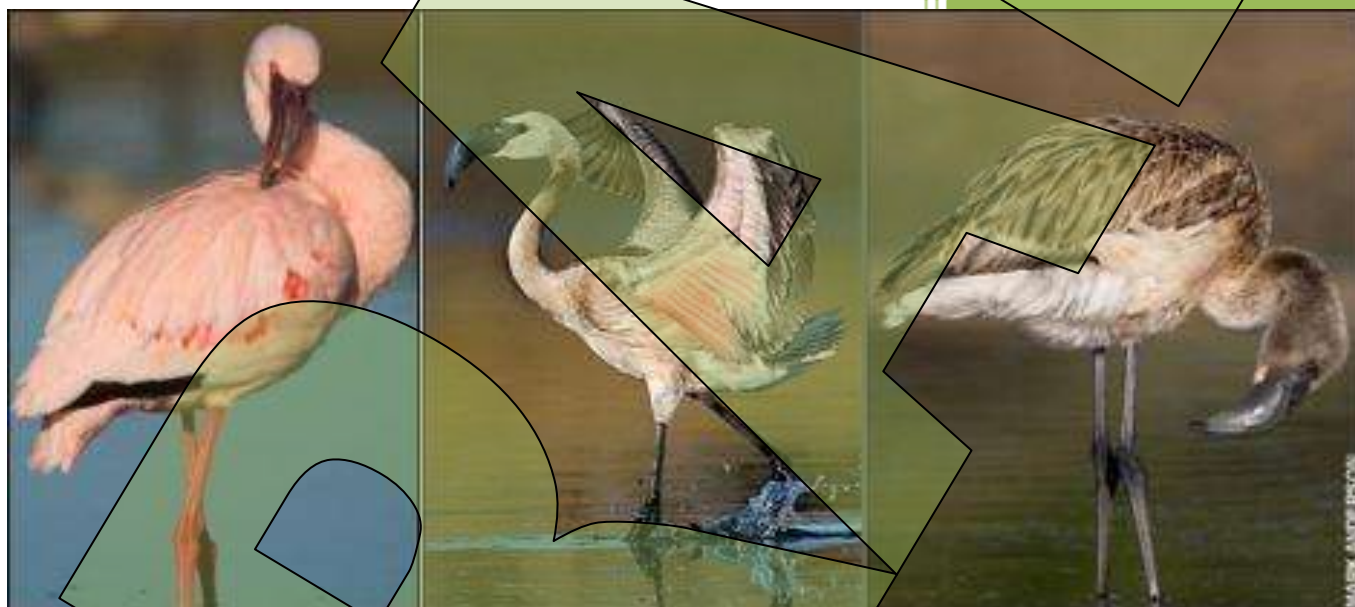


2009

DTI: Khulis'Umnotho  
Frances Baard District Municipality  
Local Economic Development Strategy



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## *Executive Summary*

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## *Acronyms*

ASGISA	Accelerated and Shared Growth Initiative for South Africa
BBBEE	Broad Based Black Economic Empowerment
BBSDP	Black Business Supplier Development Programme Grant
BPO&O	Business Process Outsourcing and Off Shoring
BRAIN	Business Referral and Information Network
CBD	Central Business District
CBO	Community-Based Organisation
CIPRO	Companies and Intellectual Property Registration Office
CSI	Corporate Social Investment
DBSA	Development Bank of Southern Africa
DEAT	Department of Trade and Industry
DM	District Municipality
DMA	District Management Area
DME	Department of Minerals and Energy
DPLG	Department of Provincial and Local Government
DTI	Department of Trade and Industry



EMIA	Export Marketing and Investment Assistance
ETDP	Education, Training and Development Practices
FBO	Faith-Based Organisation
GDP	Gross Domestic Product
GDS	Growth and Development Strategy
GGP	Gross Geographic Product
HIV/AIDS	Human Immunodeficiency Virus/Acquired Immune Deficiency Virus
ICT	Information and Communication Technology
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
IGR	Inter-Governmental Relations
IT	Information Technology
KPI	Key Performance Indicator
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
LM	Local Municipality
LPR	Labour Participation Rates
M&E	Monitoring and Evaluation
MIG	Municipal Infrastructure Grant
NCEDA	Northern Cape Economic Development Agency
NDPG	Neighbourhood Development Partnership Grant
NGO	Non-governmental Organisation
NOCCI	Northern Cape Chamber of Commerce
NSBC	National Small Business Council
PEA	Potentially Economically Active Population
PPP	Public Private Partnership
RIDS	Regional Industrial Development Strategy
RSA	Republic of South Africa
SADC	Southern Africa Development Community
SBSC	Small Business Support Centres
SDF	Spatial Development Framework
SEDA	Small Enterprise Development Agency
SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SMEDP	Small and Medium Enterprise Development Programme
SMME	Small Medium Micro Enterprise
SSP	Skills Support Programme
SWOT	Strengths, Weaknesses, Opportunities and Threats
WESGRO	The Western Cape Investment & Trade Promotion Agency

## Section 1: Introduction

### 1.1 Introduction

The Department of Trade and Industry (DTI) appointed Urban-Econ to partake in Project Khulis'umnotho ('Growing the Economy') aimed at building the capacity of 18 of South-Africa's District Municipalities in terms of addressing local economic development (LED).

*Frances Baard District Municipality* (FBDM) in the Northern Cape Province forms one of the 18 identified District Municipalities to be included in Project Khulis'umnotho and is one of the four District Municipalities chosen for the Northern Cape. The aim of the Khulis'umnotho project is to provide the Frances Baard District Municipality with a credible LED Strategy.

The purpose of the LED Strategy is to collate all economic information and investigate the coordinated and integration options and opportunities available to broaden the economic base of the FBDM. This will be packaged as a strategic implementation framework in order to address the creation of employment opportunities, investment and business development and the resultant positive spin-off effects throughout the economy of the FBDM.

Furthermore, it is also aimed at ensuring that the municipality can efficiently and effectively facilitate the creation of an appropriate enabling environment conducive to economic development and investment. This can, however, only be done if and when the current development situation in the area is understood and economic opportunities then determined. Analysis has therefore been undertaken to provide the foundation by assessing the current **demographic**, **socio-economic** and **economic** characteristics and trends of the area and by highlighting the main challenges faced in the area.. Such an overview is provided in a manner that will indicate the development needs of the local communities and municipality in terms of capacity. The following specific features are discussed:

- **Demographic features**
- **Socio-economic features**
- **Economic features**
- **Municipal Profile**

It is important to realise that previous studies have been completed and undertaken throughout the FBDM area. However, as the scope of these research projects do not always reflect the situation at a local level, the relevant information are extracted and a referencing approach is utilised to ensure suitable credit is presented for non-Urban-Econ work. In addition a consolidated LED document was undertaken in May 2006, and adopted by Council in 2009. This document was utilised as a basis on which to build the credible LED so as to ensure that valuable information has not been lost in this process.

### 1.2 Objectives of Project Khulis'umnotho

According to the DTI, the objectives of Project Khulis'umnotho are to assist the selected district municipalities to develop **credible** LED Strategies which integrate seamlessly with their Integrated Development Plans (IDP's). A credible LED Strategy should include the following aspects:

- Economic profile/state of the economy of the district municipality/ metro

- A LED vision and objectives
- A LED Strategy outlining the enabling environment for economic development in the District
- List of projects (both public and private) with (these should have project proposals with objectives, beneficiaries, role players and their roles, institutional imperatives, funding and the duration)
- Implementation/action plan (inclusive of Capacity Building Strategy)
- Monitoring and evaluation model

Other objectives include the following:

- To build the municipalities' capacity on economic profiling, project packaging and implementation and financial modelling taking into account work that has already been done in other areas.
- Build the capacity of LED units to facilitate LED processes and prepare credible and budgeted LED plans.
- To establish institutional structures (RGCs) for economic development where they do not exist and build the capacity of these structures, including those structures that are existing but lack capacity.

### 1.3 Scope of Work & Outputs

Frances Baard received assistance from Urban-Econ in the following areas:

- Collation and analysis of the district's economy and the identification of the competitive and comparative advantages of the area
- Identification of specific intervention programmes and projects that would address the growth and development challenges of the area for immediate implementation.
- LED strategy (Regional Industrial Roadmaps) (RIR) for Frances Baard.
- The identification and use of all national and provincial support programmes, which could address the challenges for the economic development of the area.
- Assess, establish and make recommendations to strengthen the functional LED structures and forums..
- Development and implement a capacity building programme for the structures that are not functioning effectively and those that are new.
- Development of a framework for monitoring and evaluating progress.
- Capacitation in economic analysis so that Frances Baard is able to do this on its own in the future.
- Development of an implementation/LED plan for the district including integration with the local municipalities.

### 1.4 Facilitation

In addition, Urban-Econ facilitated the following:

- Facilitation of Stakeholder engagement/consultation
- Administrative support (scheduling of events and meetings and documenting of such processes).
- An understanding of national programmes such as the National Spatial Development Perspective (NSDP), Provincial Growth and Development Strategies (PGDs) and National LED Framework
- Assisting in the development of an implementation and action plan with goals, clearly specified activities and projected detailed budgets.

The specific outcomes of this project can thus be identified as follows:

1. Strengthening the planning, development and implementation of Frances Baard
  - Greater ownership through participation by all LED stakeholders in the planning and implementation process

- Strategically more coherent LED strategy that take cognisance of spatial planning and IDPs
- Practical and implementable action plan with resource needs identified and allocated
- Increased capacity of district to deliver effective LED service

2. Reinforce the organisation and human capacity of municipalities to facilitate, plan and implement LED

## **1.5 Interaction with FBDM throughout the Project**

As part of this study a Capacity Building programme was also implemented. As part of the FBDM capacity building programme the following workshops were conducted:

- Initial Meeting
- LED Profiling Workshop
- Opportunity Analysis Workshop
- Final LED Strategy Workshop

### **1.5.1 Initial Meeting**

An initial meeting was held at the FBDM on Monday 18 February 2008. The purpose of the meeting was to initiate the project process, acquaint the various stakeholders with each other, and assess the status quo of the district. Discussion was centred on the status of documentation, LED capacity, Local Municipality LED capacity, special purpose vehicles and other services, LED projects, district issues/problems relating to LED, and identified opportunities for the district.

Information from this meeting provided the opportunity to evaluate the current LED Strategy and LED Unit in order to provide the necessary steps within this process to address the gaps identified.

**It is important to note that the current Consolidated LED Strategy of the FBDM has also been conducted by Urban-Econ in 2006. However the Strategy was only approved by the FBDM Council in 2009. The process of conducting the new LED Strategy has however consulted with the previous LED Strategy in order to ensure alignment between the two documents.**

### **1.5.2 LED Profiling Workshop**

The LED Profiling Workshop was held at the FBDM on Monday the 2<sup>nd</sup> and Tuesday the 3<sup>rd</sup> of June 2008. The purpose of this meeting was to capacitate those individuals responsible for LED within the FBDM in understanding the local economy. Data profiling is an essential step in the LED process as it provides up-to-date information on the local economy, which in turn allows analysis on this economy to be undertaken. This information therefore provided a launch pad for strategic interventions and decision-making.

The aim of the workshop was to provide the various stakeholders with the following:

- To recognise the key economic concepts, principals and definitions of LED
- To understand basic economic terminology
- To understand what is meant by LED
- To understand how to compile a profile of the local economy

### **1.5.3 Opportunity Analysis Workshop**

The Opportunity Analysis Workshop was held on the 3<sup>rd</sup> of November 2008. The purpose of the workshop was to present the FBDM with the main findings of the Opportunity Analysis conducted for the FBDM. The FBDM

were presented with the methodology utilised in order to conduct the Opportunity Analysis and with the main opportunities identified. This provided the FBDM with the opportunity to comment on the identified opportunities and/or suggest any other possible opportunities not included. These were then further investigated by Urban-Econ.

### 1.5.4 Final LED Strategy Workshop

The final LED Strategy Workshop was held on the 16<sup>th</sup> of July 2009. The purpose of the workshop was to provide the FBDM with an overview of the completed LED Strategy. This workshop was also utilised to provide the FBDM with the projects implementation guidelines and an overview of the capacity and strategic requirements as outlined in the final LED Strategy. The integrated LED Strategy was also presented to the FBDM in order for the District to provide Urban-Econ with comments and/or questions regarding the information presented.

## 1.6 Concept of Local Economic Development

Local Economic Development is an approach towards economic development that allows and encourages local people to work together to achieve **sustainable economic growth and development**, thereby bringing economic benefits and improved quality of life for all residents in a DM area. While LED is a relatively recent phenomenon in South Africa, it has been applied as a programme to improve the economic performance of municipal areas. It focuses attention on the local level as the most appropriate place for economic intervention, as this level should be the most readily accountable to the public, while having the legitimacy of being democratically elected. LED is an **ongoing process**, rather than a single project or a series of steps to follow. It involves identifying and using local resources, ideas and skills to stimulate economic growth and development.

The aim of LED is to create employment opportunities for local residents, alleviate poverty and redistribute resources and opportunities to the benefit of all local residents. In order for Local Economic Development to be effective, a community needs to identify and consider its own economic strengths, weaknesses, opportunities and threats and agree on a shared strategy. This strategy is then fed into the IDP, so that main projects are auctioned and provided with a budget

LED is characterised by the following objectives:

- Establishing a job-creating economic growth path;
- Embarking upon sustainable rural development and urban renewal; and
- Bringing the poor and disadvantaged to the centre of development

### 1.6.1 LED Roles and Responsibilities

LED involves government, the private sector and civil society. It is not a specific action or programme, but occurs when a spectrum of stakeholders harness their individual resources and ideas to strive for a better economic status within a locality. Thus, all the stakeholders have responsibilities and roles to play in the process. The roles and responsibilities of the various tiers of government, as well as civil society, in local economic development are outlined by the Resource Book for Municipal Councillors and Officials (2001) as:

#### National Government

- Co-ordinate and align support to municipalities for LED through their IDP process;
- Provide support to municipalities to implement their developmental mandate;

- Provide the overall legislative and regulatory framework for LED;
- Maintain strong inter-governmental relationships and institutions;
- Provide the necessary resources to municipalities for the implementation of LED;
- Disseminate information to provincial and local government about LED;
- Increase administrative efficiency (such as access to land and finances); and
- Monitor the outcomes and impact of municipal-led LED activities.

#### Provincial Government

- Align LED initiatives with national and local priorities;
- Strengthen and support the capacity of local government;
- Make available financial and technical resources to implement and sustain LED;
- Share information regularly (provincial economic trends, land use, investment, new developments) with municipalities; and
- Monitor and evaluate the impact of LED initiatives provincially.

#### District Municipalities

District municipalities are better positioned to provide a coordinating and supporting role to the local municipalities within their broad geographic areas. They have the following direct responsibilities:

- Plan and co-ordinate LED strategies within the frameworks of IDP;
- Establish the LED structure comprising of the district and local municipalities, to foster co-operation and co-ordinate LED policies, strategies and projects within the district;
- Identify lead LED sectors that can kick-start development within districts by undertaking economic research and analysis;
- Promote joint marketing, purchasing and production activities;
- Promote networking of firms within the district (e.g. tourism routes);
- Collect and disseminate information to assist local municipalities with LED policies;
- Identify resource availability (e.g. grants, land, infrastructure, etc.);
- Maintain a strong relationship with the province; and
- Provide the necessary training to municipalities.

#### Local Municipalities

Local municipalities are the **key LED implementation agencies** of government. They have a more direct impact on LED in terms of their potential influence on issues and factors such as by-laws, tender and procurement procedures and other regulations. They also have a more direct influence on access to land and the necessary infrastructure and services, promoting a positive image of their area, making their environment more appealing and welcoming investors and visitors, facilitating skills development and being responsive to the needs of the local and potential business concerns. Local authorities, therefore, need to be proactive in promoting economic development. In view of the above, local municipalities have the following responsibilities:

- Ensure that social and economic development is prioritised within the municipal Integrated Development Plans (IDP"s);
- Conduct local economic regeneration studies as part of the IDP"s;
- Establish capacity within the municipality to promote interdepartmental collaboration;
- Establish an LED forum within the community to mobilise the efforts and resources of local stakeholders around a common vision;
- Build and maintain an economic database to inform decisions and act as an early warning system for the municipality;

- Identify and market new economic opportunities;
- Create an enabling environment for local businesses through efficient and effective service and infrastructure delivery;
- Improve the quality of life, and facilitate economic opportunities for the local population by addressing infrastructure and service delivery backlogs;
- Develop an understanding and communicate the complex local economic relations, limitations and advantages to role players;
- Network with key sectors and role players to create partnerships and projects;
- Motivate and support individuals, community groups and local authorities to initiate and sustain economic initiatives;
- Mobilise civil society to participate in LED and encourage public participation; and
- Establish sector linkages and clustering of economic activity.

### Civil Society

The new developmental form of local government puts emphasis on civil society involvement in local government activities. For civil society involvement to have the desired effect, representatives should have the legibility and respect of the people or organisations they represent. Civil society should also share a common LED vision with the local municipality within which they reside.

- A community must have a core of local, capable and respected leaders who are prepared to commit time and energy to LED. The active engagement of women and young people in the leadership is essential;
- Community leaders need to have or acquire the necessary skills, knowledge and attitudes necessary to manage economic change;
- Leaders must operate in a transparent manner and be accountable;
- Leaders must be willing to report, listen and ensure the support of the community;
- Leaders should provide inspiration and participate in developing new layers of leadership;
- The community must adopt a practical development agenda which focuses on realistic and sustainable goals, long-term plans and achieving small visible improvements by getting people involved; and
- The goals must be realistic and address the community's needs. To achieve this, there needs to be constant evaluation and adjustment of the action plan.

## **1.7 Structure of the Report**

**Section 2 Policy Review:** This chapter provides an overview of the national, provincial, district and local municipal planning initiatives that provide the framework in which the LED Strategy will be developed.

**Section 3 Data Profile & Economic Scan:** The Data profile provides a demographic & economic overview of the Frances Baard District Municipality and assesses indicators such as population growth, education, income, and GGP.

**Section 4 Opportunity Analysis & Project Identification:** The opportunity analysis incorporates a SWOT and local sectoral potential analysis which assists in creating an understanding with regard to the sectoral competitive advantages of the local economy and is used to determine the development potential within the Frances Baard District.

**Section 5 Development Framework:** The Development Framework provides a distinction between public and private sector projects. The identified projects are also prioritised in this Section.

**Section 6 Implementation Manual:** The Implementation manual provides guidelines for the preparation and implementation of the LED projects identified in **Section 4**.

**Section 7 Strategic Alignment & Institutional Framework:** The Strategic Alignment & Institutional Framework provides an overview of the current institutional structure of the FBDM and provides possible solution for specific issues.



## Section 2: Policy Review

### 2.1 Introduction

In establishing an appropriate Local Economic Development (LED) framework for the Overberg 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 and Local initiatives. For each policy mentioned, a brief description is provided, followed by the direct implications for the Overberg District Municipal area. This policy analysis will be completed for national, provincial and district policies and legislation. More specifically the following policies will be reviewed:

#### National level:

- The Constitution
- The White Paper on Local Government
- Accelerated and Shared Growth Initiative for South Africa (AsgiSA)
- National Spatial Development Perspective (NSDP)
- The Tourism Growth Strategy
- The Municipal Systems and Municipal Structures Act
- Local Government: Municipal Finance Management Act (no.56 of 2003)
- Joint Initiative on Priority Skills Acquisition (JIPSA)
- The Broad-Based Black Economic Empowerment Act
- The National Local Economic Development Framework
- Integrated Sustainable Rural Development Strategy
- Regional Industrial Development Strategy (RIDS)
- National Strategy for the Development and Promotion of Small Businesses in South Africa

#### Provincial Level:

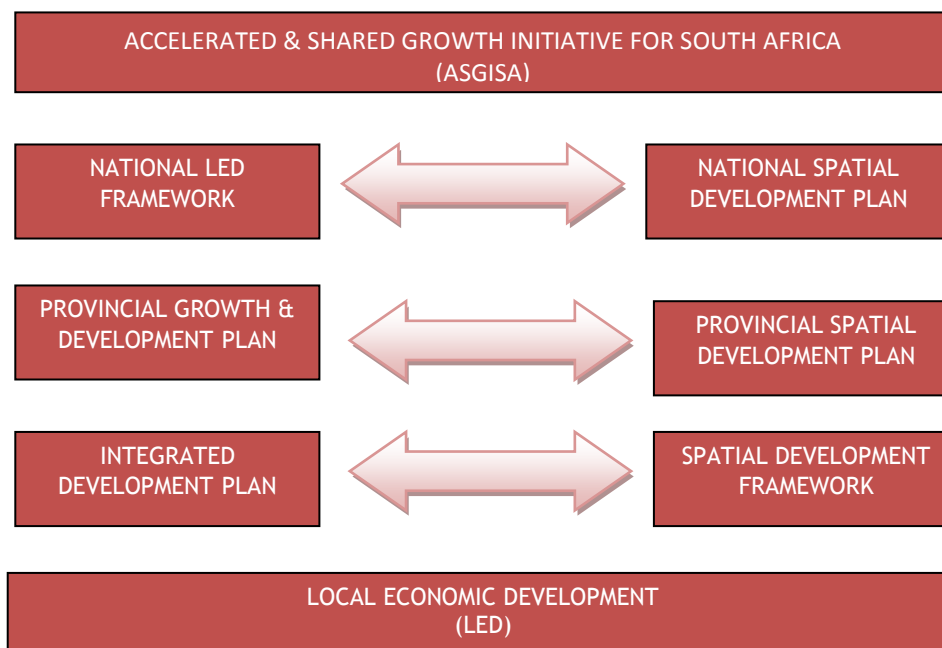
- Northern Cape Provincial Growth and Development Strategy (NCPGDS) 2004-2014
- Northern Cape Provincial Spatial Development Strategy
- Northern Cape Local Economic Development Strategy
- Northern Cape Agriculture & Agro-Processing Sector Development Strategy
- Northern Cape Province Mineral Sector Development Strategy
- Provincial LED Related Initiatives

#### District Level:

- Integrated Development Framework of the Frances Baard Municipality
- Frances Baard Growth and Development Strategy
- Frances Baard District Municipality Consolidated Local Economic Development Strategy
- Frances Baard Spatial Development Framework

Figure 2.1 is a graphic illustration of how these policies interact with one another.

**FIGURE 2.1: POLICY ALIGNMENT**



## 2.2 Policy Review

The following sub-section provides an overview of the above mentioned National, Provincial and District Policies and the impact of each of these policies on the FBDM LED Strategy. **Table 2.1** provides the review of the National Policies, **Table 2.2** provides the review of the Provincial Policies, **Table 2.3** provides the review of the District Policies and **Table 2.4** provides the review of the Local Policies.

# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

**TABLE 2.1: NATIONAL POLICY REVIEW**

Policy/Legislation	Description	Implications
<b>The Constitution</b>	The Constitution (Act 108 of 1996) is the cornerstone for all legislation and policy-making in South Africa. In particular, chapter 7 defines the role of local government in its community with regard to objectives and duties it must fulfil.	<i>Frances Baard District Municipality is legally bound to promote social and economic development within its community. This implies that public investment should largely focus on developing the municipal area in terms of local economic development and providing for the basic needs of the community. Thus it is important that the FBDM provide services, infrastructure provision, community services, educational components and business support to area that lack these services or in area where improvements of these services are required.</i>
<b>The White Paper on Local Government</b>	This policy identifies local government's responsibilities with regard to economic development. This includes promoting their respective localities, SMME's and providing skills training.	<i>The White Paper has a direct impact on the development, policy formulation and human resource development projects of the local municipality. It emphasises the need and importance of local municipal support to business through training and development of support centres. It is important that FBDM provide the local businesses with the required support structures but also providing the local communities with the required skills in order to obtain job opportunities through the implementation of Training programmes and/or promoting possible training programmes to the local communities..</i>
<b>Accelerated and Shared Growth Initiative for South Africa (AsgiSA)</b>	In 2004, the South African government set an objective to halve poverty and unemployment by the year 2014. In order to achieve this objective, South Africa has to maintain an average growth rate of 5% until the year 2014 and increase and improve labour-absorbing economic activities. The Accelerated and Shared Growth Initiative for South Africa attempts to direct South Africa's developmental path so that the	<i>The Frances Baard District Municipality must make concerted effort to meet national growth targets and focus on developing areas identified as having high growth potential by AsgiSA. In addition, the FBDM should focus on developing areas identified as having high growth potential by AsgiSA. Relevant areas for the FBDM include BPO&amp;O, tourism and agro-processing. It is important that the FBDM ensures that economic growth generated in the area is</i>

# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

Policy/Legislation	Description	Implications
	aforementioned objective can be achieved.	<i>sustainable and shared among all residents within the FBDM.</i>
<b>National Spatial Development Perspective (NSDP)</b>	The NSDP provides a framework within which to discuss the future development of the National space economy by reflecting the localities of severe deprivation and need, of resource potential, of infrastructure endowment and of current and potential economic activity by describing the key social, economic and natural resource trends and issues shaping the National geography.	<i>The NSDP states that economic growth should be a pre-requisite for the achievement of other policy objectives, key among which would be poverty alleviation. It further states that efforts to address past and current social inequalities should focus on people not places.</i>
<b>The Tourism Growth Strategy</b>	The Tourism Growth Strategy provides a three year plan (2008-2010) to boost South Africa's competitiveness in the global tourism and travel market. Through increasing global competitiveness, the tourism industry aims to contribute significantly to AsgiSA's growth target of 5%.	<i>Tourism is a 'major contributor to the local economy' of the FBDM. Consequently, the FBDM is expected to contribute to the TGS (and ultimately AsgiSA) through developing and expanding its existing market in a way that promotes transformation, distribution and sustainability in the industry. This suggests that a local tourism strategy is essential for boosting economic development in the area.</i>
<b>The Municipal Systems and Municipal Structures Act</b>	The Municipal Structures Act of 1998 defines types and categories of municipalities, division of functions and powers within municipalities, and the regulation of internal systems. Alternatively, the Municipal Systems Act of 2000 provides municipalities with guidelines which 'enable municipalities to move progressively towards the social and economic upliftment of local communities' so that basic services may be met.	<i>According to the Municipal Structures Act Local municipalities are responsible for the delivery of municipal services. If a given local municipality does not have the requisite capacity to provide municipal services the FBDM can provide municipal services directly until the local capacity is developed.</i>  <i>The Municipal Systems Act legally bounds the FBDM to fulfil its duties and produce an IDP and LED strategy to guide economic development within the FBDM.</i>
<b>Joint Initiative on Priority Skills Acquisition (JIPSA)</b>	JIPSA is developed as part of AGISA to facilitate the acquisition of skills prioritized by ASGISA and to engage with businesses to meet their Broad Based Black Economic Empowerment (BBBEE) obligations for skills development, as all empowerment Charters have an obligation for skills	<i>The Frances Baard District Municipality 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. FBDM will need to develop training programmes in order to promote human resource development in the area.</i>

# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

Policy/Legislation	Description	Implications
	development that need to be realised. JIPSA will also look to organised labour to lead and demonstrate innovation in working together with government and business to enhance productivity and secure training for quality jobs.	
<b>The Broad-Based Black Economic Empowerment Act</b>	To uproot inherited social imbalances, the Broad-Based Black Economic Empowerment Act of 2004 was passed. Here, systematic measures are in place to uplift the previously disadvantaged community. Designated individuals include Africans, Coloureds, Indians, women, workers, the youth, disabled persons and those that live in rural communities.	<i>Frances Baard District Municipality is responsible for addressing the issue of transformation in its community. Therefore, sector strategies and development policies established by the Overberg Municipality must be compliant with the BBBEE legislation.</i>
<b>The National Local Economic Development Framework</b>	In order to achieve consistency and uniformity in LED strategies, a national framework has been established in which specific outcomes over the 5 year period are defined.	<p><i>This Framework sets out three key roles that the FBDM need to ply in the Local Economic Development environment of the FBDM area.</i></p> <p><i>These roles are:</i></p> <ul style="list-style-type: none"> <li>• <i>Provide Leadership and direction in policy making</i></li> <li>• <i>Administer policies, programmes and projects</i></li> <li>• <i>Be the main initiator of economic development programmes through public spending, regulatory powers and their promotion of industrial, small business development, social enterprises and cooperatives</i></li> </ul>
<b>Integrated Sustainable Rural Development Strategy</b>	The purpose of the Integrated Sustainable Rural Development Strategy is to enhance the welfare of the poor that inhabit rural areas of South Africa. Municipalities are key players in the implementation of the ISRDS due to their decentralized nature and ability to physically interact with their respective rural communities.	<i>Frances Baard District Municipality is responsible for transforming 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.</i>
<b>Regional Industrial Development Strategy (RIDS)</b>	The RIDS presents a comprehensive framework for industrial development in South Africa and builds on the outcomes of the	<i>The RIDS aims to bridge the first and second economy gap. This could also be of value for the Frances Baard District Municipality in</i>

# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

Policy/Legislation	Description	Implications
	National Spatial Development Perspective (NSDP). The NSDP acknowledges the fact that the landscape of economic development is not equal across all regions in the country. Echoing the NSDP, the RIDS calls on all regions to build their industrial economies based on local competitive advantages and opportunities.	<i>order to bridge the gap between the first and second economy.. The RIDS also presents a comprehensive framework for industrial development in South Africa. Industrial development is also needed in the FBDM. Support funds will be launched by the DTI that will support local industrial development projects, which will contribute thus to the industrial development of the FBDM.</i>
<b>National Strategy for the Development and Promotion of Small Businesses in South Africa</b>	This strategy aims to boost and transform the South African economy through promotion of small businesses. This will lead to increased employment opportunities and an environment that facilitates entrepreneurialism.	<i>In promoting local economic development, it is essential for the FBDM to promote the growth of its business sector. In order to do this, FBDM 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.</i>

**TABLE 2.2: PROVINCIAL POLICY REVIEW**

Policy/Legislation	Description	Implications
<b>Northern Cape Provincial Growth and Development Strategy (NCPGDS) 2004-2014</b>	<p>The core purpose of the NCPGDS is to enable stakeholders from public, private and parastatal sectors together with labour and civil society to determine a plan for sustainable growth and development of the Northern Cape. The NCPGDS sets to tone for development planning and outlines the strategic planning direction in the Province. The main objectives set by the NCPGDS for development planning in the Province are:</p> <ol style="list-style-type: none"> <li>1. Promoting the growth, diversification and transformation of the provincial economy;</li> <li>2. Poverty reduction through social development;</li> <li>3. Developing requisite levels of human and social capital;</li> <li>4. Improving the efficiency and effectiveness of governance</li> </ol>	<p><i>The NCPGDS identified the following priority sectors:</i></p> <ul style="list-style-type: none"> <li>• Agriculture and Agro-Processing</li> <li>• Mining and Mineral Processing</li> <li>• Manufacturing</li> <li>• Fishing and Mari culture</li> <li>• Tourism</li> </ul> <p><i>It is necessary for the Frances Baard District Municipality to work in conjunction with the Northern Cape Provincial government to vertically align goals of local IDP's (and subsequently LED frameworks) with the NCPGDS..</i></p>

# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

Policy/Legislation	Description	Implications
	and other development institutions; 5. Enhancing infrastructure for economic growth and social development.	
<b>Northern Cape Provincial Spatial Development Strategy</b>	The Northern Cape Province is still in the process of formulating a Spatial Development Strategy, but as part of the NCPGDS there is a Section dedicated to this aspect. It states that the Spatial Development Strategy should not only give effect to national spatial development perspectives, but should also make provision for provincial, district and local development priorities for the space economy in the Northern Cape. This will provide a means to guide strategic decisions regarding the location and distribution of resources in time and geographic space.	<i>Key issues that will be addressed by the Spatial Development Strategy are Established growth centres, Emerging growth centres, Stagnating small towns, Land Reform areas, Development corridors and Special resource areas. It would be important for the FBDM to be aware of nodes and/or corridors to be developed within the municipal area in order to align the LED initiatives with these nodes and/or corridors.</i>
<b>Northern Cape Local Economic Development Strategy</b>	The Northern Cape LED is currently being formulated and is aimed at building a shared understanding of LED in the Province and to put into context the role of local economies in the provincial economy. It seeks to mobilise local people and local resources in an effort to fight poverty	<i>Although the Northern Cape LED is currently still being formulated it is important that the FBDM align their initiatives with those identified in the Northern Cape LED. This will ensure a coordinated approach to economic growth and development within the FBDM which falls within the Northern Cape Provinces</i>
<b>Northern Cape Agriculture &amp; Agro-Processing Sector Development Strategy</b>	The Agriculture and Agro-Processing Strategy forms part of a series of economic sector strategies that aim to better align initiatives and coordination within these sectors. The Agriculture and Agro-Processing Strategy provides specific strengths and weaknesses within the Agricultural Sector of the Northern Cape and provide initiatives and support mechanisms for the development of this sector.	<i>The FBDM need to align their Agriculture and Agro-Processing initiatives with this Strategy in order to contribute to the better alignment and coordination of the Agriculture and Agro-Processing Sector within the Northern Cape.</i>
<b>Northern Cape Province Mineral Sector Development</b>	The Mineral Sector Development Strategy also forms part of the series of economic sector strategies. The Northern Cape Province	<i>The Frances Baard District Municipality have large amounts of minerals in the area, however it would be the responsibility of the</i>



**FRANCES BAARD DISTRICT MUNICIPALITY**  
DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

Policy/Legislation	Description	Implications
<b>Strategy</b>	has very rich mineral deposits and this strategy aims to align the various initiatives in the Northern Cape regarding the Mining Sector. It is important to note that although the Mining contributes largely to the GGP of the Northern Cape the sector is in decline and as part of this strategy the Northern Cape Province are looking at better job creation opportunities by diversifying the Mining industry.	<i>FBDM to promote the diversification of the Mining industry in order to provide better job opportunities for the local communities.</i>
<b>Provincial LED Related Initiatives</b>	<p style="text-align: center;">The following are Provincial LED Initiatives that would have an impact on the FBDM:</p> <p><b><i>Manufacturing Cluster and Centre's</i></b> The Department of Economic Affairs has in an effort to establish manufacturing centres in all 5 districts within the province established a partnership with the Centre for Advanced Manufacturing (CFAM) based at the University of the North West. This is in an effort to facilitate local manufacturing of a range of products (list of 10 products to the value of R100 million) that has been identified. This will give a boost to the economy as this will service the agricultural and mining sector which relies on other provinces for such services. The project will have four major phases and it is hoped that the project will benefit women, youth and the disabled, approximately 100 jobs will be created from this initiative.</p> <p><b><i>Business Process Outsourcing &amp; Off Shoring</i></b> Two main centres have been identified as the centres for business process outsourcing and off-shoring. These centres are Sol Plaatje and Ga-Segonyana Municipalities. It is hoped that a total of 350 jobs will be created over the 08/09 and 09/10 financial years. The Northern Cape was part of a delegation that visited the United States and the Netherlands which aimed to brand South Africa as a destination for BPO &amp; O.</p> <p><b><i>Upgrade of Kimberley Airport</i></b> An amount of R20 million has been set aside for the upgrading of the Kimberley airport. The project will include the upgrade of the airport's arrival and departure lounge, the upgrade of the lighting in the airport runway, the upgrading of the restaurant in the airport, the upgrade of the car rental kiosk and the extension of the airport's point entry.</p>	



# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

**TABLE 2.3: DISTRICT POLICY REVIEW**

Policy/Legislation	Description	Implications
<b>Integrated Development Framework of the Frances Baard Municipality</b>	<p>The Frances Baard District Integrated Development Plan is a holistic strategic plan that provides an overview of the development strategies envisaged for the whole district. It provides strategic direction; it coordinates and aligns the initiatives of local municipalities in the district with those of the Provincial Sector Departments. The district Integrated Development Plan mainly focuses on the following aspects:</p> <ul style="list-style-type: none"> <li>• Socio-economic development – especially economic growth, job creation, and poverty eradication, broad based black economic empowerment and environmental development.</li> <li>• Service delivery, with emphasis on the provision of basic services.</li> <li>• Governance, specifically as it relates to deepening democracy, thus through the ward committees system, capacity building, etc.</li> </ul> <p>It is critical that the strategies adopted in the District IDP are aligned with the principles of NSDP and the objectives of the Northern Cape Provincial Growth and Development Strategy (NCPGDS).</p>	<p><i>The IDP addresses the existing needs of the communities in the Frances Baard District, through a framework of sustainability and identified roles and projects for the Frances Baard District Municipality, which includes the Phokwane Municipality, the Magareng Municipality, the Dikgatlong Municipality and the Sol Plaatje Municipality.</i></p>
<b>Frances Baard Growth and Development Strategy</b>	<p>The FBDM GDS is envisaged as a process of collective planning to improve alignment between spheres of government and other social partners to impact on poverty and accelerated shared growth. The FBDM GDS provides an action plan to meet the development needs of the community. The GDS aims to achieve this through the further development of leading economic sectors namely:</p>	<p><i>It is important that the FBDM align these initiatives and those identified within the LED Strategy in order to ensure better development of the FBDM economy as a whole. These priority economic sectors provide an opportunity for focussed development within the FBDM.</i></p>

# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

Policy/Legislation	Description	Implications
	<ul style="list-style-type: none"> <li>• Agriculture and Agro-Processing</li> <li>• Mining and Mineral Processing</li> <li>• Tourism</li> <li>• Manufacturing</li> <li>• Transport</li> <li>• Services</li> <li>• SMME Development</li> <li>• Institutional Capacity Building</li> </ul>	
<b>Frances Baard District Municipality Consolidated Local Economic Development Strategy</b>	<p><i>The Consolidated Local Economic Development Strategy was also formulated by Urban-Econ and submitted to the FBDM in 2006. However the strategy was only approved by Council in 2009. In the process of formulating the new LED Strategy Urban-Econ consulted the Consolidated document in all processes in order to ensure that the documents are aligned.</i></p>	
<b>Frances Baard Spatial Development Framework</b>	<p>The Spatial Development Framework (SDF) of the FBDM provides the District with development directives regarding Economic Development Nodes and Economic Growth Potential of Towns. The SDF makes provision for agro-processing, mining beneficiation, tourism and tertiary education nodes within the FBDM spatial perspective.</p>	<p><i>The SDF identifies nodes for specific development activities and it would therefore be the responsibility of the FBDM to align the LED initiatives to these already identified nodes.</i></p>

# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

**TABLE 2.4: LOCAL POLICY REVIEW**

Municipality	IDP	LED	SDF
Sol Plaatje LM	√	√	√
Dikgatlong LM	√	√	
Magareng LM	√		√
Phokwane LM	√	√	

√ = Indicates that the Local Municipality has the relevant document

It is important that FBDM ensure that the IDP, LED and SDF of the Local Municipalities are aligned to that of the FBDM. It is also important that LED initiatives are incorporated into the IDP's and SDF's of each of the Local Municipalities in order to ensure that LED initiatives are supported financially and spatially.

## Section 3: Data Profile

### 3.1 Defining the Area

The District Municipality was named after Frances Baard, a woman who played an important role in the struggle for democracy in South Africa.

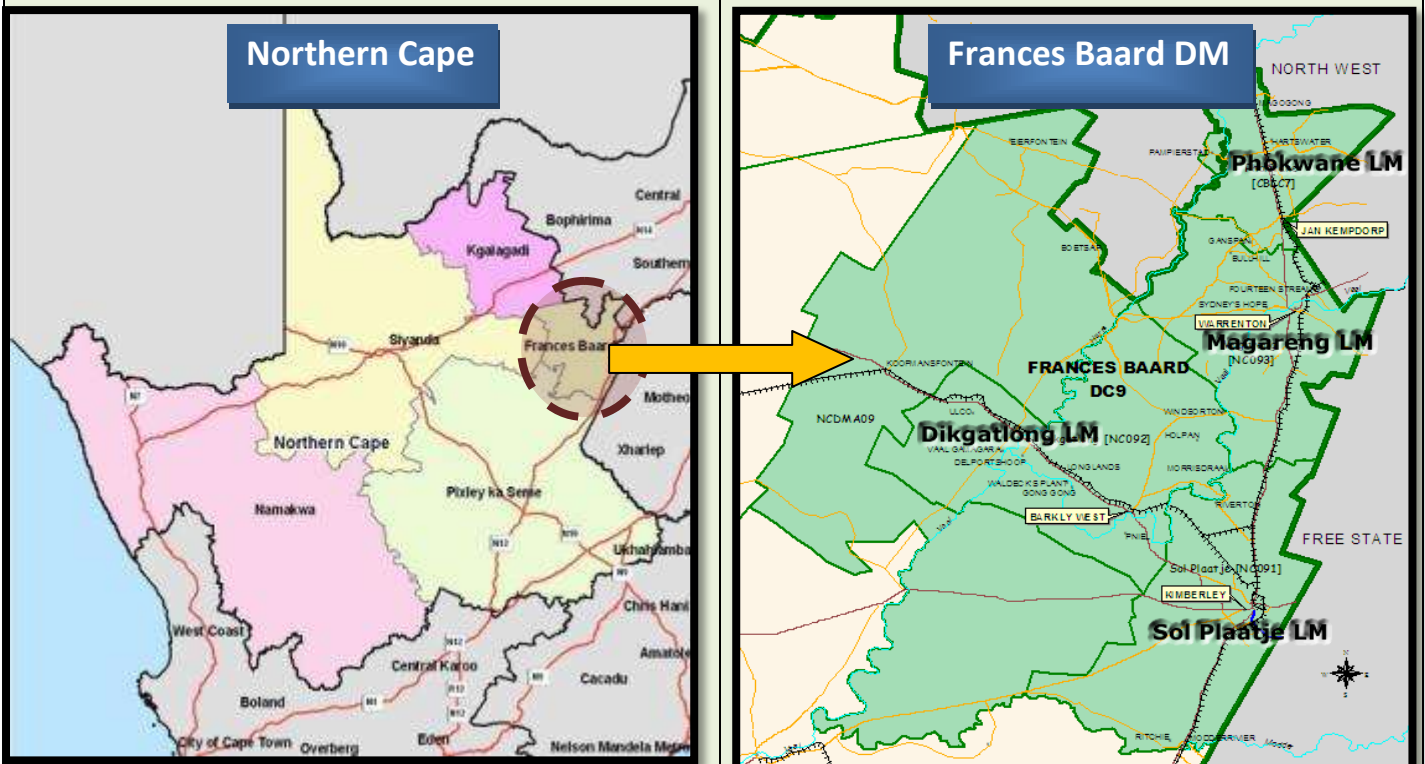
Frances Baard District Municipality (DM) is one of five district municipalities located in the Northern Cape Province. It is located in the western interior of the country and in the far western portion of the province. Frances Baard DM is bordered by the DM's of Kgalagadi, Siyanda and Pixley ka Seme to the west and the north. Frances Baard DM shares its northern border with the North West Provinces and its eastern border with the Free State. Frances Baard DM consists of four local municipalities (LM's) and is the smallest DM in the province covering a geographical area of approximately 12,384km<sup>2</sup>.

The Local Municipalities included in Frances Baard DM is:

- Sol Plaatje LM
- Dikgatlong LM
- Magareng LM
- Phokwane LM



MAP 3.1: LOCATION OF FRANCES BAARD DM



► **Sol Plaatje Local Municipality**

Sol Plaatje's economy was built on the foundation of a thriving diamond industry dating back to the days of Cecil John Rhodes. Sol Plaatje is the seat of the Northern Cape Provincial Administration and the seat for the offices of the Frances Baard District Municipality. The N12 highway, which connects Gauteng to the Western Cape Province, runs through the City of Kimberley which is located in Sol Plaatje LM. The geographical area of Sol Plaatje LM is 1877.1 km<sup>2</sup>.

The Sol Plaatje LM includes the urban areas of Kimberley and Ritchie, in the southern eastern corner of the area.



► **Dikgatlong LM**

Dikgatlong municipality is situated about 35km from Kimberley, the geographical area is 2377.6 Km<sup>2</sup> or 19.2% of the district, and has potential for mineral development and tourism. Dikgatlong is the Setswana name referring to the convergence of two rivers namely the Orange and Vaal Rivers. The administrative centre is Barkly West which lies south east of Kimberley. The economy is based on two major capital and labour intensive sectors namely the Agriculture and Mining industries.

Dikgatlong Municipality includes the urban areas of Barkly West, Windsorton, and Delpportshoop as well as all areas previously part of the Vaal River Transitional Council, in the central region of the DM.



► **Magareng LM**

Magareng LM is situated approximately 75 km's from Kimberley and is located on the banks of the Vaal River. The geographical area of Magareng LM is 1541.6 km<sup>2</sup>. Warrenton is the seat of the Administration. The Municipality is referred to as Magareng due to its convergence of two important transport routes which lead to the two busiest business hubs in the country, namely the N12 national road which connects Gauteng and the Western Cape as well as the N18 route from the North West which also passes through Warrenton. The railway line, that connects Gauteng with the Northern and Western Cape Provinces, runs through Magareng Municipality with a railway station at Warrenton, Fourteen Streams and Windsorton Station. The economy is based on three predominant industries namely agriculture, social/private households and retail.





# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

The Magareng Municipality includes the urban areas of Warrenton, and parts of the old Hartswater and Vaal River TRC's, situated between Phokwane and Sol Plaatje. Magareng shares boundaries with the Free State Province in the East and the North West Province in the northwest. The area comprises mainly of agricultural farming.

### Phokwane Municipality

The geographical area of Phokwane LM is 833.9 km<sup>2</sup>. The N18 passes through the Phokwane Municipal Area. The Administrative seat of the municipality is Hartswater. The economy of Phokwane is based on agriculture, community development, retail, private households and the informal sectors.

Phokwane Municipality includes the urban areas of Hartswater, Jan Kempdorp, Pampierstad and the old Vaalharts TRC areas in the upper north eastern corner. Phokwane area is predominantly residential with a fair number of middle income households in parts of Hartswater and Jan Kempdorp.



## 3.2 Infrastructure Overview

### Accessibility

- N12 Route through Kimberly is the major road and the LM is connected via rail infrastructure (Frances Baard DM, IDP).
- The DM is upgrading the Douglas/Belmont rail line as part of the Freight logistics strategy, that looks to improve levels of mobility in the following areas:
  - Rail revitalisation
  - Freight data bank
  - Taxi recapitalisation
  - Redevelopment of under-utilised roads.

MAP 3.2: ACCESS ROUTES



Source: [www.northerncape.org.za](http://www.northerncape.org.za)

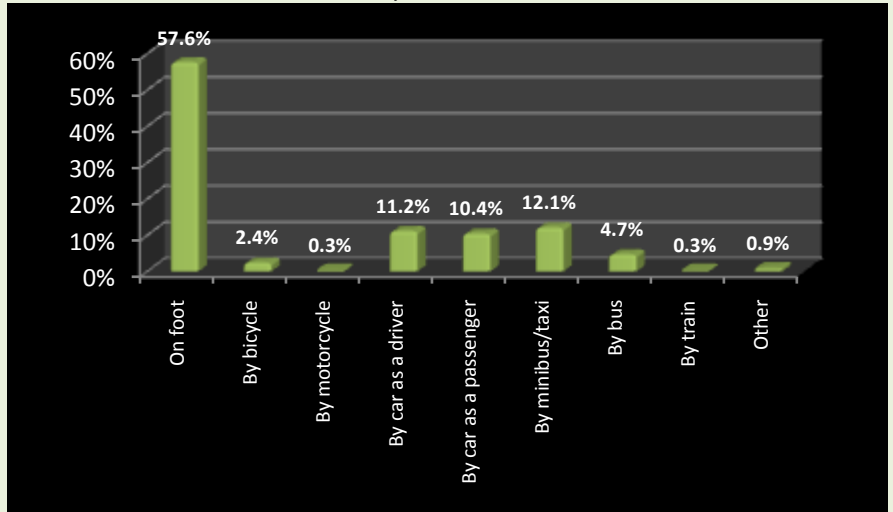
# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

### Mode of Transport

- About 58% of the Frances Baard DM population commutes to work and school on foot as the majority of the population do not have access to modern transportation.
- Only 11% of the population has access to a privately owned vehicle.
- About 5% make use of public transport in the form of Minibus/Taxi's, Busses or train.

**FIGURE 3.1: MODE OF TRANSPORT, FBDM**



Source: Quantec Research, 2008

**Implication: A large number of people travel by foot, and a small number percentage make use of public transport across the DM. To promote easy access to transport will require a more effective and affordable public transport system and appropriate access roads in DM.**

## 3.3 Demographic Indicators

### Population Trends

#### Population & Household Size

The population of Frances Baard is estimated to be 314 502 persons which translates to 31.9% of the Provincial population. The number of households in Frances Baard is estimated at 82,320.

About 61% of the district population lives in Sol Plaatje municipality, which is highly urbanized, followed by Phokwane (20%), Dikgatlong (11%), and Magareng (0.1%).

The population density for Frances Baard is relatively high (23 people per km<sup>2</sup>) when compared to the Northern Cape Provinces (3 people per km<sup>2</sup>). The Sol Plaatje LM shows the highest population density for LM within FBDM.

**TABLE 3.1: POPULATION PERCENTAGE CONTRIBUTION**

Municipality	% Northern Cape	% RSA
Northern Cape Province	100%	2.0%
Namakwa DM	11.8%	0.4%
Pixley ka Seme DM	15.5%	0.2%
Kgalagadi DM	18.6%	0.4%
Siyanda DM	22.1%	0.3%
Frances Baard DM	31.9%	0.6%

Source: Urban-Econ Calculations Based on Quantec Research Database, 2008

**TABLE 3.2: POPULATION & HOUSEHOLD TOTALS**

	Population Total	Household Total	Population Density(km <sup>2</sup> )	Household Density(km <sup>2</sup> )
Frances Baard DM	314,502	82,320	23	6
Sol Plaatje LM	193,356	49,286	103	26
Dikgatlong LM	34,346	8,994	14	4
Magareng LM	18,923	4,940	12	3
Phokwane LM	62,993	17,335	76	21

Source: Urban-Econ Calculations Based on Quantec Research Database, 2008

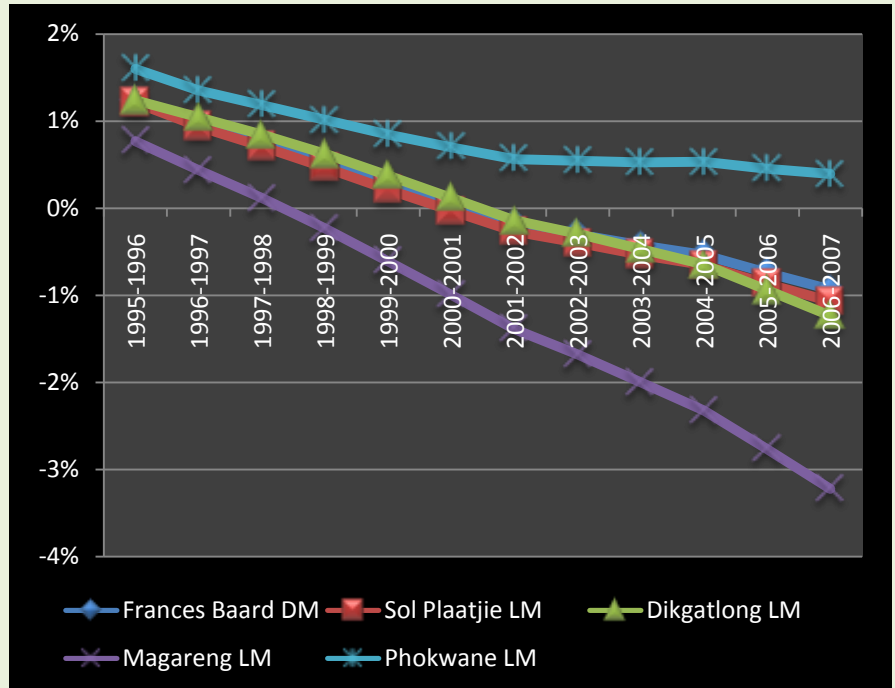
# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

### Population Growth

Statistics indicate that the district as a whole experienced negative growth between 1995 and 2007. Phokwane Municipality was the only municipality that had a positive growth rate (0.39%) in 2007. Magareng Municipality has experienced the largest decline in population growth with a negative growth of 3.2% in 2007. These negative annual growth rates could be ascribed to factors such as urbanisation, out-migration and/or an aging population

**FIGURE 3.2: ANNUAL POPULATION GROWTH**



Source: Quantec Standardised Regional Data 2008

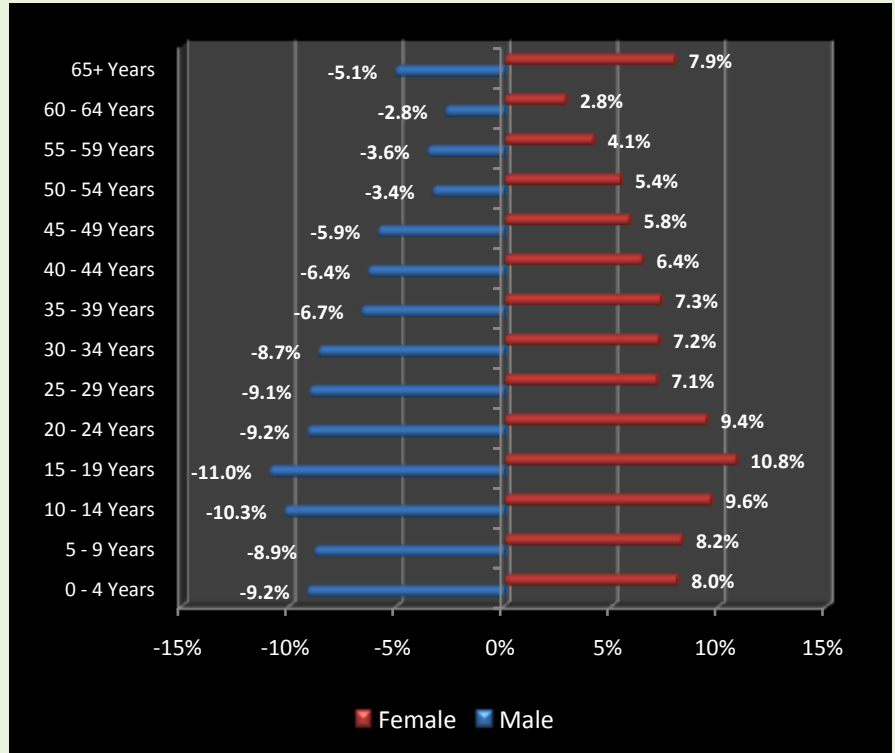
### Age and Gender

Population fairly equally distributed with 48.3% Males and 51.7% Females.

A large portion of the population (66.4%) falls within the Potentially Economically active (PEA) (Population aged between 15 and 65 years). With 33% of the male population falling within the PEA and 33.4% of the female population.

The population is classified as a young population with 70.2% of the population aged younger than 39 years.

