development facilitation requirements identified in order to allow the expansion and growth of the municipality's economy.

A Thrust is defined as: "Planned actions aimed at creating impetus and a critical mass in the local economic environment in order to generate momentum in the economy".

12.1

Strategic thrusts

The purpose of utilising thrusts is to align actions and achieve the desired objectives of job creation, economic diversification, linkage development and an improved business environment. Seven general thrusts to be utilised in Local Economic Development in CKDM includes the following:

- As time and resources are limited, the CKDM have to be selective in what they try to measure, how they measure it, and whom to involve in the process.
- The scope for M&E activities in the different thrusts is potentially enormous:

As stated in the section above, there are many possible effects of the project, some of them immediate (e.g. formation of thrusts groups), some intermediate (e.g. adoption of technologies), and some longer term (e.g. improvement in production and income). These effects not only appear over different time-frames but form part of a complex causal sequence.

At any one time there are many different processes underway —

all of which are impacts or potential impacts of the project.

All of the programmes and projects that are to be implemented must be guided by employment creation and labour intensity as their ultimate goal. The programmes were also designed with the aim of aiding the improvement of income distribution in the municipality. The economic as well as the social and environmental impacts of development need to be taken into account. Accurate assessment of these impacts prior to the implementation of any programme must be undertaken to limit the irresponsible application of resources, both financial and environmental. Table 6.4 provide the thrusts and projects it is comprised of.

THRUST	PUBLIC SECTOR PROJECT
AGRICULTURE EXPANSION	Soya bean production Organic Seed Production • Organic farming
AGRICULTURE AND BENEFICIATION DEVELOPMENT	Industrial investment incentive packages Bicycle Manufacturing Industrial marketing campaign Food development and research centre • Industrial development strategy
WASTE RECYCLING/PROCESSING	Waste Management Systems
SMME DEVELOPMENT	• Establishment of SMME Command Centre for the CKDM Business support centre SMME procurement/outsourcing database Small business forum linked to Agriculture sector Small business forum linked to manufacturing sector • Small business development in accommodation facilities
HUMAN RESOURCE DEVELOPMENT	Tertiary training facilities (technical, hospitality, business, agriculture) • Identification of skills shortages per economic sector • On-site training facilities/projects • Recruitment database
TRANSPORT DEVELOPMENT	Upgrading of Railway lines and reopening of railway stations

12.2

Timing of the Action Plan

One of the things which should be included in LED action plans includes a realistic delivery timetable. Therefore, the above Thrusts and projects need to organise into an action plan in terms of a timeframe. Projects can be implemented in the short term and that result in “early wins” play an important role in building credibility and stakeholder confidence. Other projects will have a medium to long term timeframe.

The implementation of the various projects is categorised according to the three timeframes named above:

Immediate: Projects categorised under this category needs to be implemented as a matter of urgency. The implementation of these project are important for the implementation of other projects

Medium Term: projects categorised under this category are projects that would be implemented over a short term and does not require in depth research.

Long Term: Project categorised under this category are projects that would require in depth research and significant amounts of funding. These projects would also need more time to be implemented effectively

The timeframes for each project is subjected to the critical success factors that are applicable. Projects that can be implemented immediately, are also subjected to appropriate funding which available funding will determine the commissioning date.

Process and Programming

Decisions about how led programmes are to be monitored starts at the planning stage, where stakeholders decide what outcomes they wish to achieve. Planning of programmes is therefore often concerned with assessing which activities will achieve the desired outcomes. Once programme activities are planned each one should be accompanied by measures to assess whether the implementation is taking place and measures to access weather the outcomes are achieved. This technique is known as M&E.

As there can be considerable investment in LED programmes, M&E is critical to ensure timely implementation and progress towards outcomes. This review process is essential in reflecting on returns on investment and to ask weather social and economic change is actually occurring. It will be useful for the CKDM establish the criteria and processes for M&E at the planning stage.

Monitoring & Evaluation Framework

Monitoring and evaluation (M&E) is essential to the management of all development activities (projects, programs, organisations). If activities are to be adaptively managed, responding to changes as they occur, feedback is needed. In the CKDM this is true for farmers, local project workers, and staff of research institutes and development organisations, both government and non-government. In relation to the CKDM, M&E enables the document and evaluate progress under the different thrusts.

Indeed, M&E is an integral part of participatory research, though in the CKDM, it has not always been given sufficient attention.