**FIGURE 3.3: AGE & GENDER DISTRIBUTION**



Source: StatsSA: Community Survey, 2007



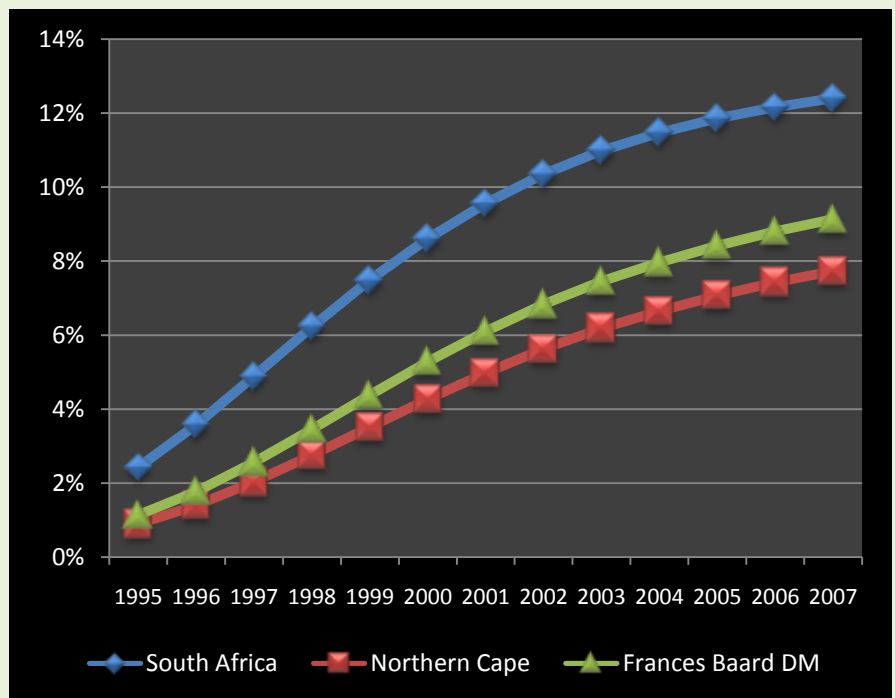
### Main Demographic Challenges

The demographic challenges mainly include HIV/AIDS and Tuberculosis infections.

The HIV/AIDS annual growth between 1995 and 2007 for the FBDM is higher than the provincial annual growth for the same period, but much lower than the annual growth of South Africa. There has been an increase in HIV/AIDS infections in South Africa, Northern Cape and Frances Baard DM. This phenomenon is of concern because the high levels of HIV/AIDS could have various impacts on households and the economy, such as:

- Impact on income and expenditure of household:
- Decline in economic growth
- Decline in productivity of labour force

**FIGURE 3.4: HIV/AIDS INFECTED POPULATION**



Source: Quantec Standardised Regional Data 2008

### Migration & Citizenship

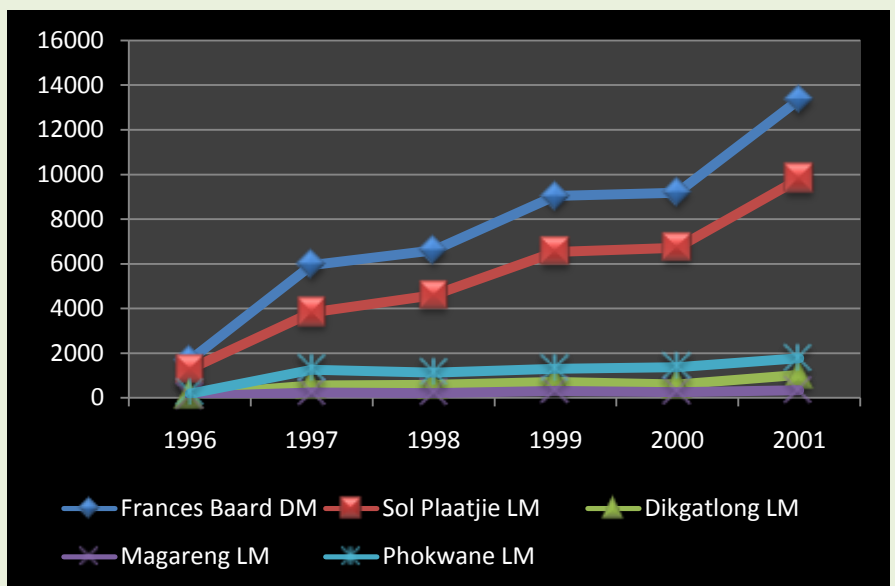
99.8% of the population in the DM and LM are SA citizens with a small number coming from other African regions, Europe and Asia.

An upward migration trend is observed for the migration flows into FBDM for the period 1996-2001.

The LM with the highest in-migration is Sol Plaatje LM with approximately 10,000 people moving there in 2001. Dikgatlong, Magareng and Phokwane LM's also have positive in-migration flows but much lower than Sol Plaatje LM.

According to the National Spatial Development Perspective (2006) the Frances Baard DM is classified as one of the municipalities experiencing great numbers of out-migration (5 264 people between 2001 and 2006). It is further classified as a municipality experiencing population losses.

**FIGURE 3.5: MIGRATION FLOWS INTO FBDM**



Source: Census Data, 2001

## Education

### Literacy Rate

Literacy as described by the Labour Force Survey (2007) "is the ability to read and write". 74% of the Western Cape population is literate with basic skills in reading and writing.

### Education

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

### Level of Education

The Majority of the population has some form of schooling, however 10.4% of FBDM population has no form of schooling

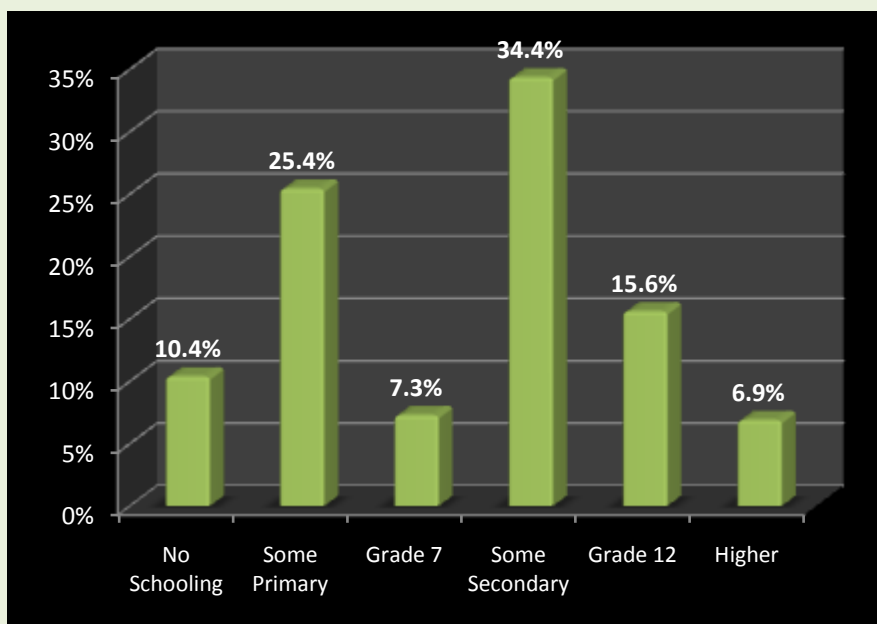
Only 25.4% of FBDM population have obtained some primary schooling, and only limited portion of FBDM population have Grade 12 (15.6%) schooling.

This has lead to a large portion of the population remaining unskilled.

The Local Municipalities within FBDM, show the same trend as FBDM, however, Phokwane LM has the highest percentage of population with no schooling and Sol Plaatje LM has the highest percentage of population with Grade 12 (Matric) schooling.

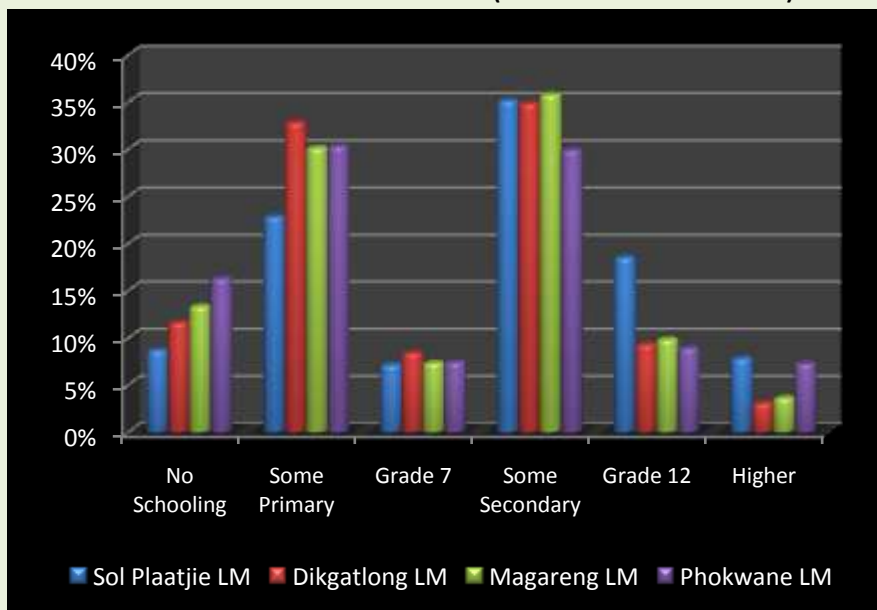
Sol Plaatje LM and Phokwane LM have a much higher percentage population with a higher degree than Dikgatlong LM and Magareng LM.

**FIGURE 3.6: HIGHEST LEVEL OF EDUCATION (TOTAL POPULATION FBDM)**



Source: StatsSA: Community Survey, 2007

**FIGURE 3.7: HIGHEST LEVEL OF EDUCATION (TOTAL POPULATION LM'S)**



Source: StatsSA: Community Survey, 2007

### Adult Level of Education (Population aged 20 years and older)

The Majority of the adult population has some form of schooling, and 11.3% of FBDM adult population have no form of schooling

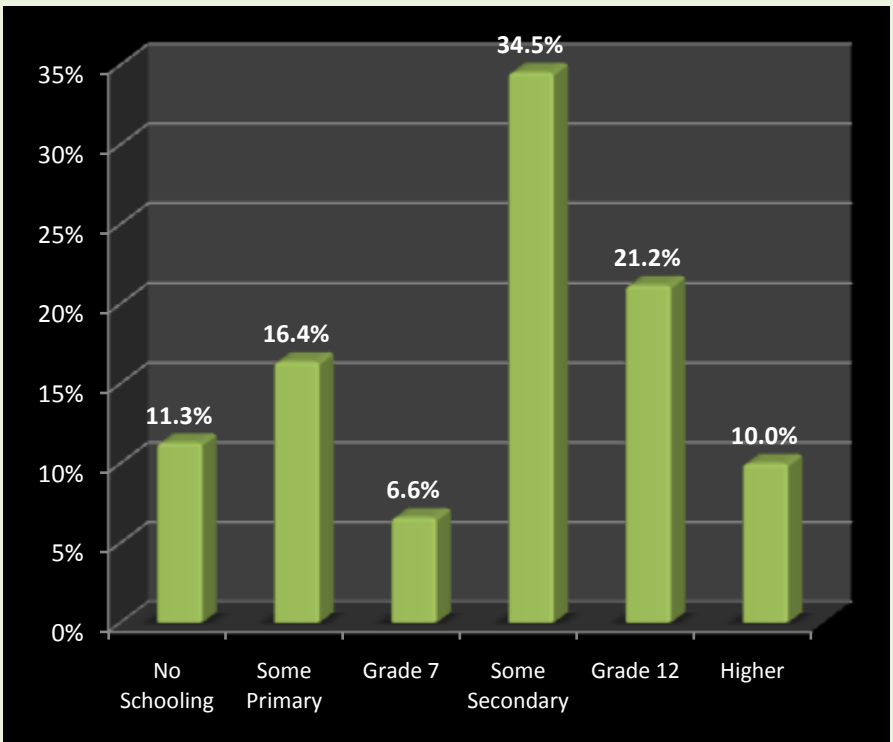
Only 35.4% of FBDM adult population has obtained some secondary schooling, and only limited portion of FBDM adult population have Grade 12 (21.2%) schooling.

This could explain why a large portion of the population is unskilled.

The Local Municipalities within FBDM, show the same trend as FBDM, however, Phokwane LM has the highest percentage of population with no schooling and Sol Plaatje LM has the highest percentage of population with Grade 12 (Matric) schooling.

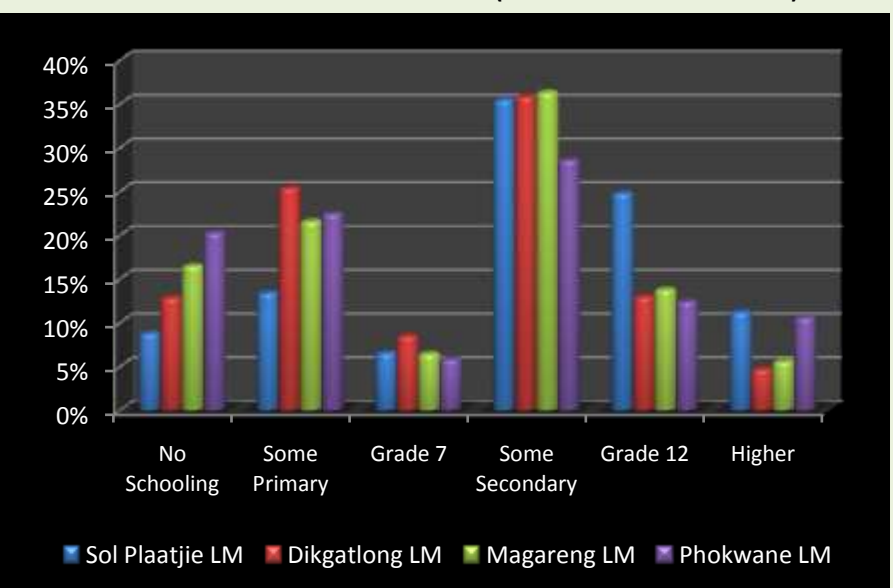
Sol Plaatje LM and Phokwane LM have a much higher percentage population with a higher degree than Dikgatlong LM and Magareng LM.

**FIGURE 3.8: HIGHEST LEVEL OF EDUCATION (ADULT POPULATION FBDM)**



Source: StatsSA: Community Survey, 2007

**FIGURE 3.9: HIGHEST LEVEL OF EDUCATION (ADULT POPULATION LM'S)**



Source: StatsSA: Community Survey, 2007

**Implication: the labour force of Frances Baard DM is primarily unskilled; this results in the majority of the population to be employed in semi- and unskilled occupations (not high income occupations).**

### 3.4 Poverty & Inequality

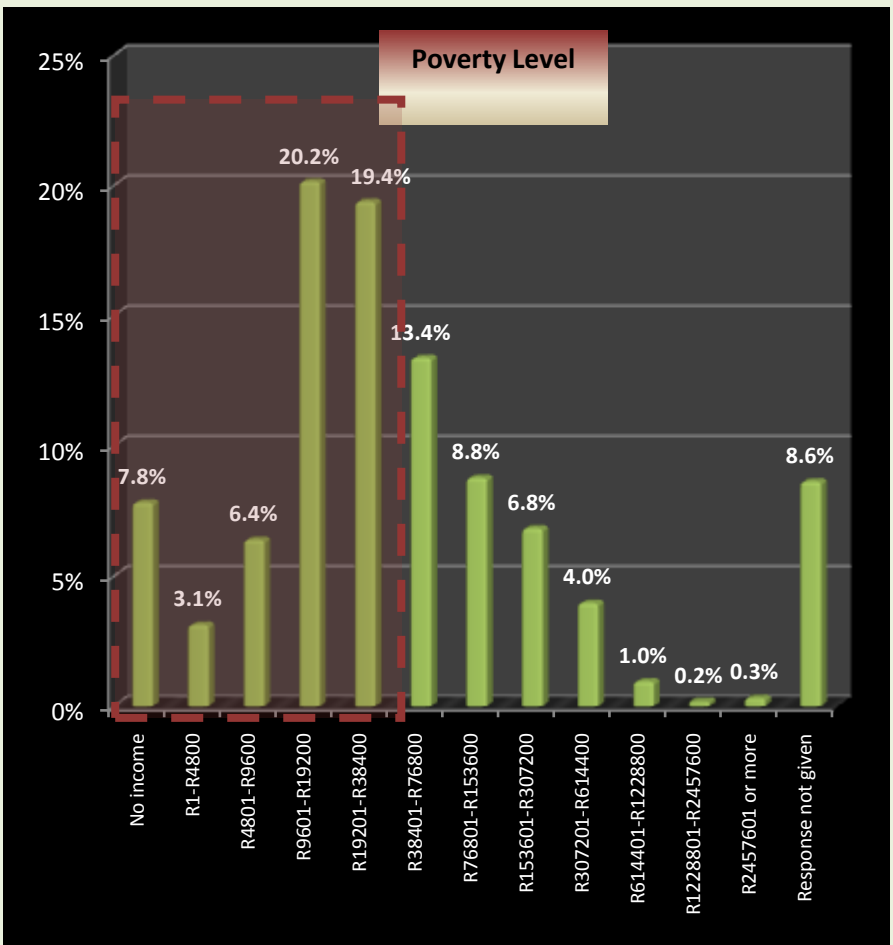
#### Household Income

56.9% of the households in FBDM are living below the poverty level, which means that a large percentage of the households are earning less than R38 400 a year.

Only 0.5% can be classified as the high income group, which means that only a limited number of households earn more than R1 228 801 a year.

A small percentage (34%) of households is classified in the middle income group.

**FIGURE 3.10: ANNUAL HOUSEHOLD INCOME (FBDM)**



Source: StatsSA: Community Survey, 2007

#### Social Grants

In 2007 the government issued **87 993** grants in the Frances Baard District Municipality. The majority of the grants issued were for child support, old age pensions and physical disabilities.

This shows a high dependency (27.9%) of the France Baard DM population on the Government. This dependency could place strain on the government budget.

**TABLE 3.3: GOVERNMENT GRANTS (FBDM)**

Government Grant	Number of Recipients (FBDM)	Percentage
Old age pension	20,700	23.5%
Disability grant	17,785	20.2%
Child support grant	38,653	43.9%
Care dependency grant	1,604	1.8%
Foster care grant	328	0.4%
Grant in aid	1,317	1.5%
Social relief	293	0.3%
Multiple social grants	841	1.0%
Institutions	6,472	7.4%
<b>Total</b>	<b>87,993</b>	<b>23.5%</b>

Source: StatsSA: Community Survey, 2007

### Access to Services

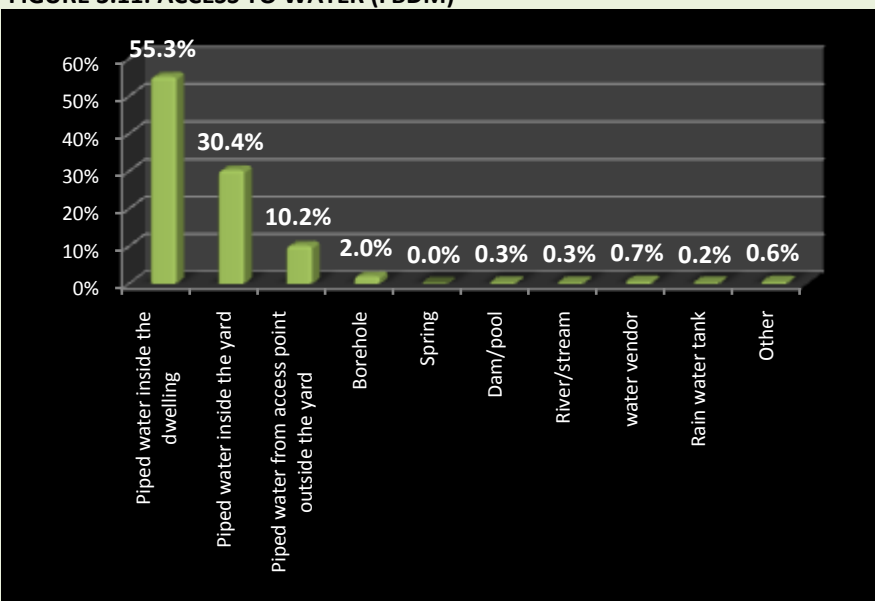
#### Water

93% of the households in the Frances Baard DM have access to basic water supply. An estimated 6,444 households have no access to basic water supply, (4,348 live in urban areas and 2,096 live on farms). Phokwane Municipality has the highest water backlog (2,350), followed by Sol Plaatje (1,545), Magareng (1,230), Dikgatlong (1,113) and the DM (202)

(*Frances Baard DM, IDP 2008*).

According to the Community Survey, 55.3% of households have access to piped water inside their dwelling, 30.4% inside their yards and 10.2% outside their yards.

**FIGURE 3.11: ACCESS TO WATER (FBDM)**



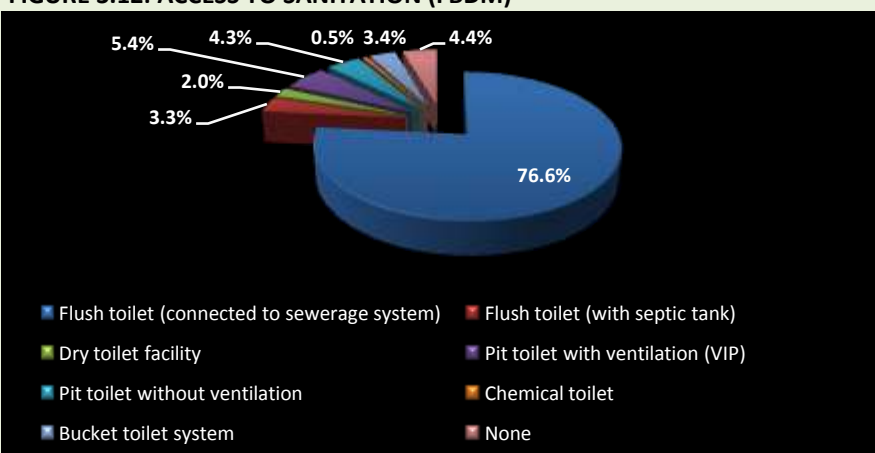
Source: StatsSA: Community Survey, 2007

#### Sanitation

79% of households in the Frances Baard DM have access to sanitation facilities. 18,892 households have inadequate or no sanitation facilities (47% of these are bucket toilets). (*Frances Baard DM, IDP 2007*)

According to the community Survey, 76.6% of households have access to flush toilets connected to sewerage system and a minimum 3.4% still using the bucket system.

**FIGURE 3.12: ACCESS TO SANITATION (FBDM)**

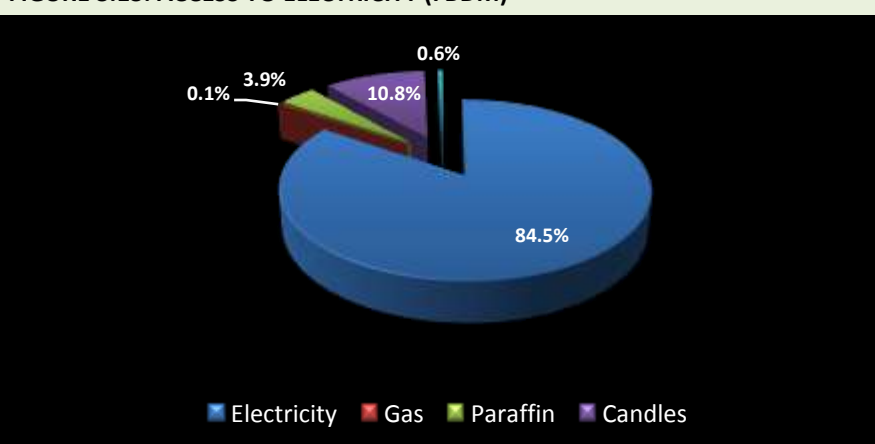


Source: StatsSA: Community Survey, 2007

#### Electricity

Between 2000 and 2005 about 16,595 households were electrified in the Frances Baard DM. However about 21,122 households remain without electricity. All the municipalities in the district provide free basic electricity to about 19,252 households. It is further estimated that about 28% of the households in the district have no access to electricity. (*Frances Baard DM, IDP 2008*). According to the Community Survey, 84.5% of households have access to electricity, 10.8% of households use candles as a form of energy followed by paraffin (3.9%).

**FIGURE 3.13: ACCESS TO ELECTRICITY (FBDM)**

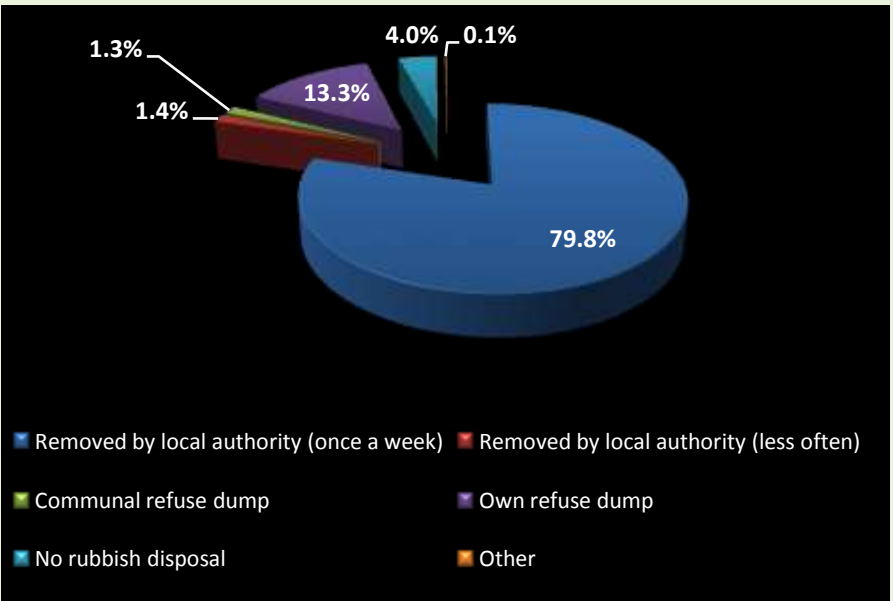


Source: StatsSA: Community Survey, 2007

### Refuse Removal

According to the Community Survey, 79.8% of households in the Frances Baard DM have access to refuse disposal at least once a week, 13.3% make use of their own refuse dump, and only 4% of households have no access to refuse disposal.

**FIGURE 3.14: ACCESS TO REFUSE REMOVAL (FBDM)**

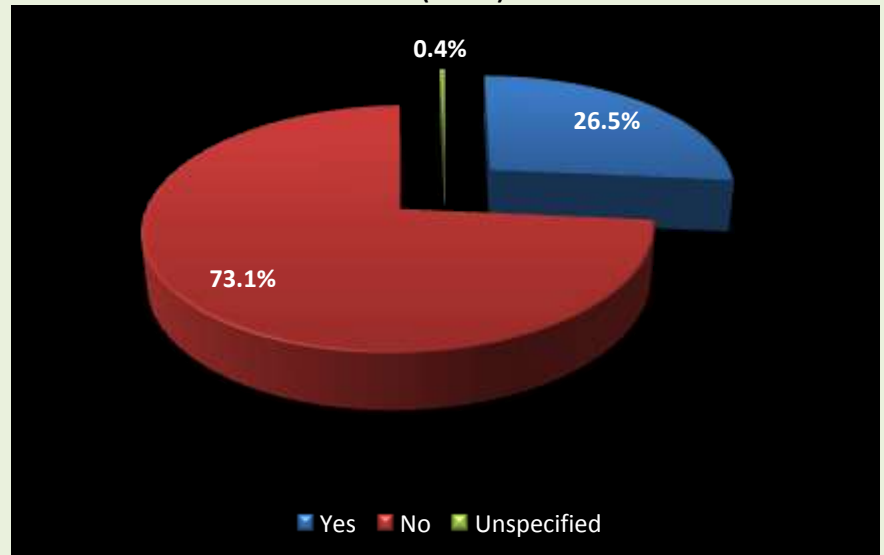


Source: StatsSA: Community Survey, 2007

### Telephone

According to the Community Survey, only 27% of households in the Frances Baard DM have access to telephone services. This is an area that requires improvement.

**FIGURE 3.15: ACCESS TO TELEPHONE (FBDM)**



Source: StatsSA: Community Survey, 2007

**Implication: The majority of households have access to basic services in Frances Baard. Attention must be made to maintaining and improving the existing infrastructure so that the DM can continue to provide basic services to the community.**

### 3.5 Housing

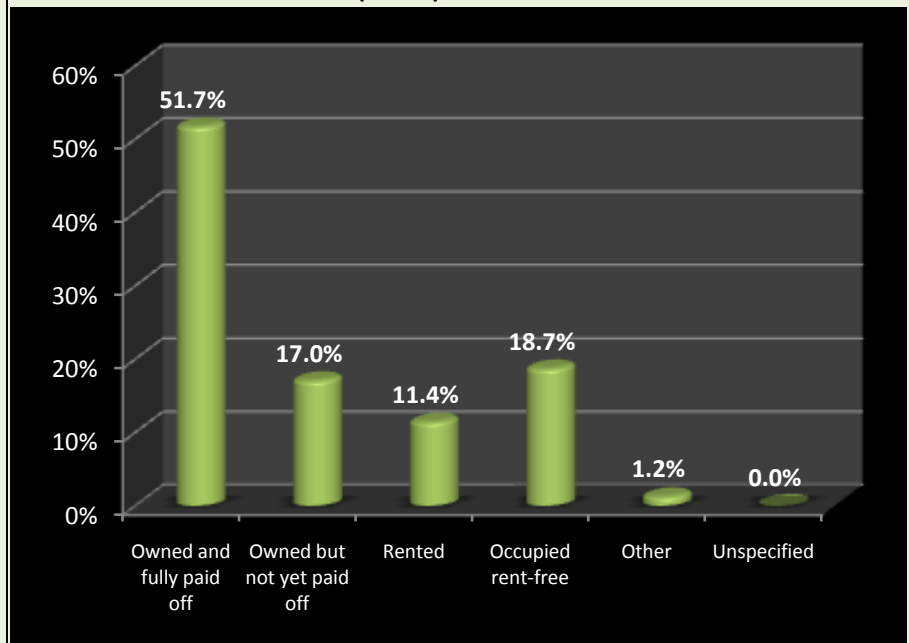
#### Tenure Status

Tenure is the arrangement under which a household occupies its home.

The majority (51.7%) of households in FBDM have fully paid off their homes, 17% are still paying off on their bond and 11.4% rent their homes.

18.7% of the household are occupying their homes rent-free.

**FIGURE 3.16: TENURE STATUS (FBDM)**



Source: StatsSA: Community Survey, 2007

#### Housing Type

Housing type implies whether the housing structure is formal or informal.

The majority of the houses in the Frances Baard DM are formal brick structures (79.3%). The informal housing structures account for 13.4% of the houses.

Between 2000 and 2005 about 8458 housing units were built geographically.

The Informal Settlement Upgrading Programme is one of the approaches which has been adopted and is being implemented at Lerato Park in Sol Plaatje municipality.

**TABLE 3.4: HOUSING TYPE**

Housing Type	Northern Cape	Frances Baard DM
House or brick structure on a separate stand or yard	75.3%	79.3%
Traditional dwelling/hut/structure made of traditional materials	4.5%	1.5%
Flat in block of flats	1.4%	0.9%
Town/cluster/semi-detached house (simplex: duplex: triplex)	2.0%	2.1%
House/flat/room in back yard	1.1%	0.6%
Informal dwelling/shack in back yard	1.6%	1.3%
Informal dwelling/shack NOT in back yard e.g. in an informal/squatter settlement	8.9%	12.1%
Room/flat let not in back yard but on a shared property	0.5%	0.3%
Caravan or tent	0.2%	0.0%
Private ship/boat	0.0%	0.0%
Workers hostel (bed/room)	4.0%	1.3%
Other	0.5%	0.5%

Source: StatsSA: Community Survey, 2007



### 3.6 Performance and Structure of the Economy

#### Unemployment

Unemployment according to the official definition must satisfy the following conditions:

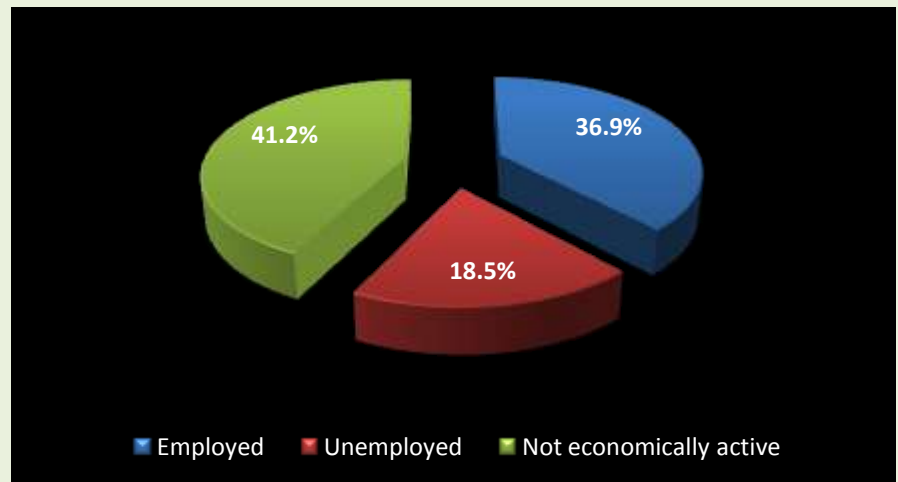
- ✓ No work during last 7 days
- ✓ Able to work within 2 weeks
- ✓ Active steps to look for work

#### Unemployment in Frances Baard:

Frances Baard DM has an unemployment rate of 18.5% and employment rate of 36.9%. The percentage of population which fall within the not economically active is quite high, although they form part of the PEA population. These persons are either not able to work or choose not to work.

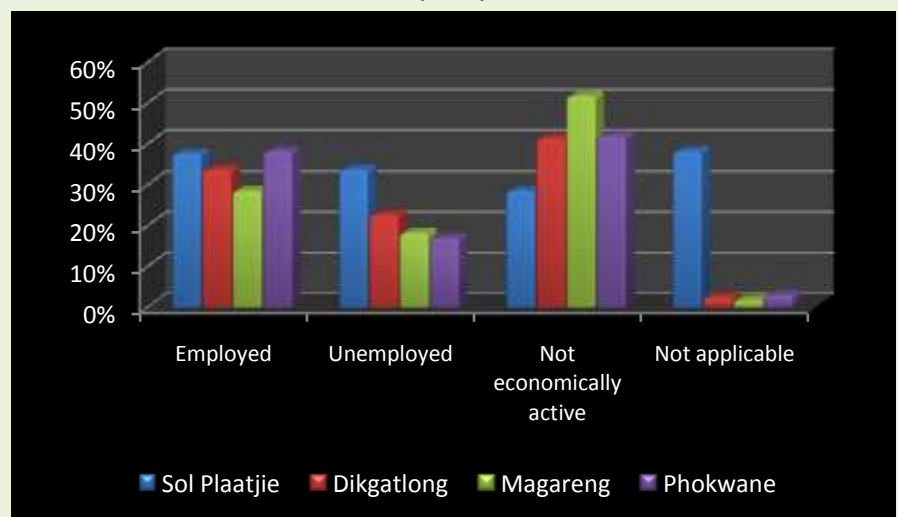
Sol Plaatje LM has the highest unemployment rate within the district municipality, Phokwane LM has the highest employment rate and Magareng has the highest percentage of not economically active population.

**FIGURE 3.17: EMPLOYMENT STATUS (FBDM)**



Source: StatsSA: Community Survey, 2007

**FIGURE 3.18: EMPLOYMENT STATUS (LM'S)**



Source: StatsSA: Community Survey, 2007

#### Labour Participation Rate

The labour force participation rate is a measure of the participating portion of an economy's labour force, the labour force being the number of individuals who are willing to work, are working, or are actively looking for work.

The LPR of Frances Baard DM (53.7%) is lower than the LPR of the Northern Cape (56.4%)

$$\text{LPR} = \frac{\text{TOTAL EMPLOYMENT}}{\text{POTENTIALLY ECONOMIC ACTIVE POPULATION}}$$

**TABLE 3.5: LABOUR PARTICIPATION RATE**

	Northern Cape	Frances Baard DM
Total Employment	225,030	73,863
Total willing and able to work	399,333	137,527
Labour Participation Rate	56.4%	53.7%

Source: Quantec Standardised Regional Data 2008

# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

### Labour Productivity

Labour productivity is the output of goods and services per labour unit.

Gross Domestic Product (GDP)

Labour Productivity =  $\frac{\text{Gross Domestic Product (GDP)}}{\text{Number of Employed Individuals}}$

The most productive sectors in the Frances Baard DM, in terms of GDP output per employee, are the transport sector, electricity and water sector and the mining sector. This follows the same trend as the Northern Cape.

The transport sector is most productive within Sol Plaatje LM followed by Dikgatlong LM. The electricity and water sector is most productive in Sol Plaatje LM followed by Magareng LM. The mining sector is most productive within Sol Plaatje LM followed by Phokwane LM.

### Employment per Sector

A large portion of the Frances Baard DM population is employed in the community services (includes government services) sector (35.4%). The economic sectors also contributing largely to employment are trade (15.5%), finance (13.6%), agriculture (9.7%), manufacturing (8.2%) and mining (7%).

The sectors showing an increase in employment from 1996 to 2007 are finance, trade, construction and mining. Sectors which had a decline in employment contribution for the same period are community services, transport, electricity, manufacturing and agriculture.

It is of concern that the community, manufacturing and agriculture sectors employment contribution are declining,

**TABLE 3.6: LABOUR PRODUCTIVITY (NORTHERN CAPE & FBDM)**

	Northern Cape	Frances Baard DM
Agriculture	R 600,010	R 45,111
Mining	R 71,264	R 424,520
Manufacturing	R 406,943	R 55,692
Electricity & Water	R 35,179	R 457,084
Construction	R 124,765	R 39,491
Trade	R 394,081	R 137,698
Transport	R 181,423	R 408,568
Finance & Business	R 108,617	R 229,841
Community Services	R 600,010	R 132,096

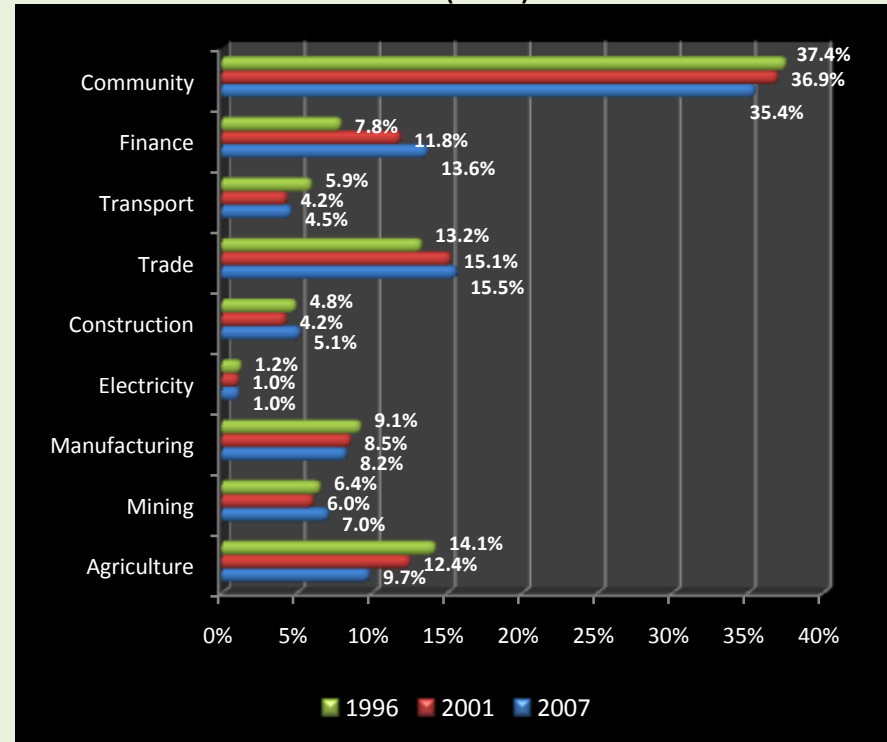
Source: Quantec Standardised Regional Data 2008

**TABLE 3.7: LABOUR PRODUCTIVITY (LM'S)**

	Sol Plaatje LM	Dikgatlong LM	Magareng LM	Phokwane LM
Agriculture	R 58,751	R 37,252	R 35,360	R 47,686
Mining	R 657,236	R 238,723	R 277,244	R 475,364
Manufacturing	R 63,187	R 83,004	R 13,890	R 32,823
Electricity & Water	R 1,073,508	R 247,601	R 252,527	R 186,064
Construction	R 35,859	R 62,141	R 27,293	R 48,739
Trade	R 144,146	R 139,952	R 131,652	R 124,934
Transport	R 449,886	R 396,356	R 160,132	R 316,795
Finance & Business	R 263,501	R 97,562	R 122,277	R 127,721
Community Services	R 150,409	R 97,414	R 73,074	R 103,564

Source: Quantec Standardised Regional Data 2008

**FIGURE 3.19: SECTORAL EMPLOYMENT (FBDM)**



Source: Quantec Standardised Regional Data 2008

since these sectors contribute largely to the employment opportunities in FBDM.

The largest employment sectors of Sol Plaatje LM are the community services and finance and business sectors. A large portion of the Dikgatlong LM population is employed in the mining sector, followed by community services and agriculture sectors. The Magareng LM population are mainly employed in the community services sector followed by the agriculture and trade sectors and Phokwane LM population are mainly employed in the community services, agriculture, trade and manufacturing sectors.

**TABLE 3.8: SECTORAL EMPLOYMENT (NORTHERN CAPE & LM'S)**

	Sol Plaatje LM	Dikgatlong LM	Magareng LM	Phokwane LM
Agriculture	2.0%	12.3%	22.5%	20.7%
Mining	5.0%	30.6%	6.5%	0.8%
Manufacturing	7.1%	9.5%	5.3%	11.3%
Electricity & Water	0.5%	1.1%	0.9%	2.3%
Construction	6.4%	3.1%	3.8%	3.6%
Trade	16.2%	8.5%	15.5%	18.1%
Transport	5.3%	4.7%	5.2%	2.9%
Finance & Business	17.7%	8.6%	7.2%	8.1%
Community Services	39.8%	21.7%	33.2%	32.2%

Source: Quantec Standardised Regional Data 2008

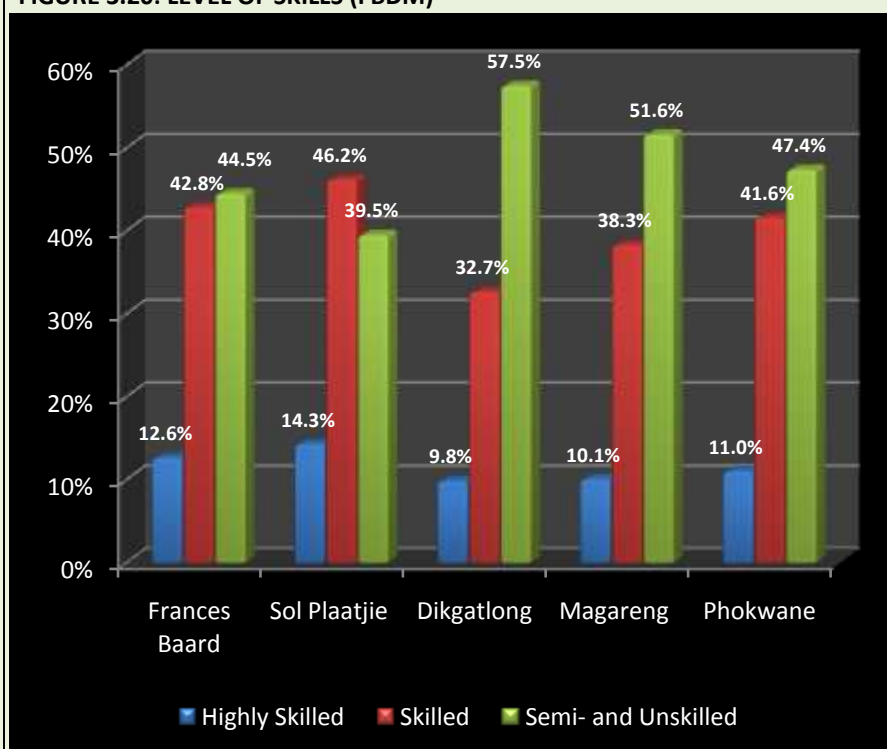
#### Skills Level

Level of employment is a measure and categorisation of skill required for specific employment.

A large portion of the Frances Baard DM population is employed either in the Skilled (42.8%) or the Semi- and Unskilled (44.5%) employment category. Only a limited portion of the Frances Baard DM population is employed in the Highly skilled (12.6%) employment category.

The percentage of semi- and unskilled employment is very high in Dikgatlong LM, Magareng LM and Phokwane LM.

**FIGURE 3.20: LEVEL OF SKILLS (FBDM)**



Source: Quantec Standardised Regional Data 2008

# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

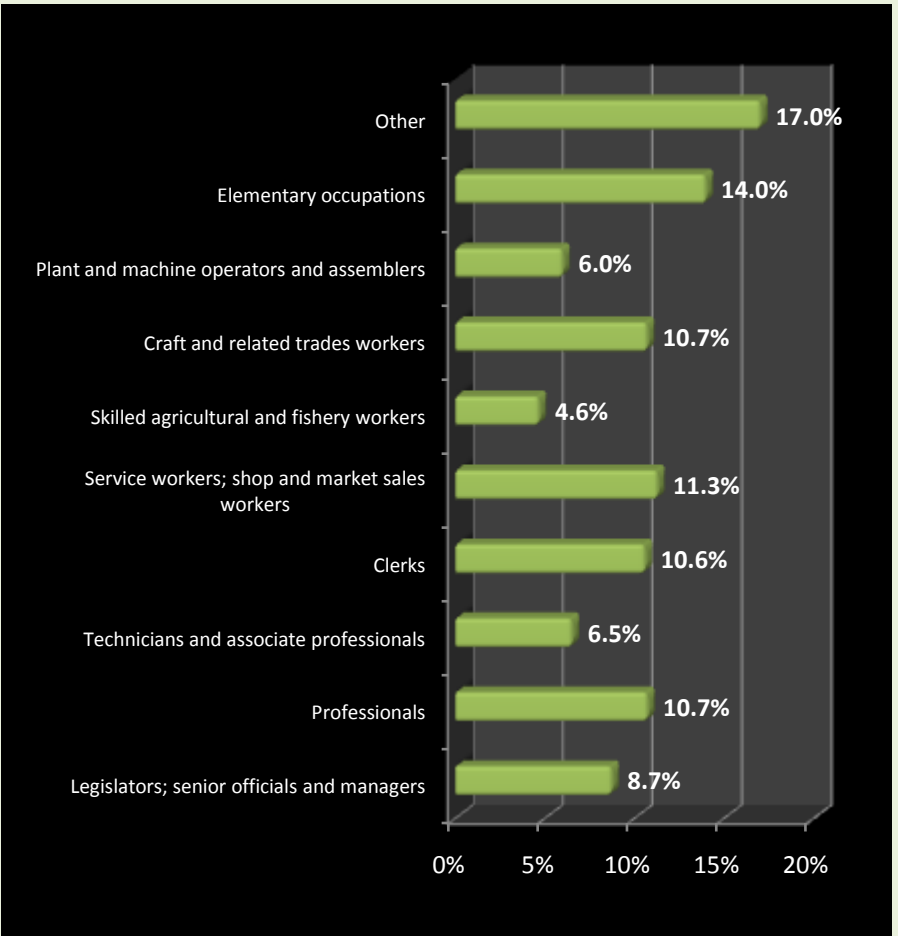
### Occupation

Occupation is a type of work a person does according to the South African Classification of Occupations to obtain an income irrespective of industry.

#### Occupation Profile:

The leading occupations within the Frances Baard DM are Elementary occupations (14%), Service Workers (11.3%), Craft Workers (10.7%), Professionals (10.7%) and Clerks (10.6%).

**FIGURE 3.21: OCCUPATION PROFILE (FBDM)**



Source: StatsSA: Community Survey, 2007

## 3.7 Production Profile

### GDP per Economic Sector

Gross Geographic Product (GDP) indicates the scale of produce within the geographic boundaries of the Study Area (Frances Baard). Economic activity is generally measured in terms of production or output, reflected as GDP.

The total GDP contribution of Frances Baard DM in 2008 is R 12.9 billion and it contributes approximately 34.3% to the total GDP of the Northern Cape.

The leading sectors within Frances Baard DM are Finance & Business (20.3%), Mining (14.9%), Trade (14.4%), Transport & Communication (13.6%) and Community Services (10.1%). Frances Baard DM has a

**TABLE 3.9: SECTORAL GDP CONTRIBUTION (LM'S)**

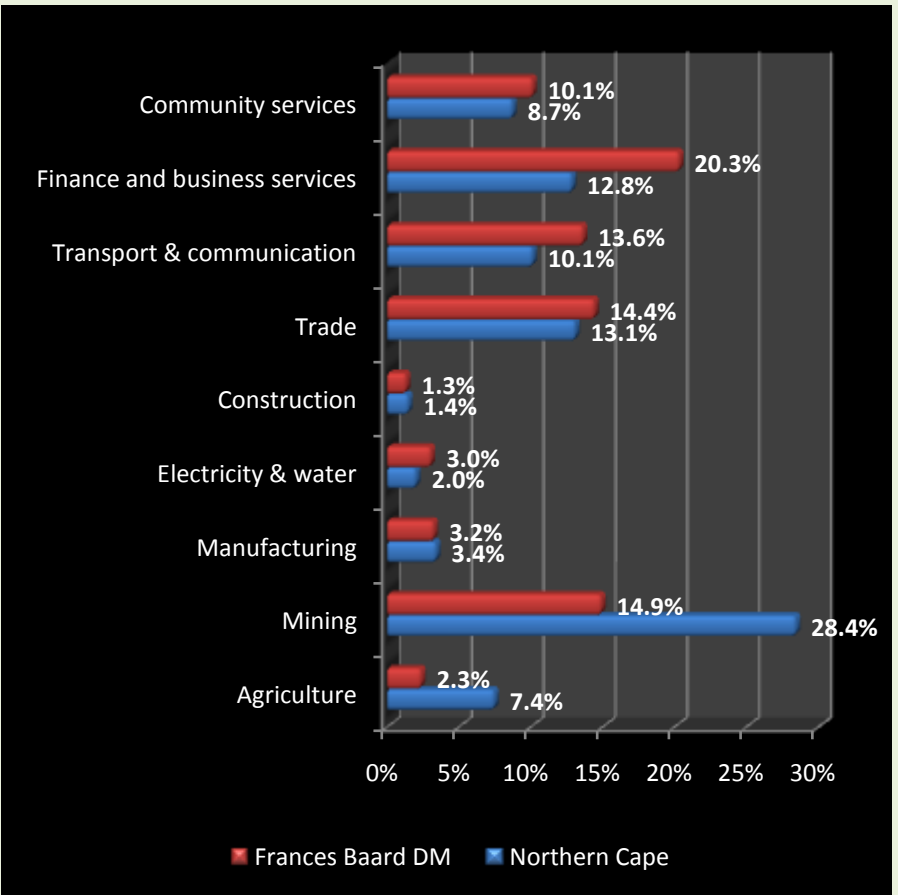
	Sol Plaatje LM	Dikgatlong LM	Magareng LM	Phokwane LM
Agriculture	0.4%	2.5%	6.9%	7.7%
Mining	13.0%	42.2%	16.3%	2.9%
Manufacturing	2.1%	5.0%	0.8%	3.6%
Electricity & Water	2.7%	1.9%	2.5%	3.3%
Construction	1.5%	1.8%	1.5%	2.3%
Trade	12.9%	9.6%	25.9%	25.7%
Transport	14.0%	16.0%	11.3%	11.1%
Finance & Business	24.9%	6.3%	8.3%	11.0%
Community Services	28.4%	14.7%	26.4%	32.3%

Source: Quantec Standardised Regional Data 2008

larger GGP contribution than the Northern Cape in terms of Community services, finances & business, transport & communication, trade and electricity & water.

The leading sectors in Sol Plaatje LM are community services, finance and business, transport and mining. The leading sectors of Dikgatlong LM are mining, transport and community services. The leading sectors of Magareng LM are community services, trade, mining and transport. The leading sectors in Phokwane LM are community services, trade, transport and finance and business.

**FIGURE 3.22: SECTORAL GGP CONTRIBUTION (NORTHERN CAPE & FBDM)**



Source: Quantec Standardised Regional Data 2008

#### Comparative Advantage Location Quotient

The Location quotient is a calculated ratio between two economies. In the case of Frances Baard DM location quotient it was determined between the district and province and in the case of the LM's location quotients it was determined between the district and individual municipalities. This ratio is calculated for all industries to determine whether or not the district economy has greater share or advantage of that industry based on production (GGP) and employment. If an economy has a location quotient greater than 1, it means that economy enjoys a comparative advantage.

From **Table 3.10** it is evident that FBDM has comparative advantage in Electricity & Water, Trade, Transport & Communication, Finance & Business and Community Services

**TABLE 3.10: LOCATION QUOTIENT (FBDM)**

Economic Sector	Location Quotient (Employment)	Location Quotient (GGP)
Agriculture	0.52	0.4
Mining	0.91	0.6
Manufacturing	1.16	0.8
Electricity & water	1.34	1.4
Construction	0.94	1.0
Trade	1.07	1.1
Transport & communication	1.37	1.3
Finance and business services	1.29	1.5
Community services	1.10	1.3

Source: Quantec Standardised Regional Data 2008

# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

in terms of production and employment. However FBDM also has comparative advantage in Manufacturing in terms of employment and comparative advantage in Construction in terms of production.

**Table 3.11** and **3.12** illustrates the comparative advantages of the various local municipalities in terms of production and employment. In terms of employment it is evident that Sol Plaatje LM has the highest comparative advantage in Construction, Transport, Finance & Business and Community services. Dikgatlong LM has the highest comparative advantage in Mining, Magareng LM has the highest comparative advantage in Agriculture and Phokwane LM has the highest comparative advantage in Manufacturing, Electricity & Water and Trade.

In terms of production it is evident that Sol Plaatje LM has the highest comparative advantage in Finance & Business, Dikgatlong LM has the highest comparative advantage in Mining, Manufacturing and Transport, Magareng LM has the highest comparative advantage in Trade and Phokwane LM has the highest comparative advantage in Agriculture, Electricity & Water, Construction, Trade and Community Services.