Monitoring and Evaluation are distinct activities related to project cycles. Having identified, planned and initiated project under the different thrusts, the CKDM need to monitor the implementation and evaluate its achievements. Thus monitoring refers to the on-going examination of whether implementation activities are occurring as planned. Monitoring is part of project management and occurs during the life of the project, whereas Evaluation is the comparison of the actual impacts of the project against the agreed targets (objectives). Evaluation, while it may begin during the project, will extend beyond the project's life and focus area.

Participatory Monitoring and Evaluation

It is recommended that the CKDM make use of Participatory Monitoring and Evaluation. Participatory approaches to M&E entail the active involvement of local people (local community, field staff, and other local stakeholders) in the design, elicitation, analysis, and utilisation of M&E information. PM&E is motivated by functional concerns, i.e. to improve the effectiveness of M&E, as well as by concerns for the empowerment of disadvantaged groups. Table 6.6 summarises participatory evaluation.

Participation: There are two main ways to encourage participation in M&E — by whom it is initiated and conducted; and whose perspectives are particularly emphasised (all major stakeholders, beneficiaries, or marginalised groups).

Learning: The emphasis is on practical or action-oriented learning. PM&E is also seen as a means of local capacity-building.

Negotiation: PM&E is a social process for negotiating between people's different needs, expectations and views. It is also a political process which can empower and disempower different stakeholders. Negotiation results in the selective involvement of stakeholders in the design, implementation, reporting, and use of M&E.

Flexibility: PM&E emphasises flexibility and experimentation; there is no blueprint.

How to develop a monitoring and evaluation plan

M&E is a complex process in its own right with several distinct aspects. Four major steps in applying participatory M&E include:

- Planning or establishing the framework for a PM&E process, including identification of objectives and indicators
- Gathering data
- Data analysis
- Documentation, reporting, and sharing of information.

The first of these steps is clearly critical. To be effective, M&E needs to be carefully planned. Ideally, this planning should take place at the start of the project as part of the whole process of problem diagnosis and development of project activities. In practice, the M&E plan will need to be re-visited several times as the project evolves and as participants become clearer about the key indicators to measure and the feasibility of measuring them.

M&E needs to be carefully planned. Constructing an M&E Matrix ensures that the right issues are addressed

13.0

CONCLUSION AND WAY FORWARD

A critically important aspect for the successful implementation of the LED Strategy is the need to ensure that all stakeholders and parties involved in the LED process take ownership of the programmes and projects identified.

Based on the formulation of the strategy with the numerous potential products and projects, the following is recommended to achieve optimal sustainable local economic development, employment creation, and improvement in living conditions and standards, as well as human resource development:

Start focusing on the sectors with the highest development potential, followed by the sectors with less potential. Ensure balanced stimulation of growth and development within all sectors by not focusing solely on one sector,

Before embarking on the implementation of specific projects, ensure that adequate funding sources and management capacity are in place. Start implementing projects with the highest potential for stimulating economic growth and development. Make sure that the projects that stimulate economic growth do not adversely affect the environment or human living conditions.

Set reasonable time frames for implementation and ensure effective and continuous monitoring of project progress and impacts

The role of CKDM should be focused on creating an LED unit to coordinating and integrating all LED initiatives within the district, as well as facilitating stakeholder participation and the formation of public-private partnerships. The District LED Unit is, however, not responsible for implementation, running of projects, compilation of business plans, etc. The CKDM is therefore in need of a special purpose vehicle to act as the implementation arm for LED within the area. This role can be fulfilled by the Central Karoo Economic Development Agency (CKEDA).

The District LED Unit needs to be capacitated to steer local economic development in the CKDM. This could be done by doing a skills audit to ascertain the capacity requirements. The LED department, the Central Karoo Economic Development Agency and the LED forum need to clarify the segregation of duties. This will prevent duplication of effort and ensure that good outcomes are achieved in spite of limited human and financial resources.

Incentives need to be created to attract the private sector to invest in the Central Karoo region. The achievement of local economic development will be made easier when there is participation from all sectors within the CKDM.

For LED to function fully LED role-players should receive constant training. There are various ways in which the Staff members can be trained and be capacitated to do LED. Firstly, training can be done by

using in-house training material and on the job training, secondly, by attending courses at universities/colleges in CKDM, WC Province or South Africa.

It is also important that the monitoring and evaluation elements of the Strategy are incorporated into the performance management system of the Central Karoo District Municipality. This will ensure accountability and responsibility for the implementation of the LED Strategy and its programmes, and will eradicate potential conflicts.

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