**TABLE 3.11: LOCATION QUOTIENT (EMPLOYMENT) – LM'S**

	Sol Plaatje LM	Dikgatlong LM	Magareng LM	Phokwane LM
Agriculture	0.20	1.26	2.32	2.13
Mining	0.72	4.38	0.93	0.11
Manufacturing	0.86	1.16	0.65	1.38
Electricity & Water	0.50	1.07	0.89	2.26
Construction	1.25	0.61	0.74	0.70
Trade	1.05	0.55	1.00	1.17
Transport	1.17	1.03	1.16	0.64
Finance & Business	1.30	0.63	0.53	0.60
Community Services	1.13	0.61	0.94	0.91

Source: Quantec Standardised Regional Data 2008

**TABLE 3.12: LOCATION QUOTIENT (GGP) - LM'S**

	Sol Plaatje LM	Dikgatlong LM	Magareng LM	Phokwane LM
Agriculture	0.2	1.1	3.2	3.7
Mining	0.9	2.7	1.1	0.2
Manufacturing	0.8	1.9	0.3	1.3
Electricity & Water	1.0	0.6	0.9	1.5
Construction	0.9	1.0	0.9	1.4
Trade	0.9	0.6	1.7	1.7
Transport	1.0	1.1	0.8	0.8
Finance & Business	1.2	0.3	0.5	0.5
Community Services	1.0	0.5	0.9	1.2

Source: Quantec Standardised Regional Data 2008

### Import Profile

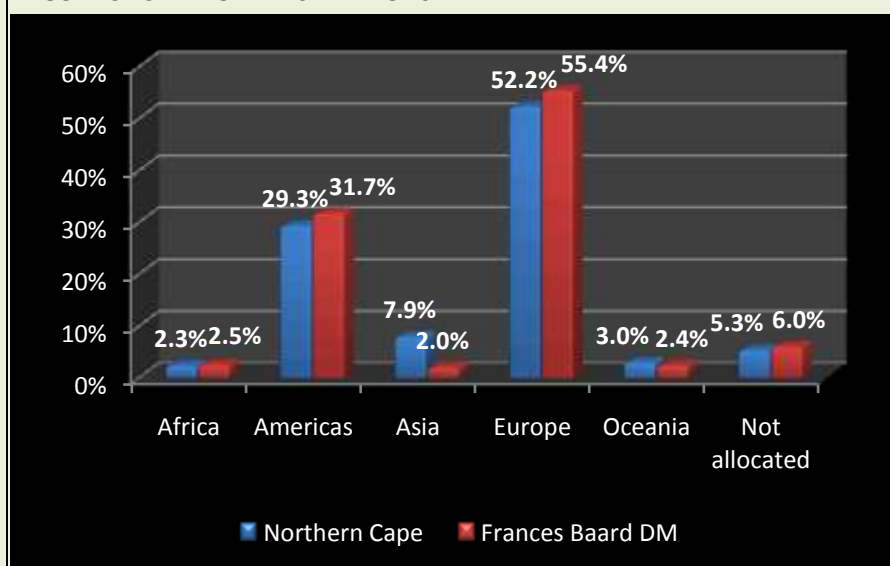
#### Imports in Frances Baard:

The majority of imports into the Frances Baard DM are from Europe (55.4%) and Asia (31.7%). This trend is the same as the Northern Cape.

The main commodities being imported are :

- Base Metals (51.2%)
- Vehicles, aircraft, vessels & associated transport equipment (31.6%)
- Machinery & mechanical appliances (4.2%)

**FIGURE 3.23: IMPORT DESTINATIONS**



Source: Quantec International Trade Survey, 2007



# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

### Export Profile

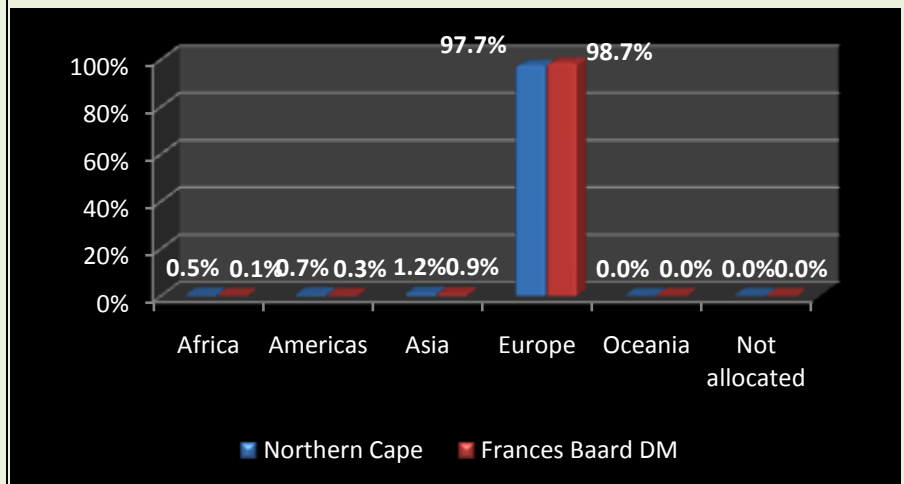
#### Exports in Frances Baard:

The majority of commodities are exported to Europe (98.7%).

The main commodity being exported is:

- Precious or semi-precious stones (99.8%)

**FIGURE 3.24: EXPORT DESTINATIONS**



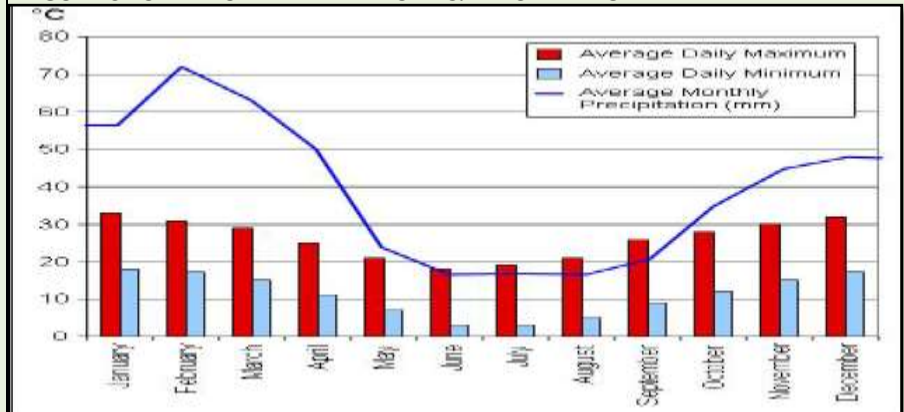
Source: Quantec International Trade Survey, 2007

## 3.8 Environment

### Climate

The Frances Baard DM experiences extreme climate conditions with regards to temperatures, which range from -10 °C in winter to 42 °C in summer. The area is also a low rain fall potential area (250 mm per annum). (Frances Baard DM SDF, 2007)

**FIGURE 3.25: ANNUAL TEMPERATURE & PRECIPITATION: KIMBERLEY**



Source: Frances Baard DM SDF, 2007

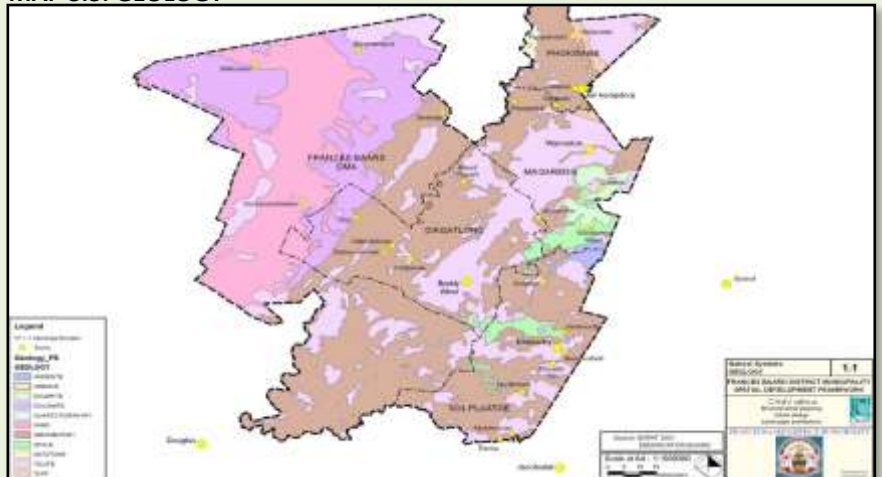
### Geology & Soils

Analysis of the geology for the area indicates that the Frances Baard DM has two major geological formations. The West comprises of a dolomite plateau overlain by a large area of sand.

In the east the geological formations are sedimentary with scattered patches of shale, dolerite and andesite.

This formation provides for the important mining and engineering geology of the area.

**MAP 3.3: GEOLOGY**



Source: Frances Baard DM SDF, 2007

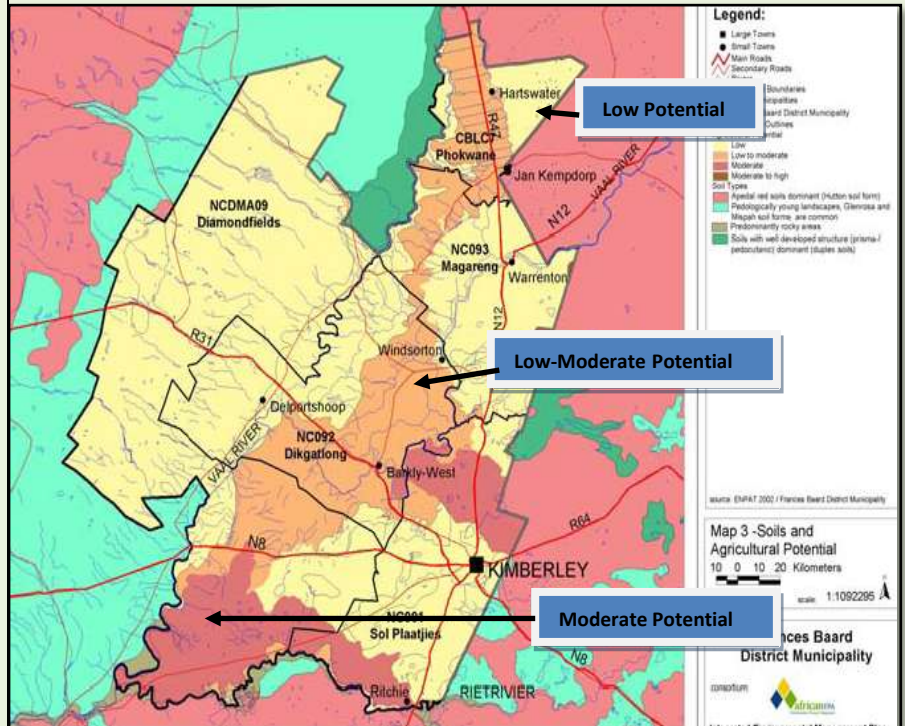


# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

**Map 3.3** illustrates the agricultural potential of Frances Baard DM. In this map it is evident that there is no high potential area for agriculture, which means that the agricultural resources which are currently present should be conserved.

**MAP 3.4: SOIL AND AGRICULTURAL POTENTIAL**



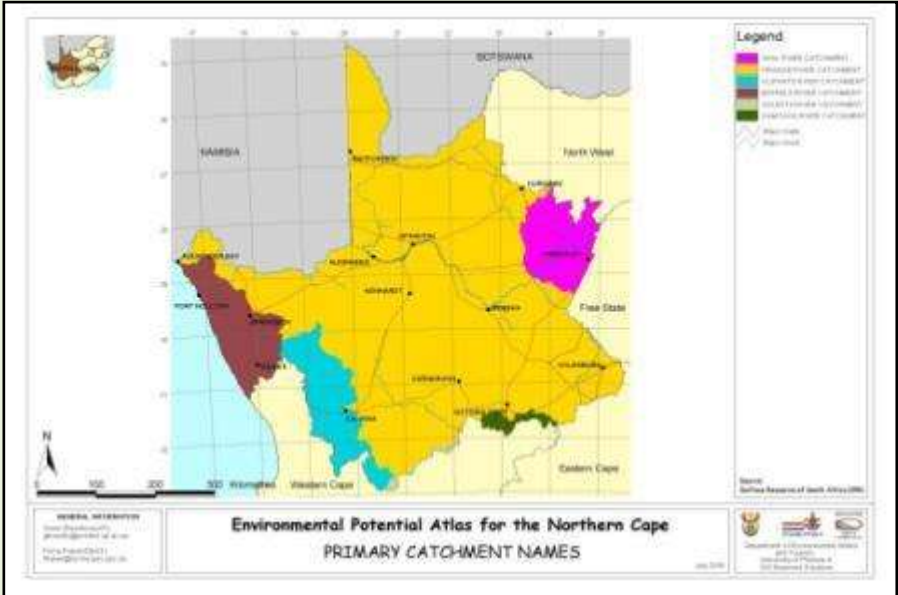
### Water, Rivers and Dams

The major rivers that fall within the France Baard region are Vaal, Harts and Modder. The Frances Baard Region falls within the Vaal River Catchment Area.

The Vaal-Harts irrigation scheme is an important water body for agricultural development in the area.

**Map 3.4** illustrates the primary catchment areas within the Northern Cape

**MAP 3.5: ENVIRONMENTAL POTENTIAL ATLAS, PRIMARY CATCHMENT AREAS, NORTHERN CAPE**

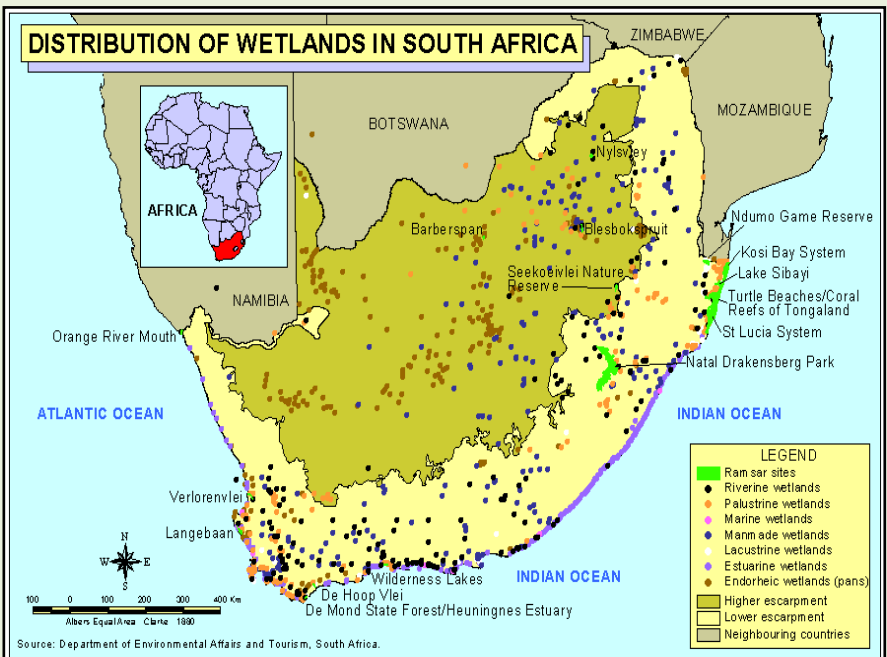


## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

**Map 3.5** illustrates the distribution on wetlands within South Africa

From **Map 3.5** it is evident that Frances Baard DM has a limited number of wetlands within its borders.

### MAP 3.6: ENVIRONMENTAL POTENTIAL ATLAS, DISTRIBUTION OF WETLANDS, SOUTH AFRICA

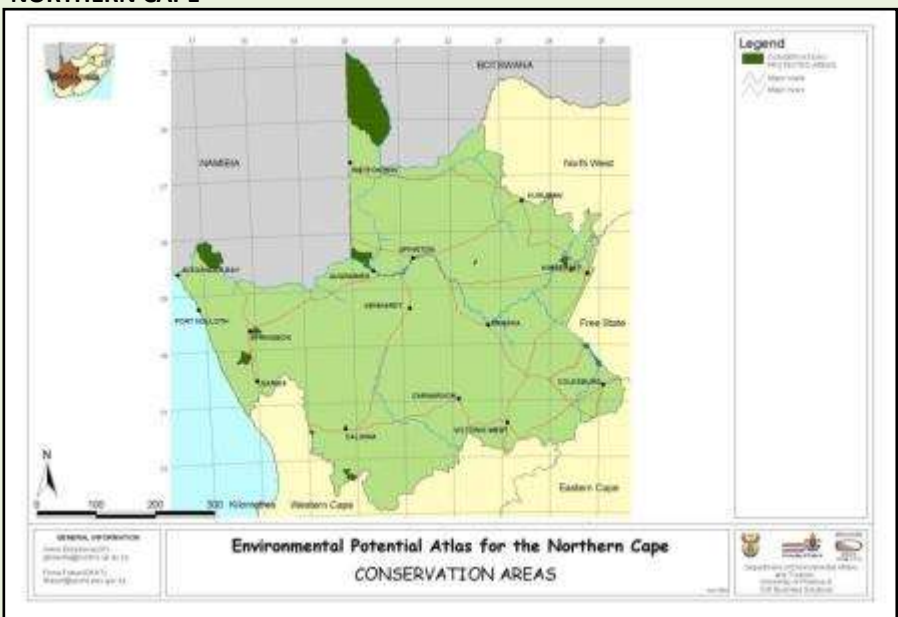


Source: Department of Environmental Affairs and Tourism ([www.environment.gov.za](http://www.environment.gov.za))

**Map 3.6** illustrates the conservation areas within the Northern Cape

The Frances Baard DM has one national park namely the Mokala National Park.

### MAP 3.7: ENVIRONMENTAL POTENTIAL ATLAS, CONSERVATION AREAS, NORTHERN CAPE

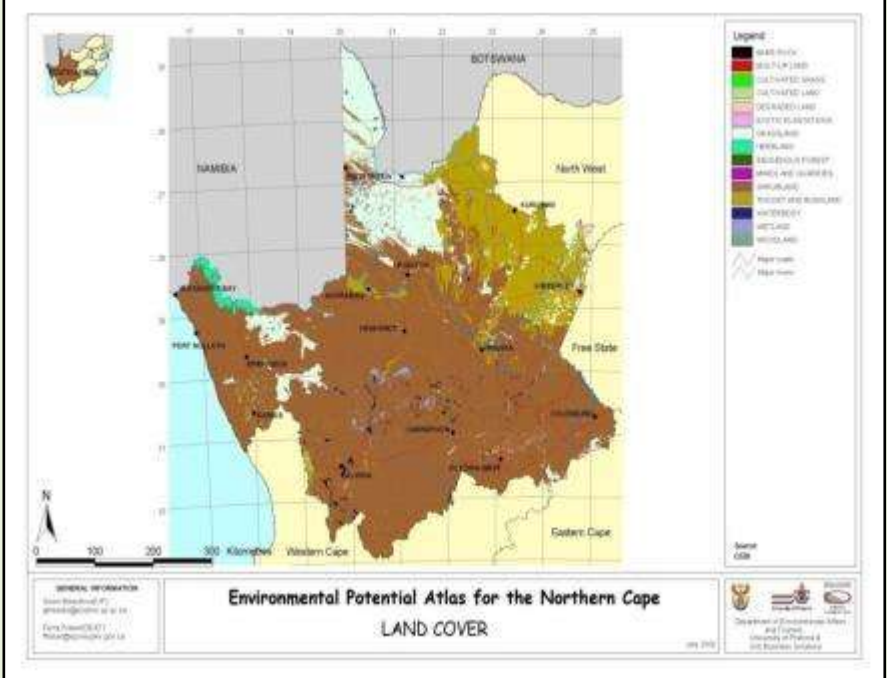


Source: Department of Environmental Affairs and Tourism ([www.environment.gov.za](http://www.environment.gov.za))

**Map 3.7** illustrates the land cover of the Northern Cape

From **Map 3.7** it is evident that the Frances Baard DM mainly comprises of thicket and bush land.

**MAP 3.8: ENVIRONMENTAL POTENTIAL ATLAS, LAND COVER, NORTHERN CAPE**

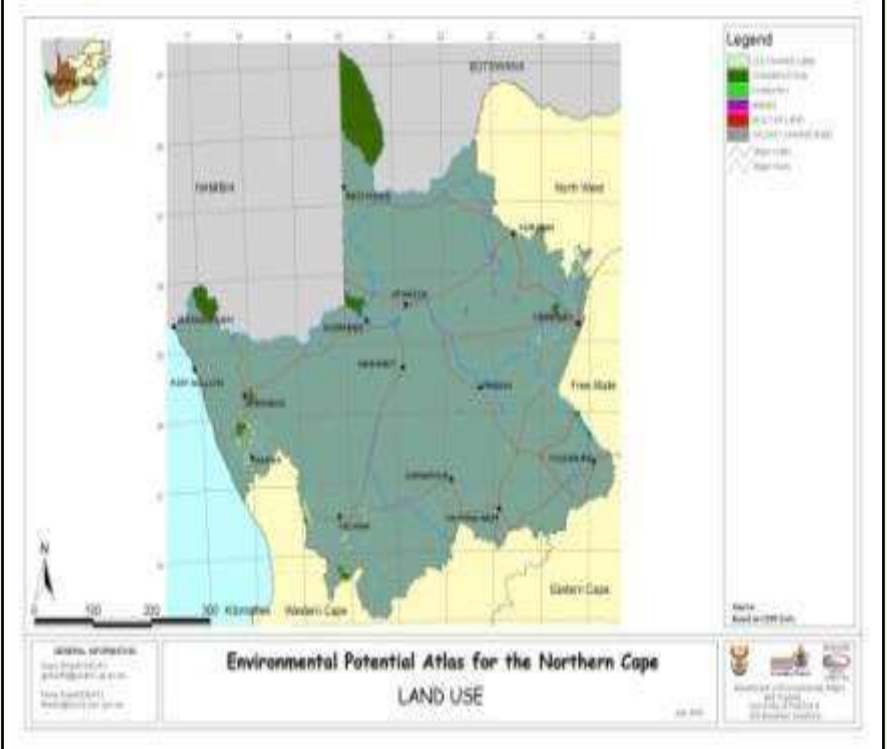


Source: Department of Environmental Affairs and Tourism ([www.environment.gov.za](http://www.environment.gov.za))

**Map 3.8** illustrates the land use within the Northern Cape

**Map 3.8** shows that the Frances Baard DM comprises of conservation area, built up area, mining, cultivated land and a large portion of vacant/unspecified land.

**MAP 3.9: ENVIRONMENTAL POTENTIAL ATLAS, LAND USE, NORTHERN CAPE**



Source: Department of Environmental Affairs and Tourism ([www.environment.gov.za](http://www.environment.gov.za))

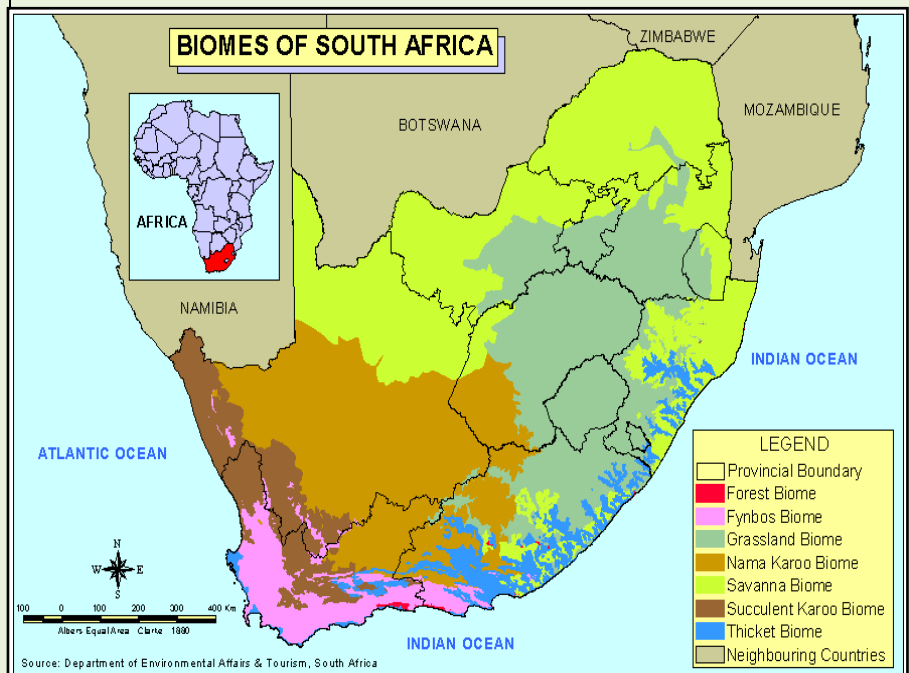
# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

**Map 3.9** illustrates the biomes within South Africa

The Frances Baard DM comprises only of savannah biomes.

**MAP 3.10: ENVIRONMENTAL POTENTIAL ATLAS, BIOMES, NORTHERN CAPE**



Source: Department of Environmental Affairs and Tourism ([www.environment.gov.za](http://www.environment.gov.za))

**Map 3.10** illustrates the total number of sensitive areas within the Northern Cape

From **Map 3.10** it is evident that the Frances Baard DM has a limited number of sensitive species.

**MAP 3.11: ENVIRONMENTAL POTENTIAL ATLAS, TOTAL NUMBER OF SENSITIVE SPECIES, SOUTH AFRICA**





## *Section 4: Opportunity Analysis & Project Identification*

### **4.1 Introduction**

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

A swot analysis and local sectoral potential analysis will help create an understanding with regard to the sectoral competitive advantages of the local economy and this will be used to determine the development potential within Frances Baard.

The analysis seeks to identify supply and demand factors to assess market opportunities based on the gap between existing and potential levels of development and by reviewing the resource base for potential exploitation and beneficiation, i.e. extent, location, utilization and opportunities.

In addition constraints to development such as the impact of HIV/Aids on the demographic profile, exploitation of resource base, international market influences, environmental degradation, lack of entrepreneurial skills and poverty are identified.

This section is structured according to the following sub-sections:

- SWOT Analysis
- Potential Analysis & Value Chain Gap Analysis
- Sector Potential Analysis

### **4.2 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 Frances Baard District Municipality, in terms of local economic development.

The identification of strengths, weaknesses, opportunities and threats within the municipal area provides the basis upon which the pillars of the LED strategy may be built.

The SWOT analysis is illustrated in **Figure 4.1**.

**FIGURE 4.1: SWOT ANALYSIS**

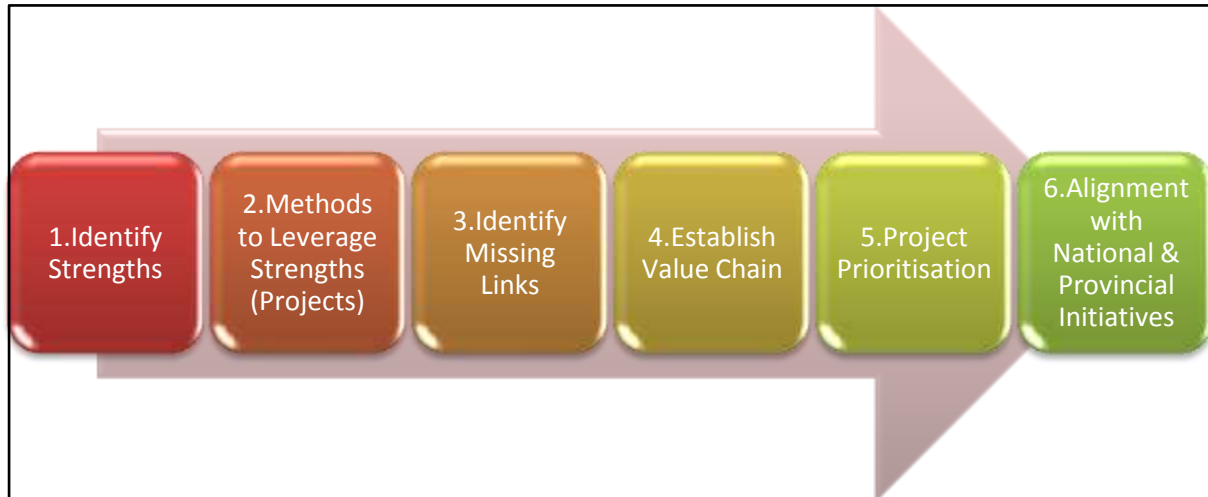


The internal (strengths and weaknesses) and external (opportunities and threats) analysis of Frances Baard DM provided various positive and negative aspects of the area. It is important for the Frances Baard DM to build on their strengths, minimize their weaknesses, seize the opportunities and counteract the threats.

### 4.3 Potential Analysis & Value Chain Gap Analysis

The potential analysis is the process of identifying the areas strengths in order to develop bankable cross-cutting projects. **Figure 4.2** illustrates the methodology used to conduct a potential analysis.

**FIGURE 4.2: POTENTIAL ANALYSIS METHODOLOGY**

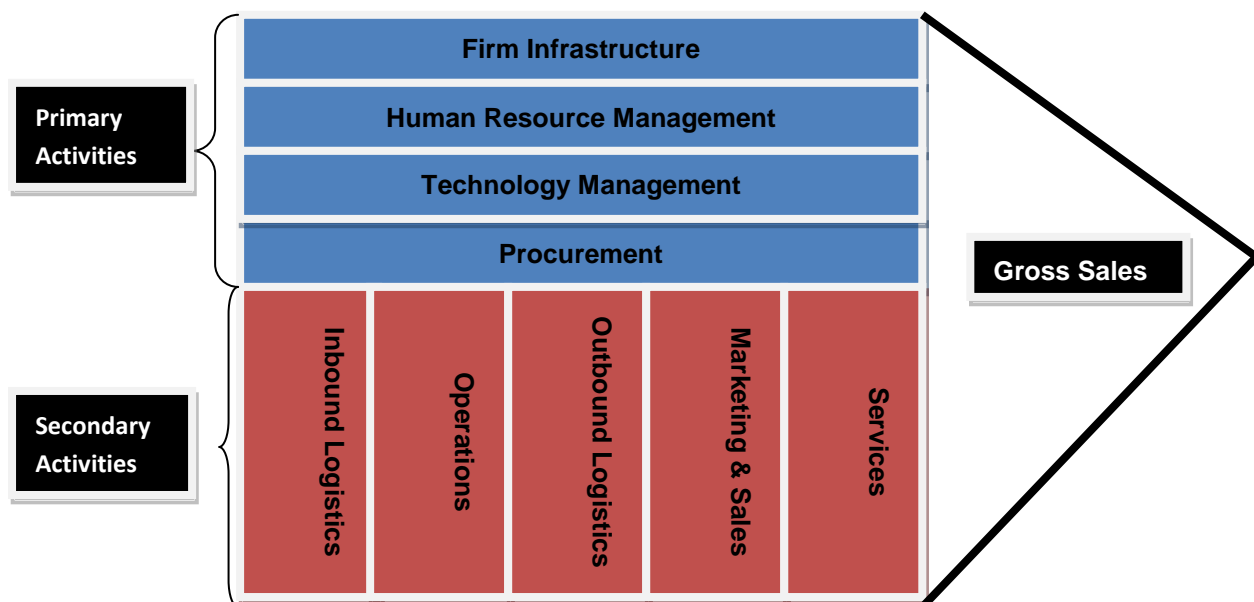


As part of the potential analysis a value chain gap analysis has to be conducted which could be defined as a series of activities that add value to a product. In the business environment the value chain could be seen as a linked set of value adding processes that convert basic input materials into products or services for the final consumer. The activities that take place can be categorised under two headings, namely:

- **Primary activities** – activities directly concerned with creating and delivering a product
- **Secondary activities** – however not directly involved with production, but could increase effectiveness or efficiency

Figure 4.3 illustrates a generic value chain as visualised by M.E. Porter (1980)

**FIGURE 4.3: GENERIC VALUE CHAIN (M.E. PORTER)**





## **4.4 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 measure the resource and/or capacity to determine potential. The set of criteria serves as a tool to identify areas with potential for development and opportunities within each of the local economic sectors. The criteria includes following:

### **1. 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.

### **2. 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:

#### *a) 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.

#### *b) 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.

### **3. 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.

#### **4. 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.

#### **5. 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.

#### **6. 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.

#### **7. 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.

#### **8. 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.

#### **9. 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.

The above criteria will be used to evaluate the leading economic sectors identified in the following sub-section.

### **4.5 Sector Opportunities**

The purpose of this sub-section is to provide an assessment of the economic activities within Tourism and the four leading economic sectors in order to determine their potential for economic development. The leading economic sectors were determined by using different criteria such as GGP contribution, comparative advantage (location quotient), exports and the district's GDS. **Table 4.1** illustrates the leading sectors according to each criterion.

**TABLE 4.1: LEADING ECONOMIC SECTORS**

<b>GGP Contribution</b>	<b>Comparative Advantage</b>
Services (20.6%)	Agriculture
Trade (14.7%)	Mining
Mining (14.6%)	Manufacturing
Transport & Communication (13.5%)	Construction
	Services
<b>Exports</b>	<b>District GDS</b>
Precious- or Semi Precious Stones (99.76%)	Agriculture & Agro-Processing
	Mining & Mineral Processing
	Tourism
	Manufacturing
	Transport
	Services
	Cross-Cutting <ul style="list-style-type: none"> <li>○ Institutional Capacity Building</li> <li>○ SMME Development</li> </ul>

From **Table 4.1** the following leading sectors were identified:

1. Agriculture Sector
2. Mining Sector
3. Manufacturing Sector
4. Services
5. Tourism Industry

The economic potential for each of the above leading economic sectors will be analysed in the following sub-section.

### 4.5.1 Agriculture, Forestry and Fishing Sector

#### AGRICULTURE SECTOR

##### AGRICULTURE SECTOR DEFINITION

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



##### 4.5.1.1 Overview of Agriculture in Frances Baard District Municipality

The agricultural sector has contributed largely to employment opportunities in Frances Baard DM in the last 11 years (1996-2007). However there has been a decrease in the employment opportunities in the agricultural sector over the last 11 years with a 3.7% decrease between 1996 and 2007 and a 3.5% decrease between 2001 and 2007. This could be as a result of the low potential of agriculture activities in the area.

From **Figure 4.4** it is evident that there have been fluctuations in the growth of the agricultural sector over the past 12 years (1995 – 2007). These fluctuations could be due to droughts, untimely rain in harvesting season, difficult export circumstances and/or global competition.

According to the Companies and Intellectual Property Registration Office (CIPRO) database there are 58 active businesses registered in the Agricultural Sector. These businesses mainly include farming with crops, animals and hunting activities.

**Table 4.2** provides a summary of the products produced in the FBDM in 2002 (categorised according to the main Agricultural Sector divisions).

**TABLE 4.2: AGRICULTURAL SECTOR PRODUCTION (MAIN DIVISION), FBDM (2002)**

Main Division	% Contribution to NC
Field Crops	58.2%
Horticulture	15.1%
Animals	17.3%
Animal Products	18.5%

Source: StatsSA, Census of Agriculture Provincial Statistics, 2002

**Table 4.2** states that FBDM contributed to the majority of the field crops of the Northern Cape in 2002.

The Frances Baard DM has a low rainfall and experiences extreme

**FIGURE 4.4: AGRICULTURAL GROWTH PERFORMANCE (1995-2007)**



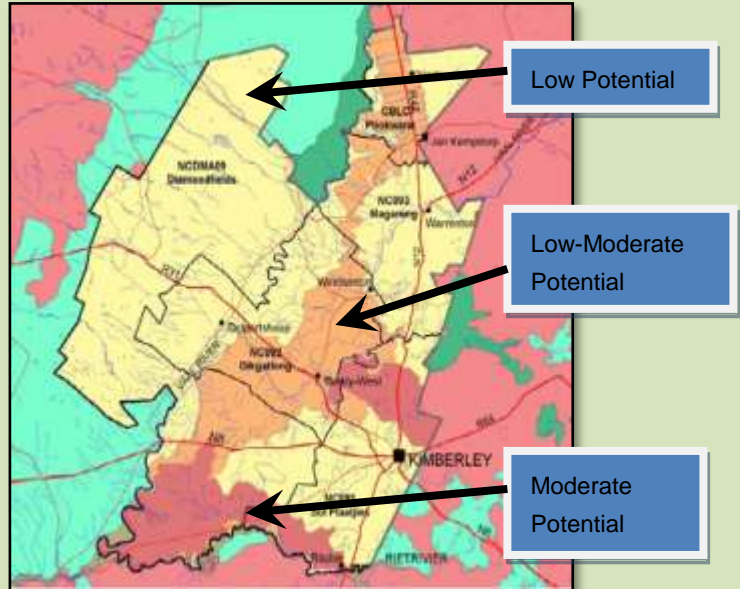
Source: Quantec Standardised Regional Data 2008

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

climate conditions, varying between -10 degrees in the winter and 42 degrees in the summer. This results in the area having a low crop production potential. **Map 4.1** shows that the region varies from low to moderate potential for crop production, but has no high potential areas. The southern part of the region provides the most potential for agricultural activities.

The main agricultural produce in the area is wheat, fruit, peanuts, maize, cotton olives, cattle, game farming, viticulture, fishing and vegetables. According to the agricultural industries profile completed by the Department of Agriculture and Land Reform (2008) most of these industries are well developed within the Northern Cape, but very little value adding and processing is taking place within the area. This provides an opportunity for expansion in agricultural activities i.e. canning, packaging, use of water wise plants and water management.

### MAP 4.1: AGRICULTURAL POTENTIAL



Source: Frances Baard DM SDF, 2007

#### 4.5.1.2 Factors in the analysis of development potential

### Availability of Land & Water

Land in the Frances Baard DM has low to moderate potential for agricultural activities. The moderate potential areas are mainly located within the DMA area. There is however no area which provide high potential for agricultural activities.

Water used for agricultural activities are mainly sourced from the Vaal-Harts irrigation scheme. This increases the area of arable land resources but also provides negative impacts on long term soil fertility and water quality. DWAF has also have also recommended that no further water be used for irrigation which places a strain on the agricultural water supply in Frances Baard DM (IEMP). This implies that further expansion of the agricultural sector would be vertical integration i.e. canning & packaging, improved crops, water management and/or the use of water wise plants.

## Economic Linkages

Various linkages exist for Agriculture in the Frances Baard DM. 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.

Forward linkages which exist are raw produce being exported to other areas. Very little value adding processes take place within the Frances Baard DM.

## Gap Analysis

The agricultural sector is mainly based on primary activities and very little processing is done in the area; this provides an opportunity processing activities in the Frances Baard DM.

### Availability of Labour

A larger portion of the population in the Frances Baard DM is unemployed and has a low level of skills. This implies that there is a lack of specialised labour in the area.

## Technology Change

Effectively there is no real potential for agricultural activities in the Frances Baard DM, which means that the expansion of activities would

include implementing new technology such as water wise plants and better water management.

#### Enabling Environment

Some of the constraints i.t.o enabling environment which have been identified are as follows:

- 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

#### 4.5.1.3 Value Chain Gap Analysis

The following sub section provides examples of value chains for the following industries:

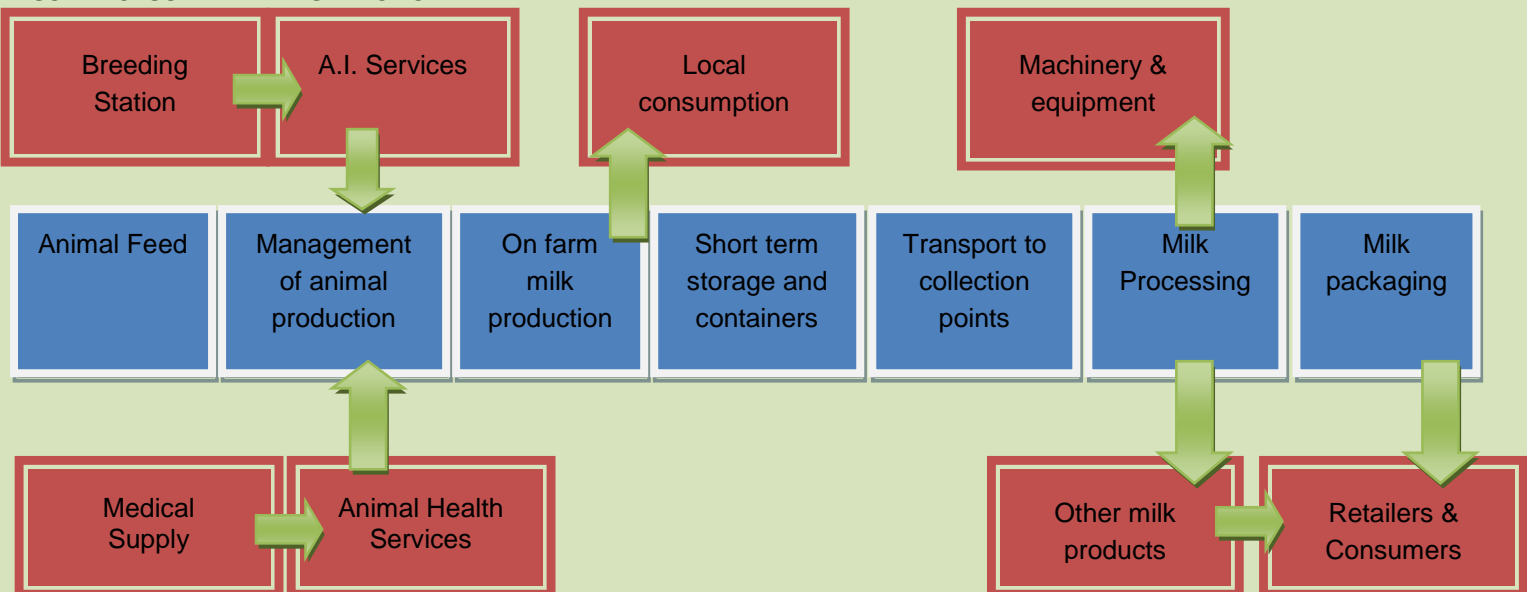
- Goat Farming
- Meat Processing
- Fruit & Vegetables Processing

#### Goat farming

Goats currently offer the biggest scope for improvement and development in the animal agriculture industry. This includes the commercialization of the unimproved indigenous goat resources as well as the development of value-added traits and products such as cheese, leather etc. In South Africa goats are generally kept for Mohair production.

The Northern Cape produces approximately 8% of South Africa's goat numbers, but although there are registered abattoirs in the Northern Cape goats are mainly sold alive to other areas.

**FIGURE 4.5: GOAT FARMING VALUE CHAIN**



The goat farming value chain in Frances Baard is mainly focused on farming goats and the selling of the goats to other areas or markets, very little value adding is done in this industry. The following gaps have been identified in the goat farming value chain of the Frances Baard DM:

#### Research and Development:

It is important for the Frances Baard DM to invest in new technological research for better processing methods in order to provide the district with competitive advantage in this respect. An example would be to research different cheese production techniques in order to



implement the most feasible technique in Frances Baard DM.

#### Infrastructure:

The transport of the milk and value added products will require cold storage transport vehicle. There would also have to be short term storage facilities for the milk and cheeses products for the period before the products are transported to other areas or markets.

#### Value adding:

As mentioned there is very little value adding being done in the area, thus there is a gap for the Frances Baard DM to add value to the milk produced from the goats. Value adding products which could be produced are:

- Cheese
- Yogurts
- Body products (creams)
- Soaps

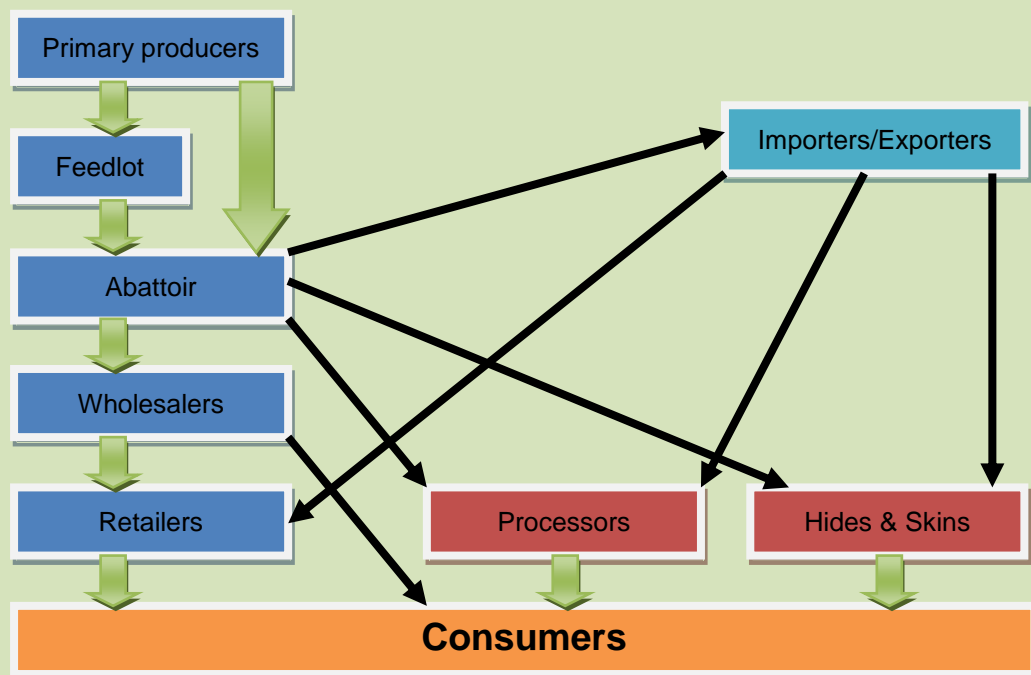
#### Packaging :

The products need to be packaged and branded before they are transported to other areas or markets.

### Meat Processing

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. The Northern Cape contributes to 3% of national cattle (beef) numbers, 25% of national sheep numbers, 8% of national goat numbers and 2% of national pig numbers. This shows the importance of livestock farming in the Northern Cape.

**FIGURE 4.6: MEAT PRODUCTION VALUE CHAIN**



The Frances Baard DM contribution to the meat 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 Frances Baard DM to ensure sustained growth in the meat 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:

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 Frances Baard DM, there is a need for meat processing facilities. This includes products like beef, lamb, goat and pig.

#### Skin processing:

Limited processing of skin is taking place in the district. Current abattoir value adding activities can be expanded to include more skin processing.

#### Fruit & Vegetable Processing

The vegetable industry in South Africa possesses some weaknesses, especially in terms of industry coordination and processing capacity. More specifically, the vegetable industry requires coordination in order to access export markets, which are increasingly subject to safety, traceability and social responsibility regulations. The vegetable industry in South Africa also faces post-harvest bottlenecks in areas such as:

- Shortage in cooling capacity
- Insufficient control of the cool chain
- Lack of ICT implementation

In general, however, the vegetable industry is undoubtedly profitable if proper targets are selected.

**FIGURE 4.7: FRUIT & VEGETABLE VALUE CHAIN**

Primary Production	Marketing	Processing/ Manufacture	Packaging & Branding
<ul style="list-style-type: none"> <li>• Establishment</li> <li>• Maintenance</li> <li>• Harvesting</li> <li>• Washing</li> <li>• Grading</li> <li>• Packing</li> <li>• Transport</li> </ul>	<ul style="list-style-type: none"> <li>• Agents</li> <li>• Fresh produce markets</li> <li>• Wholesalers</li> <li>• Retailers</li> <li>• Hawkers</li> <li>• Processors</li> </ul>	<ul style="list-style-type: none"> <li>• Juice</li> <li>• Oils</li> <li>• Salad</li> <li>• Chips</li> <li>• Dehydration</li> <li>• Soups</li> </ul>	<ul style="list-style-type: none"> <li>• Canning</li> <li>• Bottling</li> <li>• Frozen</li> <li>• Bulk</li> <li>• Vacuum pack</li> <li>• Packet</li> </ul>

The Frances Baard DM contribution to the fruit and vegetable 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 Frances Baard DM to ensure sustained growth in the fruit and vegetable industry:

- By far the most prominent gap in the vegetable industry is poor **production and marketing data**. By its nature, fruit and vegetables and in particular perishable fruit and vegetables depend on quick freight to reach the markets in an acceptable state of freshness. A good information system on production and markets allows for better logistics to the markets thereby improving competitiveness
- An efficient **logistics and transport system** is a further important requirement which can currently be viewed as a gap within the

Frances Baard DM. This includes the need to improve freight transport, road conditions and the application of ICT in logistics management.

- The fact that very little of the fruit and vegetables produced in the area are processed within the Frances Baard DM, presents a further gap in the value chain. This, together with the improvement of marketing/production data and the logistics and transport system indicates an opportunity for the development of **agro-processing industries**.

#### 4.5.1.4 Development Potential

The France Baard DM does not currently exhibit a comparative advantage in the agricultural sector. The agricultural sector has also shown a decline in the last 6 years. Linking the agricultural sector to the manufacturing sector, which exhibits a comparative advantage, increases the development potential of both these sectors, thus the potential would be to expand on agro processing.

The following development opportunities have been identified in the agro processing industry:

#### OPPORTUNITIES

##### Goat Farming

The South African goat cheese industry is undeveloped as compared to France, United States, Europe, Australia and New Zealand. The goat cheese industry is a niche market as goat cheese is an acquired taste. The goat cheese industry is a very small market and is a relatively new concept as compared to other countries.

Cheese sales in South Africa are growing with 3% per annum against a world figure of 1.8% this is encouraging and should stimulate manufacturers to promote the variety, quality and availability of their cheeses. Demand for existing and new cheeses will continue to grow for the foreseeable future, a fact which paints a positive future for cheese in South Africa. How local cheese makers will rise to the challenge automatically becomes an objective for them. A significant part of the anticipated R13 billion additional spending by South African consumers, during the build-up to the 2010 World Cup and the foreign currency spending of 3 million visitors, will be spent on food. South African cheese makers should make sure that they offer the correct cheeses for this opportunity, in order to grab a slice of this spend.

Various other products could also be produced from the goats milk such as:

- Goat milk
- Cheese
- Yogurts
- Body products (creams)
- Soaps

##### Game breeding

The Frances Baard DM shows significant potential for game farming. This could potentially have various spin-off effects such as breeding game for the purposes of **selling to other game farms or for meat processing**.

	<p>A study done at the wildlife centre at the University of Pretoria showed that an average sized game farm could generate 54% of its gross income from hunting, 21% from live animal sales, 18% from trophy hunters, 5% from eco-tourism and 2% from meat production.</p>
<b>Vegetable &amp; Fruit Processing</b>	<p>The Frances Baard DM contributes largely to the production of the Northern Cape's fruit and vegetables. But as mentioned in the case of potatoes there are very little value adding processes taking place in the area. This results in the opportunity for the development of fruit and vegetable processing within the Frances Baard DM, such as:</p> <ul style="list-style-type: none"> <li>• Potatoes (Chips)</li> <li>• Carrots (Carrot Juice)</li> <li>• Olives (Olive Oil, soap)</li> <li>• Grapes (mainly wine grapes, raisins)</li> <li>• Tomato (Tomato paste, dried tomatoes)</li> <li>• Citrus, Sub Tropical and Deciduous Fruits</li> <li>• Mushrooms</li> <li>• Sweet Potatoes</li> </ul>
<b>Field Crop Processing</b>	<p>The FBDM contributes to the majority of the Field Crops produced in the Northern Cape. However very little is being done to add value to these field crops. Thus there is a further opportunity for the processing of these field crops, such as:</p> <ul style="list-style-type: none"> <li>• Maize</li> <li>• Wheat</li> <li>• Sunflower seeds</li> <li>• Dry beans</li> <li>• Lucerne</li> <li>• Ground nuts</li> </ul> <p>There is an opportunity to expand the field crop production of FBDM with the production of pecan nuts.</p>
<b>Meat Processing</b>	<p>FBDM contributes greatly to the livestock of the Northern Cape, but as stated there is very little being done with regards to value adding to the livestock. The industry is thus concentrated in the primary sector. There is however opportunity for meat processing with in the area, such as:</p> <ul style="list-style-type: none"> <li>• Beef Cattle</li> <li>• Pigs</li> <li>• Chicken</li> <li>• Ostriches</li> </ul>

### Possible new products

As stated FBDM Agricultural sector is mainly reliant on the Vaal-Harts irrigation system and that DWAF are suggesting that no water should further be used for irrigation systems which place a strain on the agricultural sector of FBDM. The possibility of moving towards water wise plants provides an opportunity for further diversification of the Agricultural sector, and would result in the Agricultural sector not being over dependant on the irrigation system within the FBDM. Possible new farming crops which need to be researched by the FBDM are:

- Cassava (tropical root crop) various uses include:
  - Basis for food, flour, animal feed, alcohol & starches for sizing paper and textiles, sweeteners, prepared foods and bio-degradable products.
- Cowpeas (protein rich bean crop) various uses include:
  - The leaves and growth points can be picked and used as a vegetable dish.
  - The leaves can be dried and used as a meat substitute. About 1 kg cowpeas are a full meal.
  - The green seeds are sometimes roasted like peanuts and these are then used as a substitute for coffee.
  - Ground dried seeds mixed with onions and spices can be fried in oil. The seeds can also be cooked.
  - It can be used as green manure.
  - It can be planted for hay production.
  - Silage can be made by mixing the green leaves with sorghum or maize.
  - Cowpeas can be planted for hay production and the hay can be sold.

The viability of these new products needs to be researched by the FBDM by means of feasibility studies. The production of these new products could also be implemented as community based projects.

## 4.5.2 Mining Sector

### MINING SECTOR

#### MINING SECTOR DEFINITION

The mining sector includes the extracting, beneficiating of minerals occurring naturally, including solids, liquids and crude petroleum and gases. It also includes underground and surface mines, quarries and the operation of oil and gas wells and all supplemental activities for dressing and beneficiating for ores and other crude materials



#### 4.5.2.1 Overview of Mining in Frances Baard District Municipality

Mining in the Frances Baard DM consists mainly of Diamond mining, which has been the cornerstone of Frances Baard DM economy. Diamond mining has also contributed largely to the economic development of Kimberley, which was not established because of proximity to rivers or arable land but because of the presence of the Kimerlite pipes. The Kimberlite pipes have yielded large quantities of diamonds over the past 140 years.

Nineteen mines are currently operating on various farms in the Frances Baard DM and a large amount of prospecting is taking place on various other farms in the Frances Baard DM.

Other mineral resources found in Frances Baard DM is limestone and cement, mainly found in the Ulco area located around the gap in the Ghaap escarpment. It is presumed that the mine still has a life span of 150 years. This mine is also the main supplier of the material for the South African market.

From **Figure 4.8** it is evident that there have been fluctuations in the growth performance of the mining sector in Frances Baard DM between 1995 and 2007. Various aspects have an impact on mining such as decrease in demand for commodities or an electricity crisis (which is experienced in South Africa).

The mining sector is one of the economic sectors providing a large number of employment opportunities in Frances Baard DM. A positive aspect would be the increase of employment opportunities over the past 11 years (1996-2007). Between 1996 and 2007 there has been an increase of 0.4% in employment opportunities, but between 2001 and 2007 there has been a much larger increase of employment opportunities (3.1%). This indicates the importance of the mining sector as an employment commodity. It is however important to introduce value adding processes into the mining

**FIGURE 4.8: MINING GROWTH PERFORMANCE (1995-2007)**



Source: Quantec Standardised Regional Data 2008

sector in order to obtain further increase in employment opportunities.

According to the CIPRO database there are 76 industries linked to the Mining sector within the FBDM. Most of these industries are located within Kimberley. The activities of these industries are mainly linked to mining of minerals and diamonds.

#### **BOX 4.1: DIAMOND HUB INITIATIVE**

The diamond mining industry is the cornerstone of the Frances Baard DM and Northern Cape province economy, but both the district and the province have very little to show for this. The increasing capital intensification in the mining has resulted in the mining sector only providing a small number of new jobs in the Frances Baard DM. This implies that creating more jobs in mining sector would need to come from value adding beneficiation activities in the mining sector.

The increased interest of value adding beneficiation activities resulted in the Diamond Hub initiative being established. The diamond hub initiative entails the establishment of a business node related to the diamond and jewellery industry and will aim to diversify the economic base, promote economic growth, provide more job opportunities, provide skills training and unlock investment opportunities.

The main objective is to establish Kimberley as a specialised centre with regards to:

- Diamond Cutting and polishing
- Jewellery Manufacturing
- Services

In order to achieve the above objective, the following projects were identified:

- Diamond Cutting and Polishing
- Jewellery Manufacturing
- Kimberley International Diamond and Jewellery Academy (ensure skilled human capital, technology and intelligence to enable industry)
- Kimberley Diamond and Jewellery Hub
- Branding these diamonds and jewellery
- Tourism
- Relocation of the State Diamond Trader (The state diamond trader, which will buy 10% of all diamonds produced locally and sell them to local diamond cutters and polishers, will relocate to Kimberley (with the help of the De Beers group) in order to make Kimberley the real diamond hub of South Africa.)

The diamond hub initiative is a project driven by the Northern Cape Province, but the impact of the project will also have a positive effect on the Frances Baard DM economy and therefore it would be important for the Frances Baard DM to support the Diamond Hub initiative.

#### **4.5.2.2 Factors in the analysis of development potential**

##### **Availability of extractable reserves**

The Northern Cape has mineral wealth which has provided the Northern Cape with national and international importance w.r.t minerals. The Northern Cape produced 37% of the countries diamonds. De Beers has been the world's largest producer of uncut diamonds. The De Beers base is in Kimberley which is located in the heart of South Africa's diamond fields.

### Market trends

Despite the current economic crisis there is still a positive demand for diamonds in the world, which is a positive impact for the diamond mines of Frances Baard DM.

### Availability of labour

The Frances Baard DM has declining population and the majority of the population have very low skills therefore there is a small availability of skilled labourers in the area.

### Technology change

Overall extraction costs are a combination of variables such as grade of diamonds, mining depth, geology, labour efficiency and technology. More efficient technology and improved labour productivity can therefore increase the profitability of the mines.

### Market linkages

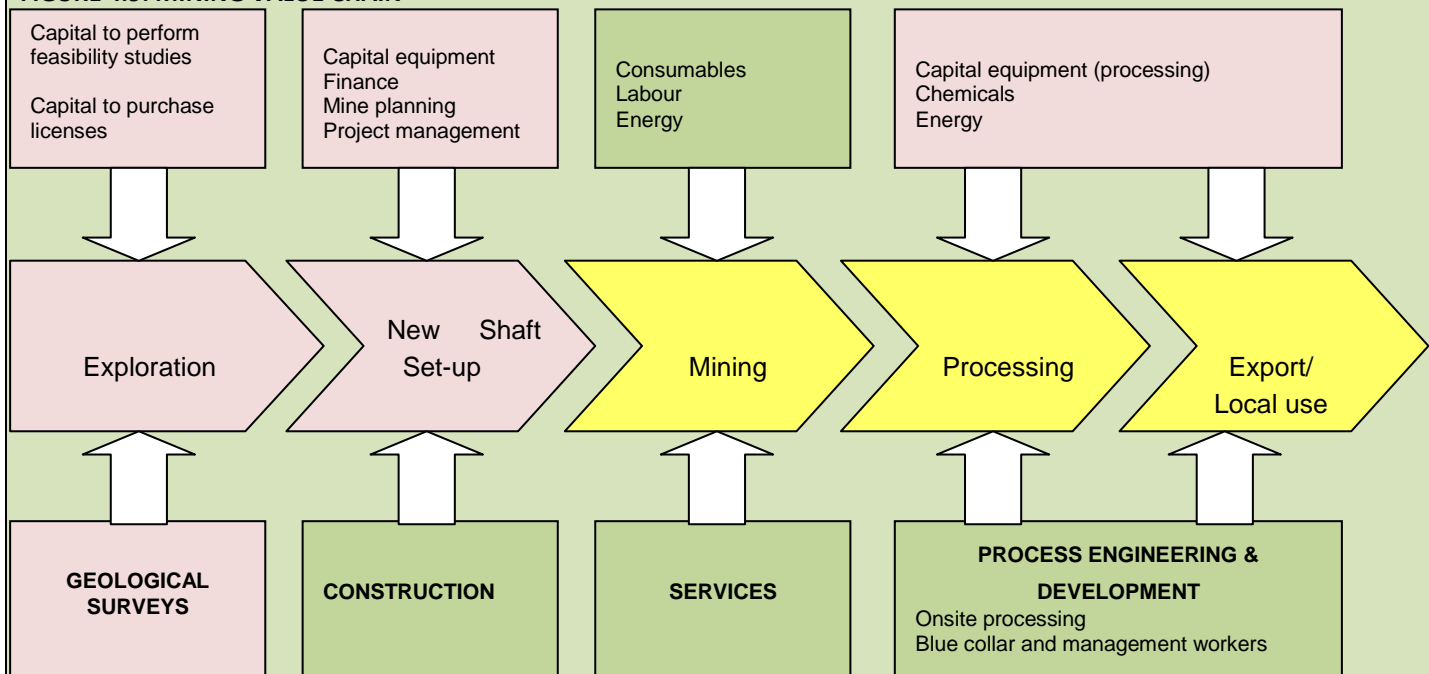
The Diamonds extracted within the FBDM are exported to other regions (national and international) for further processing and beneficiation. Value adding processes could be implemented locally which would increase job opportunities.

Mining inputs, such as machinery, piping, tubing, chemicals, mining timber, iron and steel products, explosives, electrical machinery, cables and wiring, foodstuffs, etc. are sourced mainly from outside FBDM, resulting in a massive income leakage out of the area. The mines potentially represent a substantial local market for these manufactured products and by strengthening the local backward linkages, the manufacturing sector can be stimulated.

#### 4.5.2.3 Value Chain & Gap Analysis

This sub-section provides an example of a typical mining value chain, which can be used to highlight gaps which the FBDM should aim to address.

**FIGURE 4.9: MINING VALUE CHAIN**



Source: Adapted from Blueprint mining value chain, 2006

The mining value chain in the Frances Baard DM is currently concentrated in exploration, shaft set-up and mining, while little processing of primary mining products is being done. The following gaps have been identified within the Frances Baard DM mining value chain:



**Backward linkages:**

The labourers working in the mining sector require affordable housing close to the mines where they are employed. Providing these mining houses represents a local market for outputs of agriculture, manufacturing, service industries and SMME's. This would include the provision of machinery, equipment, consumables, construction services, maintenance and repair services, agricultural produce, catering, cleaning and laundry services.

**Forward Linkages:**

As mentioned no beneficiation activities are taking place in the Frances Baard DM, which provides an opportunity for processing facilities to establish in the area.

**Human Capital:**

There is a lack of specialised skills such as technical and engineering skills in the Frances Baard DM.

**4.5.2.4 Development potential**

The mining sector shows a comparative advantage of 0.9 which is below 1, but as mentioned the mining industry has been the cornerstone of the economic growth of Frances Baard DM for the last decade.

The following development opportunities have been identified in the mining sector:

**OPPORTUNITIES**

**Mining Beneficiation**

The Northern Cape and Frances Baard District Municipality is well endowed with mineral resources but certain problems and constraints do exist such as the decline in the diamond sector. Mining is concentrated on stones and minerals with very little beneficiation taking place within the province. This limits the amount of value added to the mining products and therefore reduces the benefit that accrues to the provincial economy. There is a importance for mineral beneficiation and processing in Frances Baard District. For this industrial development to take place it is important not to forget the availability of important mineral deposits in the area. Currently these minerals are only mined and then transported to other areas where they are processed and beneficiated overseas. By developing processing and beneficiation plants in the District, numerous jobs could be created and value adding can take place locally, benefitting the local communities and local economy. This could also attract further investors to the area. Sectors such as construction, transport & tourism could be benefitted by such as initiative.

Cluster opportunities which could be linked to this are:

- Cutting & Polishing Industry
- Jewellery Industry
- Tools (drill-points, cutting blades)
- Precision instruments

This initiative could also be linked to the Provincial Diamond Hub project.

### Formalising of Pebble Mining

There are many small-scale miners informally involved in pebble mining along the river banks within the FBDM. This could be formalised through the establishment of cooperatives and joint assistance from the FBDM in order to reach better markets and improve the viability of the pebble mining industry for those individuals involved.

## 4.5.3 Manufacturing Sector

### MANUFACTURING SECTOR

#### MANUFACTURING SECTOR DEFINITION

The manufacturing sector is broadly defined as the physical or chemical transformation of materials or compounds into new products and can be classified into 10 main sub-categories, namely:

- Fuel, petroleum, chemical and rubber products;
- Other non-metallic mineral products, e.g. glass;
- Metal products, machinery and household appliances;
- Electrical machinery and apparatus



#### 4.5.3.1 Overview of Manufacturing in Frances Baard District Municipality

The contribution of the manufacturing sector to the overall GGP of Frances Baard DM and the Northern Cape is low compared to the other economic sectors. When comparing the contribution of the manufacturing sector in the Northern Cape to other provinces it is evident that the manufacturing sector in the Northern Cape has an insignificant contribution. However it is important to note that manufacturing does contribute to the local economies where manufacturing activities are located within Frances Baard DM, such as Kimberley. The main manufacturing activities taking place in the Frances Baard DM is adding value to the mineral and agricultural produce of the area or production of products used in those industries.

From **Figure 4.10** it is evident that there have been fluctuations in the growth of the manufacturing sector between 1995 and 2007. Since the manufacturing sector is mainly based on value adding on mineral and agricultural resources, the fluctuations in the growth could be due to various aspect which would also have an impact on the mining and agricultural sectors such as draught, decrease in demand for commodities & untimely rains.

**Figure 4.11** shows that the following sub-sectors of manufacturing are contributing the most to the overall performance of the manufacturing sector:

- Food & Beverages
- Petroleum Products

**FIGURE 4.10: MANUFACTURING GROWTH PERFORMANCE (1995-2007)**



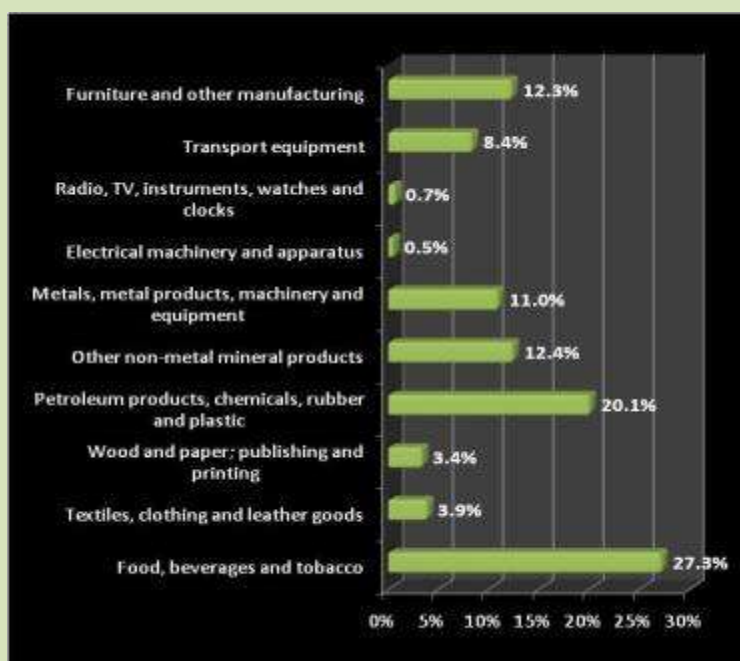
Source: Quantec Standardised Regional Data 2008

- Non-metal mineral products
- Furniture
- Metal products

The manufacturing sector has a large contribution towards employment opportunities in the Frances Baard DM. However there has been a decrease in employment opportunities for the period 1996 to 2007. From 1996 to 2007 there has been a decrease of 1.3% in employment opportunities and from 2001 to 2007 there has been a decrease of 0.1% in employment opportunities.

According to the CIPRO database there are 35 industries linked to the manufacturing sector within the FBDM. The majority of the industries are located within Kimberley. The activities of the industries are mainly linked to the leading sub-sectors of the manufacturing sector as illustrated in **Figure 4.11**.

**FIGURE 4.11: MANUFACTURING SUB-SECTORS**



Source: Quantec Standardised Regional Data 2008

#### 4.5.3.2 Factors in the analysis of development potential

##### Economic linkages

The manufacturing sector is mainly linked to primary sectors such as agriculture and mining. The main manufacturing taking place is the production of machinery needed by the primary sectors or adding value to the produce of these primary sectors.

##### Market Trends

International manufacturing trends towards natural and organic products have not been exploited in the Frances Baard DM.

##### GAP analysis

Very little value adding of raw produce is taking place in the Frances Baard DM, and the opportunity to establish value adding processes should be realised.

##### Availability of Labour

The majority of the population in the Frances Baard DM are unskilled, which implies a lack of skilled employees to implement specialised value adding processes.

##### Technology Change

It is important for the Frances Baard DM to implement new technologies to gain a comparative advantage in the value adding processes.

#### 4.5.3.3 Value Chain Gap analysis

South Africa has a unique comparative advantage in mineral and metal resources. There has been a successful expansion in the initial stages of beneficiation of these mineral and metal resources. However, overall South Africa remains a recourse based exporter of largely unbeneficiated or partly processed primary materials and a net importer of manufactured goods.

The following metal beneficiation opportunities are identified within the *Draft Metals Sector Development Strategy* (2006):

**TABLE 4.3: BENEFICIATION OPPORTUNITIES**

Commodity	Primary Manufacture (Stage 3)	Finished Manufacture (Stage 4)
Gold	Bars, chemicals, wire	Coins, jewellery, industrial, dental
Diamonds	Cut & polish	Jewellery, cutting tools
PGM	Bars, chemicals	Catcons, jewellery, industrial

# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

Iron ore to steel	Slabs, billets, flat and long products	Metal products, machinery, castings
Chrome to stainless steel	Slabs, billets, flat and long products	Metal products, machinery, castings
Coal	Electricity, chemicals	Energy intensive products
Aluminium	Slabs, sheet, rod, extrusions, ingot	Transport, packaging, building, industrial, castings
Zinc	Ingot	Galvanised products, castings, batteries
Granite	-	Tiles, measuring tables
Manganese	EMD, alloys	Batteries, chemicals
Titanium	Pigment, metal	Pigment uses, metal products
Copper	Billet, bars, sheet, extrusions	Cable, tubing, copper alloy products
Scrap	Ingot, slabs	Foundry products

Source: Dti Draft Metals Sector Development Strategy, 2006

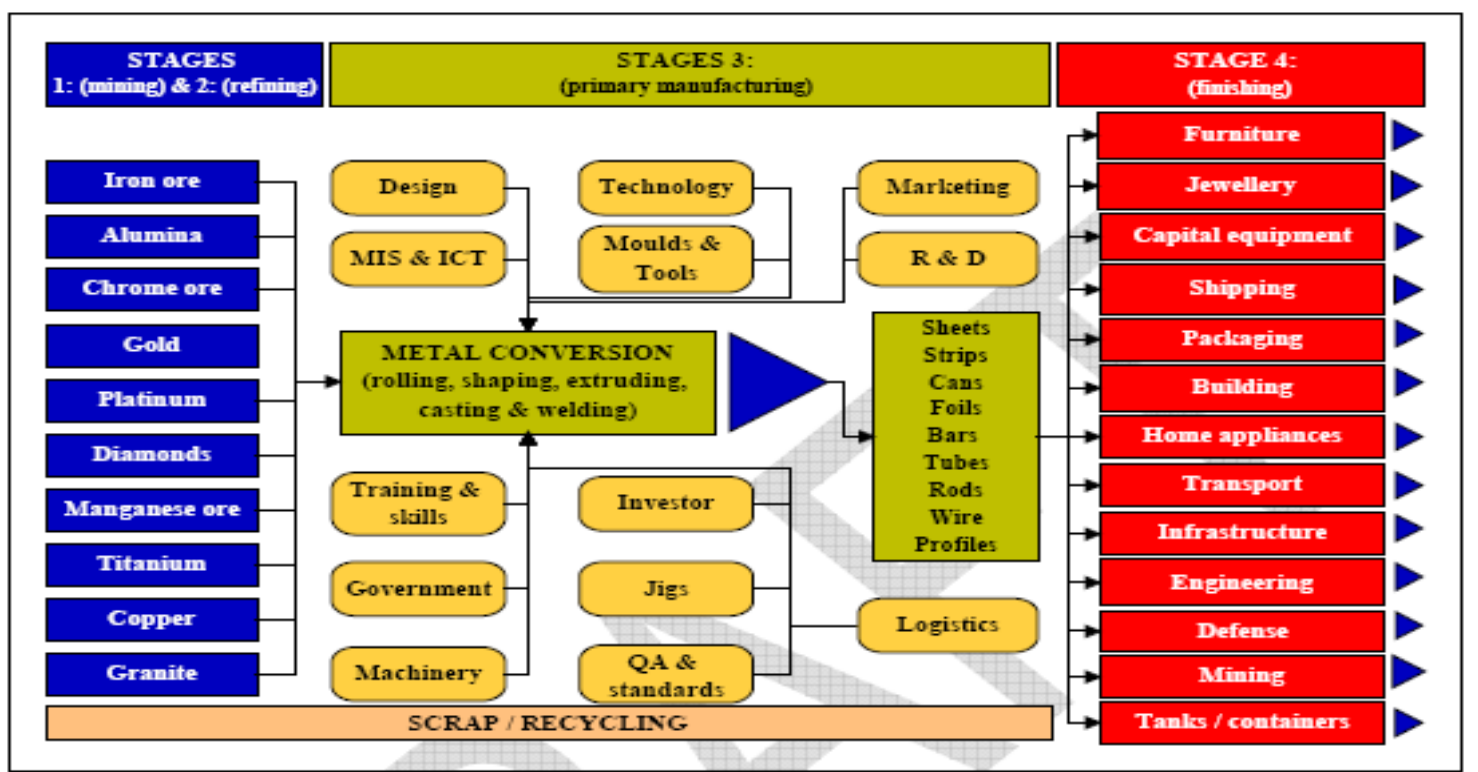
The DTI's perspective on jewellery manufacturing is especially relevant for the Frances Baard DM:

### Jewellery

As already mentioned, South Africa produces 25% of raw materials for worldwide jewellery production, but contributes less than 0.5% to the jewellery market. It is therefore of critical importance that South Africa expands its comparative advantage in producing precious metals and stones into the production and marketing of jewellery (Draft Metals Sector Development Strategy, 2006).

Currently Diamonds mined in the Frances Baard DM are transported to other areas where the diamonds are processed or beneficiated overseas. The following diagram (Figure 4.12) represents the metals sector value chain, as indicated in the Draft Metals Sector Development Strategy (2006):

**FIGURE 4.12: METALS VALUE CHAIN**



(Source: Dti Draft Metals Sector Development Strategy, 2006)

The metals sector value chain in the Frances Baard DM is concentrated around activities linked to the mining sector. In terms of the above diagram, activities in the Frances Baard DM metals industry revolve around mining and primary manufacturing. The following **gaps** in the

metals sector value chain should be addressed for downstream/beneficiation activities to develop and grow:

#### Enabling environment

It is important for the Frances Baard DM to ensure that adequate infrastructure such as industrial development, adequate water and electricity, are in place to implement the beneficiation processes.

#### Investment Incentives

The Frances Baard DM can promote investment in diamond beneficiation industries through incentives which make it profitable for companies to invest in this industry.

#### Market Access

The Frances Baard DM can improve a firm's market access through the provision of access to finance and market information that assists firms in identifying the location of opportunities.

#### Training & Skills

The majority of the population in the Frances Baard DM is unskilled, which implies a lack of skilled employees such as technical and engineering skills.

#### 4.5.3.4 Development potential

The France Baard DM does not currently exhibit a comparative advantage in the agricultural sector. The agricultural sector has also shown a decline in the last 6 years. Linking the agricultural sector to the manufacturing sector, which exhibits a comparative advantage, increases the development potential of both these sectors, thus the potential would be to expand on agro processing.

The following development opportunities have been identified in the agro processing industry:

OPPORTUNITIES	
<b>Tannery Plant</b>	<p>This initiative could connect livestock (goat, sheep, game) production with downstream industries such as <b>meat processing, craft making &amp; retail activities</b>. The animals are slaughtered at the local abattoir, where the meat can then be processed to other products such as sausages, salami, patties, dry wors, etc. This could be sold at an onsite shop which also provides a restaurant where people could different dishes.</p> <p>The tannery plant which could also be located on site could use the <b>skins to produce various products</b> such as leather shoes, belts, cushions, etc. and then sold in a curio shop.</p> <p>The project could also provide extensive <b>training to the community</b> in order for the local community to be active in all stages of the project, but less intensive training workshops for tourists could also be included.</p>
<b>Chips Factory</b>	<p>The Frances Baard DM exhibits potential for the establishment of a <b>chips factory</b> since potatoes are a very valuable vegetable crop in South Africa (value and volume). The Frances Baard DM (67%) produces the largest amount of potatoes in the Northern Cape and the best potato farmer in South Africa lives in Frances Baard</p>

	DM. However there is very little value adding taking place in the Northern Cape which leads to the establishment of the chips factory (Simba, Willards, etc.)
<b>Vegetable &amp; Fruit Processing</b>	<p>The Frances Baard DM contributes largely to the production of the Northern Cape's fruit and vegetables. But as mentioned in the case of potatoes there are very little value adding processes taking place in the area. This results in the opportunity for the development of fruit and vegetable processing within the Frances Baard DM, such as:</p> <ul style="list-style-type: none"> <li>• Carrots (Carrot Juice)</li> <li>• Olives (Olive Oil, soap)</li> <li>• Grapes (mainly wine grapes, raisins)</li> <li>• Tomato (Tomato paste, dried tomatoes)</li> <li>• Citrus, Sub Tropical and Deciduous Fruits</li> <li>• Mushrooms</li> <li>• Sweet Potatoes</li> </ul>
<b>Field Crop Processing</b>	<p>The FBDM contributes to the majority of the Field Crops produced in the Northern Cape. However very little is being done to add value to these field crops. Thus there is a further opportunity for the processing of these field crops, such as:</p> <ul style="list-style-type: none"> <li>• Maize</li> <li>• Wheat</li> <li>• Sunflower seeds</li> <li>• Dry beans</li> <li>• Lucerne</li> <li>• Ground nuts</li> </ul>
<b>Meat Processing</b>	<p>FBDM contributes greatly to the livestock of the Northern Cape, but as stated there is very little being done with regards to value adding to the livestock. The industry is thus concentrated in the primary sector. There is however opportunity for meat processing with in the area, such as:</p> <ul style="list-style-type: none"> <li>• Beef Cattle</li> <li>• Pigs</li> <li>• Chicken</li> <li>• Ostriches</li> </ul>
<b>Packaging &amp; Distribution of Products</b>	<p>Expanding on the agro processing opportunity in the Northern Cape provides the opportunity for the development of packaging plants. The Kimberley farmers alone use 12 million cartons and 10 million fibre bags annually. This results in the opportunity to produce <b>environmentally friendly packaging</b> locally.</p> <p>Starch based biodegradable plastics could be used to produce shopping bags, bread bags, bait bags, over wrap, 'flushable'</p>



### Expansion of the Manufacturing Sector

sanitary product backing material, and mulch film.

#### Mining Sector

- Cutting & Polishing Industry
- Jewellery Industry
- Tools (drill-points, cutting blades)
- Precision instruments

#### Agricultural Sector

- Manufacturing of Irrigation equipment

#### Construction Sector

- Manufacturing of construction and building equipment
  - Limestone mined in the area could provide an opportunity for brick making

## 4.5.4 Service Sector

### SERVICE SECTOR

The **finance and business services** 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 **community and personal services** sector includes public administration and defence activities, activities of government, government departments and agencies; education, public and private; health and social work; sewage and refuse disposal, sanitation and similar activities; activities of membership organisations; recreational, cultural and sporting activities; washing and dry-cleaning of textiles and fur products, hairdressing and other beauty treatments, funeral and related activities.



#### 4.5.4.1 Overview of Services in Frances Baard District Municipality

**Figure 3.12** provides the growth performance for both community services and finance & business services for the period between 1995 and 2007. The graph indicates that there have been fluctuations in the growth performance of the finance and business services sector for this period. For the same period the community services has a more stable growth performance.

**Figure 3.13** indicates that the finance and insurance sub-sector has the greatest contribution towards the overall growth performance of the finance and business services sector. The major/primary business and service node in the Frances Baard DM is Kimberley and the various secondary nodes are Barkly West, Warrenton, Jan Kempdorp, Hartswater and Pampierstad.

**FIGURE 4.13: COMMUNITY AND FINANCE & BUSINESS SERVICES GROWTH PERFORMANCE (1995-2007)**



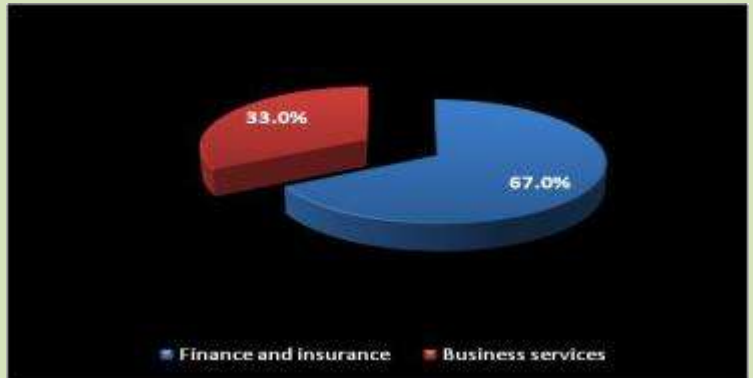
Source: Quantec Standardised Regional Data 2008



**Figure 3.14** indicates that the government services sub-sector has the greatest contribution towards the overall growth of the community services sector.

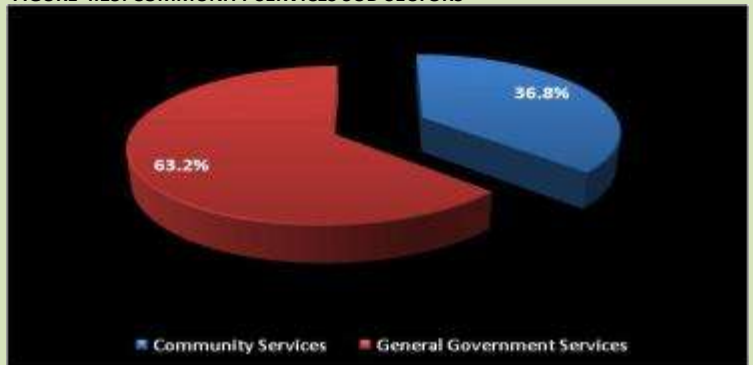
The service sector as a whole has had the largest contribution toward employment opportunities in the Frances Baard DM for the last 11 years. The community and finance services sectors respectively contributed 35.4% and 13.6% to employment opportunities in the region. The community service sector showed a decline of 0.9% (1996-2007) in employment opportunities and decline of 0.2% from 2001 to 2007. The finance and business services sector has however shown an increase of 4.8% in employment opportunities from 1996 to 2007 and an increase of 2.9% from 2001 to 2007.

**FIGURE 4.14: FINANCE & BUSINESS SERVICES SUB-SECTORS**



Source: Quantec Standardised Regional Data 2008

**FIGURE 4.15: COMMUNITY SERVICES SUB-SECTORS**



Source: Quantec Standardised Regional Data 2008

#### 4.5.4.2 Factors in the analysis of development potential

##### Market Trends

Various services such as electricity, water, refuse removal, sanitation, education, health and social work, infrastructure and recreational facilities are provided in the Frances Baard DM; however these services are mainly focused in the primary and secondary nodes.

##### Availability of Labour

The population of the Frances Baard DM is unskilled which leads to a lack of skilled workers in the sector. The skills supplied by the population in the Frances Baard DM are not always the skills required by the businesses in the area.

##### Technology Change

The use of internet has become an important resource for businesses and the lack of research and information in the ICT and telecommunication of the Frances Baard DM poses a constraint on business development in the area.

##### Enabling Environment

There is a lack of cooperation between business support organisations in the Frances Baard DM which leads to inadequate support for small businesses to develop in the area.

#### 4.5.4.3 Development Potential

The following development opportunities have been identified in the services sector:

##### OPPORTUNITIES

##### Central Freezing Facility & Cold storage transport

The fruit and vegetable products that are produced in the area need to be stored in freezing facilities before transported in cold storage transport units to the airport or other surrounding areas.

	This presents an opportunity for an SMME business to establish such a business in the area.
<b>Business Process Outsourcing and Off-Shoring hub.</b>	The Sol Plaatje LM is currently in the process of establishing a call centre (BPO&O) in the area. The FBDM requested funding sources for this project because the District could not fund the whole of the project. The DTI has a BPO&O investment incentive initiative which could be linked to this project. This also opens the opportunity for FBDM to market the area as a BPO&O location which provides call centres, data processing and other services. It is important that the FBDM take note that establishing the area as a BPO&O destination would require infrastructure upgrades and skills development within the local communities.
<b>SMME Database and Support Programme</b>	The FBDM is currently in the process of appointing a service provider to conduct research in the state of SMME in the FBDM. This would include a database of SMME's, creating a support structure for SMME's, and creating a partnership and alliance program.
<b>Form business support network</b>	<p>In FBDM there is only one Small Business Support Centre which is in Kimberley. They offer non-financial support to SMME's. There are also other support institutions in FBDM, such as DTI, SEDA, Khula Finance, IDC, NAFCOC, NOCCI, Ntsika, NCMAC, NCEDA, SMME Development Trust, Cedar Investments, Umsobomvu, etc.</p> <p>A major constraint though is the lack of co-operation between the SBSC, municipalities and the various business support organisations, because of insufficient communication &amp; information of new opportunities in the area.</p> <p>In order for the SMME's to grow the business support organisations should be linked in order to provide the best support advice to the emerging entrepreneurs.</p>
<b>Skills training facilities</b>	This would require an audit of the available skills within the FBDM and the skills that would be required by the new opportunities identified within the FBDM. The FBDM then need to establish skills training facilities to create the needed skills within the area. These skills will be linked to various opportunities such as agro-processing, mining beneficiation and the linked opportunities, and manufacturing opportunities.
<b>Industrial Development Strategy</b>	The opportunities identified within this potential analysis of the FBDM provide various opportunities for industrial development within the FBDM. It would however be important for the FBDM to implement a Industrial Development Strategy in order to coordinate this development to benefit the FBDM region as a whole.

#### 4.5.5 Tourism Industry

### TOURISM INDUSTRY

#### TOURISM INDUSTRY

Tourism is not an economic sector on its own (as classified by the SIC), but forms part of other sectors especially the trade, transport and finance sectors. However, due to its increasing importance as an income and employment creator in South Africa, it is believed that this industry should be discussed separately from the other sectors.

Defining the tourism industry is therefore difficult as it includes many different sources of goods and services. The World Trade Organisation's definition of tourism states that 'tourism comprises the activities of persons travelling to, and staying in places outside their usual environment, for not more than one consecutive year, for leisure, business and other purposes. The usual environment of a person consists of a certain area around his / her place of residence, plus all other places he / she frequently visits' e.g. the workplace



#### 4.5.5.1 Overview of Tourism in Frances Baard District Municipality

Tourism has been identified as one of the industries with the largest potential for growth and development. This is particularly applicable in the FBDM, where the unique diversity of communities, cultures and natural resources imply huge potential for sustainable tourism.

The following tourism activities are available in FBDM:

- Guided underground tours of an operational De Beers diamond mine
- The Big Hole and Open Mine Museum village
- Ride on a restored electric tram
- Anglo-Boer War battlefield
- Kimberley Ghost Trail
- Kimberley Archaeological Route
- Alexander McGregor Memorial Museum
- Belgravia Historical Walk from the McGregor Museum

Bloemfontein, which is only an hour's drive from Kimberley, is a host city for the 2010 Soccer World Cup. This offer a huge opportunity in terms of introducing the Frances Baard DM to the national and international tourism market. The spin-off effects of such sports related tourism can also have a positive impact on cultural, heritage and nature tourism in the area, since it is fair to assume that many sports tourists entering the FBDM will also visit some of the other attractions on offer.



#### 4.5.5.2 Factors in the analysis of development potential

##### Availability of resources

The Frances Baard DM provides a variety of tourist attractions which range from natural beauty attractions such as the river systems and the wide open savannah to manmade attraction such as the Big Hole, historic museums, Vaal Harts irrigation system and historic land sites.

##### Market Trends

Tourism development is mainly based in Kimberley (Sol Plaatje LM) due to the rich history and diamond mining in the area. There is only one tourism office in the Frances Baard DM, situated in the Sol Plaatje LM, which results in the lack of marketing of the other LM's as tourist destinations. The tourism activities in the Frances Baard DM are mainly based on the mining history of the area as well as the historic importance of the area in the Anglo War.

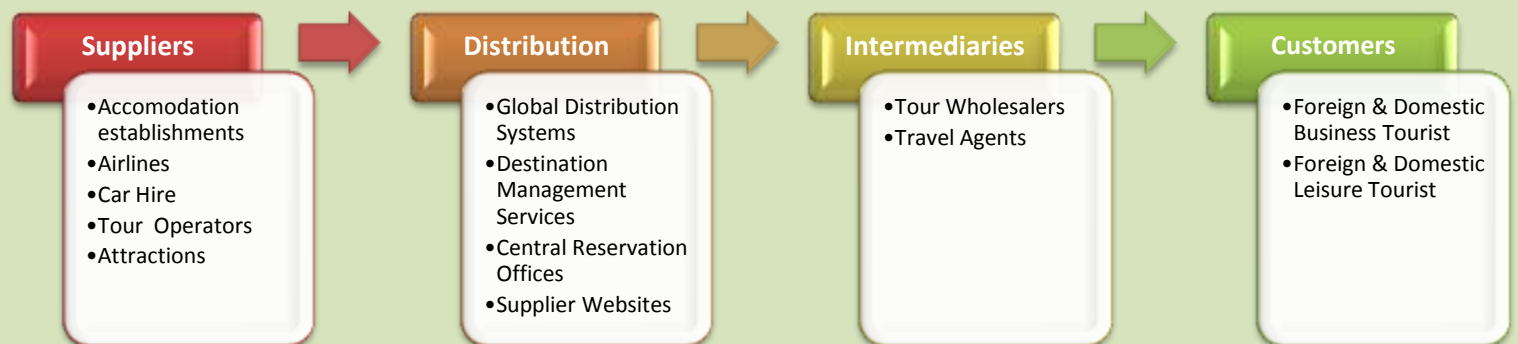
##### Technological Change

Tourism has a large potential for development in the Frances Baard DM, but is dependent on the natural and manmade resources in the area. Therefore the Frances Baard DM should implement initiatives to protect the natural environment from aspects such as climate change.

#### 4.5.5.3 Value Chain & Gap Analysis

The value chain of the tourism sector is quite distinct from those of other (more traditional agricultural, manufacturing, mining etc.) sectors in that, with the latter, a tangible product is (typically) produced and then exported (or locally utilised). Points of production and consumption tend to be quite distinct. In the case of the tourism sector however, the “customer” must typically come to the place of production to “consume” the product. This consumption of the product is as much about interacting with the physical component of the service, as it is about the experience thereof. This makes for a relatively short and direct value chain for the sector.

**FIGURE 4.16: TOURISM VALUE CHAIN**



The value chain presents opportunities in which value could be added to the tourism industry. The tourism industry could be seen as an opportunity for the FBDM to create job opportunities, encourage transformation and empowerment. The different areas within the value chain all present opportunities for the FBDM as follows:

#### Suppliers

The supplier component determines the ability of the Frances Baard DM to attract overnight tourist. This component includes accommodation facilities, transport, tour operators and attractions in the area. The Frances Baard DM could link this component with the Great Taung Municipality (Bordering Dikgatlong LM in Frances Baard DM) to provide accommodation facilities.

#### Distribution

Kimberley is well known as a tourist destination, but little tourist marketing is done for the other municipalities in the Frances Baard DM. The opportunity to establish tourism offices in the other municipalities further creates the opportunity for the District to create a combined marketing strategy for the district as a whole.

#### Intermediaries & Customers

The intermediaries' component creates opportunity for **SMME development** to take place; particularly focusing on increasing awareness of products, and its geographic spread within the FBDM. Group affiliation is an important part of accessing business. Role players in the district, including government, private sector supplier groups and community structures, must provide a united and compelling value proposition to influence intermediaries to communicate and sell tourism to customers.

#### 4.5.5.4 Development Potential

The following development opportunities have been identified in the tourism industry:

##### OPPORTUNITIES

##### Mining tourism

The mining sector in FBDM is declining which leads to a high number of retrenchments from mines and farms. This leads to

	the high demand for job opportunities in the FBDM area. The people active in the mining industry need to secure jobs, and with their knowledge of the mines they could be trained as tour guides for the various mines. These tours could also consist of educational tours for schools and students.
Game viewing/trophy hunting	<p>The Frances Baard DM shows significant potential for game farming. This could potentially have various spin-off effects such as <b>trophy hunting or game viewing</b>.</p> <p>A study done at the wildlife centre at the University of Pretoria showed that an average sized game farm could generate 54% of its gross income from hunting, 21% from live animal sales, 18% from trophy hunters, 5% from eco-tourism and 2% from meat production.</p> <p>This initiative also needs to be linked to activities for woman such as spa facilities.</p>
Eco tourism	<ul style="list-style-type: none"> <li>○ Bird Watching</li> <li>○ Fly Fishing</li> <li>○ Hiking Trails</li> <li>○ Water Sports (Vaal &amp; Harts Rivers)</li> <li>○ Heritage Resources &amp; Historic Sites</li> </ul>
Adventure Tourism	<ul style="list-style-type: none"> <li>● Mountain biking</li> <li>● Extreme sports</li> </ul>
Expansion of the Hospitality Industry	Need to provide wider variety of accommodation facilities such as hotel, lodges and guesthouses. There also needs to be an expansion within the restaurant industry, since currently there are only franchise restaurants and no unique restaurant to the FBDM.
Tourism Marketing Strategy	A coordinated and integrated tourism marketing strategy in required for the FBDM. It is important that the FBDM and local municipalities work together to implement a coordinated effort in marketing the area as a tourism destination.

## 4.7 Conclusion

This section provided an analysis of economic potential within the Frances Baard DM, and the identification of development opportunities and constraints within the different economic sectors. The development opportunities (projects) which were identified will then be prioritised in the following section to assist in the assessment of these projects. The main challenge for local economic development in the Frances Baard DM is to diversify the economic base and add value to the primary products that are produced in the area. To ensure the accountability and responsibility for implementing the projects identified in this section a

monitoring and evaluation framework needs to be incorporated into the Frances Baard DM performance management system. This is illustrated in **Section 7**.

## Section 5: Development Framework

### 5.1 Introduction

The purpose of the following section is to provide a clear distinction of the public and private sector projects from the projects identified in **Section 4**. The various interventions needed from the public sector in order to enable the private sector projects are also highlighted within this section. The section then concludes with the prioritisation of these projects.

The structure of the Section is as follows:

- Public and Private Sector Projects
- Visioning and Thrusts
- Project Prioritisation

### 5.2 Visioning & Thrusts

The following sub-section states specific areas of focus for the FBDM. The LED strategic framework states the following vision:

***“To build the economic capacity of the Frances Baard District Municipality as to ensure sustainable economic growth and better quality of life for all”***

The vision entails developing the region through:

- Creating an enabling environment for LED
- Providing basic services to all citizens
- Creating a stable social environment conducive for social development
- Job creation with a focus on identified economic sectors through the exploitation of the region’s rich mineral, agricultural, natural and tourism-related endowments;

Based on the projects listed in **Table 5.2** and the public sector interventions needed for the various private sector projects, key “thrusts” aimed at regenerating the FBDM’s economy can be formulated. 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 FBDM. A **thrust** can be defined as:

***“Planned actions aimed at creating an impetus and a critical mass in the local economic environment in order to generate momentum in the economy”***

**Table 5.1** illustrates the identified Thrusts and the various projects identified as part of each of the Thrusts.

**TABLE 5.1: THRUSTS AND PROJECTS**

Thrusts	Projects
THRUST 1: Institutional Capacity	<ul style="list-style-type: none"><li>• Establish Learnership Programme</li><li>• Establish functional LED Forum</li><li>• Implement Economic Information System</li><li>• Meet backlogs in sanitation, water, energy, housing and other services</li></ul>



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Thrusts	Projects
	<ul style="list-style-type: none"> <li>• Upgrade &amp; Management of Public transport systems</li> <li>• Implement sufficient Educational programmes, skills institutes and colleges</li> <li>• CBD and residential area upgrades</li> <li>• Upgrade Roads</li> <li>• Set up rail infrastructure/network</li> </ul>
<b>THRUST 2: Agricultural Sector Development</b>	<ul style="list-style-type: none"> <li>• Goat Farming</li> <li>• Game Breeding</li> <li>• Vegetable &amp; Fruit Processing</li> <li>• Field Crop Processing</li> <li>• Meat Processing</li> <li>• Research of new Products (water wise plants)</li> </ul>
<b>THRUST 3: Manufacturing and Industry development</b>	<ul style="list-style-type: none"> <li>• Fruit and Vegetable Processing</li> <li>• Field Crop Processing</li> <li>• Meat Processing</li> <li>• Tannery Plant</li> <li>• Chips Factory</li> <li>• Packaging and Distribution of Products</li> <li>• Expansion of the Manufacturing Sector</li> </ul>
<b>THRUST 4: Mining Sector Development</b>	<ul style="list-style-type: none"> <li>• Mining Beneficiation</li> <li>• Formalising of Pebble Mining</li> </ul>
<b>THRUST 4: SMME Development</b>	<ul style="list-style-type: none"> <li>• Central Freezing &amp; Cold Storage Transport</li> <li>• BPO&amp;O Destination</li> <li>• SMME Database &amp; Support Programme</li> <li>• Form Business Support Network</li> <li>• Skills Training Facilities</li> <li>• Industrial Development Strategy</li> </ul>
<b>THRUST 5: Tourism Development</b>	<ul style="list-style-type: none"> <li>• Mining Tourism</li> <li>• Eco Tourism</li> <li>• Game Viewing/ Trophy Hunting</li> <li>• Adventure Tourism</li> <li>• Expansion of the Hospitality Industry</li> <li>• Tourism Marketing Strategy</li> </ul>
<b>THRUST 6: Quality of Life Improvement</b>	<p>This is seen as an all-encompassing thrust with specific programmes in the Expanded Public Works Programme aimed at improved infrastructure, overcoming backlogs in service delivery, providing education, health and safety services and so on. It should deal with the attractiveness of the area to investors in terms of quality of life and quality of labour and resources on the one hand, and the ability</p>

Thrusts	Projects
	of locals to take advantage of economic opportunities on the other.

### 5.3 Public Sector and Private Sector Projects

The public sector is the 'part of economic and administrative life that deals with the delivery of goods and services by and for the government. The public sector includes National, Provincial and Local Government, extra-budgetary government organisations and all organisations and activities funded by the government. Therefore "Public sector" projects can be defined as those projects or initiatives that can only be implemented by the government (in other words, those projects that fit within the mandate of various departments and spheres of government and those projects that will not be undertaken by private companies). The public sector projects should be included in the FBDM budgeting process, such as the IDP process. This needs to be done on an ongoing basis because business environment needs will be determined in feasibility studies of each of the projects.

Private Sector on the other hand refers to the part of the economy that is run for private profit and is not controlled by the state. Private Sector includes businesses and households, formal and informal structures, commerce and industry, private emergency response organisations and private voluntary organisations. Therefore Private Sector projects can be defined as projects that:

- Aim to generate profit
- Require the efficiencies of the private sector
- Provide goods and services that are either not part of the government mandate (such as personal services and goods for which the prices are determined by market forces) or not within the capacity of the government (such as large infrastructure projects which can be outsourced or implemented through PPP's).

**Table 5.2** illustrates the public and private projects identified within **Section 4** (opportunity analysis).

**TABLE 5.2: PUBLIC AND PRIVATE SECTOR PROJECTS**

Area of Opportunity	Public Sector Projects	Private Sector Projects
Agricultural Sector	Research of new products (water wise plants)	Goat Farming Vegetable & Fruit Processing Field Crop Processing Meat Processing
Mining Sector	Formalising of Pebble Mining Facilitating the Labour and Social Plans of the Mines with economic development needs in the District	Mining Beneficiation
Manufacturing Sector	Research for the Expansion of Manufacturing Sector	Tannery Plant Chips Factory Vegetable & Fruit Processing Field Crop Processing Meat Processing Packaging and Distribution of Products
Service Sector	BPO&O Destination SMME Database and Support	Central Freezing and Cold Storage Transport

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Area of Opportunity	Public Sector Projects	Private Sector Projects
	Programme Form Business Support Network Skills training Facilities Industrial Development Strategy	
Tourism Industry	Tourism Marketing Strategy	Mining Tourism Game Viewing/Trophy Hunting Eco Tourism Adventure Tourism Expansion of the Hospitality Industry

**Table 5.2** provides a clear list of public and private sector projects. However it is important to realise that in order for the private sector projects to be unlocked various public sector interventions need to be implemented (an enabling environment needs to be created). These interventions would then also form part of the public sector projects. **Table 5.3** provides broad public sector interventions to enable the private sector projects.

**TABLE 5.3: PUBLIC SECTOR INTERVENTIONS FOR PRIVATE SECTOR PROJECTS**

Projects	Creating an Enabling Environment (Public Sector Intervention)
<b>Agricultural Sector</b>	
Goat Farming Game breeding Vegetable & Fruit Processing Field Crop Processing Meat Processing	1) Providing necessary planning & feasibility phase information 2) Ensuring that labour has the necessary skills 3) Ensuring that transport networks are sufficient (e.g. tarred roads to and from operations, public transport services for labour etc) 4) Providing for linkages with local SMMEs as service providers through, for example, a business database
<b>Mining Sector</b>	

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Projects	Creating an Enabling Environment (Public Sector Intervention)
<p>Mining Beneficiation Formalising of Pebble Mining</p>	<ol style="list-style-type: none"> <li>1) Link to the Provincial Diamond Hub initiative, this project would create an enabling environment for existing and up-and-coming entrepreneurs and also for attracting investment to the FBDM.</li> <li>2) Providing necessary planning &amp; feasibility phase information</li> <li>3) Ensure that labour has the necessary skills</li> <li>4) Suitable sites need to be identified and, if necessary, rezoned, based on a balanced review of potential for environmental approval, proximity to diamond mines, proximity to labour, proximity to major transport routes (roads, air or ocean).</li> </ol>
<b>Manufacturing Sector</b>	
<p>Tannery Plant Chips Factory Vegetable &amp; Fruit Processing Packaging &amp; Distribution of Products Mining Beneficiation Field Crop Processing Meat Processing Expansion of the Manufacturing Sector</p>	<ol style="list-style-type: none"> <li>1) Providing necessary planning &amp; feasibility phase information for the various projects</li> <li>2) Ensure that labour has the necessary skills for the different processes</li> <li>3) A detailed needs assessment for vegetable and fruit products</li> <li>4) A detailed needs assessment conducted in close conjunction with local mines is needed, to identify their supply-chain requirements</li> </ol>
<b>Service Sector</b>	
<p>Central Freezing and Cold storage transport BPO&amp;O Destination SMME database and Support Programme Form business support network Skills training facilities Industrial Development Strategy</p>	<ol style="list-style-type: none"> <li>1) Ensuring that transport networks are sufficient (e.g. tarred roads to and from operations, public transport services for labour etc)</li> <li>2) Providing for linkages with local SMMEs as service providers through, for example, the business database</li> <li>3) Build relationships with various business support organisations in order to provide sufficient support to existing and up-and-coming SMME's.</li> <li>4) Details skills audit needs to be done to determine the skills provided by the labour force and skills needed by the business sector in order to determine the gaps that need to be addressed by the skills training facilities.</li> </ol>
<b>Tourism Sector</b>	
<p>Mining tourism Game Viewing/Trophy Hunting Eco Tourism Adventure Tourism Expansion of the Hospitality Industry Tourism Marketing Strategy</p>	<ol style="list-style-type: none"> <li>1) Providing necessary planning &amp; feasibility phase information</li> <li>2) Ensure that labour has the necessary skills</li> <li>3) Suitable sites need to be identified and, if necessary, rezoned, based on a balanced review of potential for environmental approval.</li> </ol>

This does not mean that the private sector opportunities are ready with no further work required by the FBDM. As indicated in **Table 5.3** above, **efforts are needed to unlock these private sector opportunities**. This includes:

- Packaging investment opportunities in “mini-business plan” format – in other words, gathering relevant information about the sector, possible locations, approval/registration processes and so forth.
- Coordinating the above process with the Integrated Development Planning (IDP) processes of the FBDM and the LMs so as to ensure that the necessary infrastructure and services are available for each opportunity

In addition to the examples of project-specific requirement, there are certain general aspects that apply to all of the above projects. These are interventions that are commonly aimed at minimising the weaknesses identified in the Capacity Assessment and in the Opportunity Analysis. Some overarching interventions include:

- Generally improving the institutional capacity of the LED Unit and LED Forum. This is dealt with in the next step of Project Khulis'umnotho.
- Establishing an LED Unit Information Access Programme that ensures that members of the LED Unit and LED Forum have easy access to regularly updated data and reports on the socio-economic characteristics of the FBDM, databases of local businesses and labour, the FBDM's planning documents (LED, IDP, DGDS, SDF etc) and process flow-charts for municipal administration procedures, such as applications for rezoning and/or building plan approvals.
- Schools and tertiary education and training institutes are needed to ensure that the youth are educated and prepared to enter the local labour market. This needs to be done strategically in conjunction with the National Department of Education, as well as industry leaders who may identify gaps in the skills profile of the local labour market.
- Meeting the service delivery and housing backlogs to improve quality of life.
- Instituting Public transport programmes that ensure that work-seekers have regular, reliable and affordable transport to and from work opportunities. As the FBDM does not have the capacity to run bus/taxi services, this should be conceived as an organised grouping of SMME business opportunities.
- Obtaining political and community buy-in and support for the welcoming of new investors into the area.
- Following any new innovations in the field of eco-development, including energy-efficient technologies, water-efficient technologies (particularly for irrigation and agricultural projects, but also for use in manufacturing) and transport and communication methods.
- Ensuring that private sector housing projects are streamlined to meet growth in demand that results from new investments in the area, and that these are serviced with basic services and infrastructure.
- Prioritising the upgrading of degenerated CBD and residential areas in order to enhance the attractiveness of the area to potential investors.

From the above it becomes clear that LED is about more than specific projects. There needs to be a coordinated response to the economic opportunities in order to realise the investment and subsequent economic development potential of the FBDM.

## **5.4 Project Prioritisation**

The purpose of the following sub-section is to prioritise the projects identified in the sector potential analysis as discussed in the previous sub-sections. The process followed to prioritise the projects is described in the following sub-sections.

### 5.4.1 Project Prioritisation Model

The assessment of the identified projects for the Frances Baard DM is important in the selection process of strategic projects. A prioritisation model was implemented to assist in the assessment of the identified projects. The model utilises four criteria with a number of variables for each criteria to assess the overall impact of the project on the local economy. The criteria used for the assessment of the projects are:

#### 1. Strategic importance

The strategic importance criterion is based on the potential impact of the project on the local economy. This criterion considers factors such as the scale of the project, the chances of being duplicated elsewhere and the effect the project will have on the comparative advantage on the local economy as a whole.

#### 2. Economic Impact

The economic impact criterion refers to the sum of the projects influence on the local economy. The different impacts taken into account are as follows:

- Increased/additional levy income
- New business sales
- Potential agglomeration effects and advantages
- Foreign direct investment

#### 3. Feasibility of the Project

The implementation of a project is dependent on the financial feasibility of the project, and it is important to include financial feasibility indicators in the assessment of the project. Aspects to be taking into account are:

- Existing research on the project topic
- Availability of resources, skills and technology

#### 4. SMME Development & Skills Development

This criterion is based on aspects such as providing support and training to small, medium and micro enterprises; and supporting companies that actively promote development and skills transfer to their employees.

**Table 5.4** illustrates the prioritisation model utilised for the assessment of each of the identified projects.

**TABLE 5.4: PRIORITISATION MODEL**

Project Name				
1. STRATEGIC IMPORTANCE OF THE PROJECTS				
Overall Weighting: 30	Extent			
	Weight	None	Some	Exceptional
1. Strengthen sectoral competitive advantage	40			
2. Strengthen linkages with other sectors	35			
3. Alignment with other initiatives	25			
<b>Sub Total</b>	100	0	0	0
				<b>0.00</b>
2. ECONOMIC IMPACT OF THE PROJECT				
Overall Weighting: 30	Extent			

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	Weight	None	Some	Exceptional
1. Potential of Job Creation	45			
2. Long term sustainability	30			
3. Income stimulation	25			
Sub Total	100	0	0	0
	0.00			
3. FEASIBILITY OF THE PROJECT				
Overall Weighting: 20	Extent			
	Weight	None	Some	Exceptional
1. Risk level	20			
2. Capital requirements	20			
3. Level of competition	15			
4. Barriers to enter	10			
5. Demand for Product & Services	35			
Sub Total	100	0	0	0
	0.00			
4. SMME DEVELOPMENT & SKILLS DEVELOPMENT				
Overall Weighting: 20	Extent			
	Weight	None	Some	Exceptional
1. Create opportunities for new business development	55			
2. Assist in skills development/capacity building	45			
Sub Total	100	0	0	0
	0.00			

The prioritisation model is based on allocating a weight to each of the four criteria in order to establish the importance of each criterion in the assessment of the projects. The different variables identified within each criterion are also weighted. Points are then allocated to each criterion in order to determine the final score of the project.

**Table 5.5** illustrates the outcome of the modular assessment of the projects.

**TABLE 5.5: PROJECT PRIORITISATION**

Project	Strategic Importance	Economic Impact	Feasibility of project	SMME Development & Skills Development	Project Score	Priority
<b>Agriculture Sector</b>						
Goat Farming	55	37.5	40	50	45.75	5
Game breeding	67.5	37.5	25	22.5	41	6
Vegetable & Fruit Processing	100	52	42.5	77.5	69	1
Field Crop Processing	70	50	50	50	56	3
Meat Processing	67.5	50	35	50	52.25	4
Research of new Products (water	70	65	60	77.5	68	2



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Project	Strategic Importance	Economic Impact	Feasibility of project	SMME Development & Skills Development	Project Score	Priority
wise plants)						
<b>Mining Sector</b>						
Mining Beneficiation	62.5	72.5	57.5	77.5	67.5	1
Formalising of Pebble Mining	70	35	37.5	50	49	2
<b>Manufacturing Sector</b>						
Tannery Plant	50	72.5	40	100	64.75	2
Chips Factory	57.5	50	62.5	50	54.75	6
Vegetable & Fruit Processing	87.5	50	35	50	58.25	4
Field Crop Processing	70	50	50	50	56	5
Meat Processing	67.5	50	35	50	52.25	7
Packaging & Distribution of Products	87.5	50	35	72.5	62.75	3
Expansion of the Manufacturing Sector	100	72.5	47.5	77.5	76.75	1
<b>Service Sector</b>						
Central Freezing & Cold storage transport	37.5	15	35	55	33.75	6
BPO&O Destination	50	72.5	65	100	69.75	2
SMME database & Support Programme	50	50	100	72.5	64.5	3
Form business support network	50	15	100	100	59.5	5
Skills training facilities	62.5	37.5	85	72.5	61.5	4
Industrial Development Strategy	100	50	75	100	80	1
<b>Tourism Sector</b>						
Mining tourism	37.5	37.5	50	50	42.5	5
Game viewing/ trophy hunting	37.5	50	42.5	50	44.75	4
Eco tourism	20	50	35	50	38	6
Adventure Tourism	70	50	35	50	53	3

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Project	Strategic Importance	Economic Impact	Feasibility of project	SMME Development & Skills Development	Project Score	Priority
Expansion of the Hospitality Industry	87.5	72.5	35	50	65	2
Tourism Marketing Strategy	87.5	50	67.5	100	74.75	1

(Note: Values closer to 100 indicates a higher priority)

### Key:

Projects prioritised as most important

## Section 6: Implementation Manual

### 6.1 Introduction

The purpose of this report is to provide guidelines for the preparation and implementation of the LED projects. It will serve as an LED manual for the Frances Baard DM LED unit and Development Agency after the completion of the LED strategy.

The Section is structured under the following headings:

- General Guidelines
- Application Guidelines

### 6.2 General Guidelines

In this section, general step-by-step implementation guidelines are provided. The guidelines describe the process to follow toward project implementation from start to completion. Steps covered include but are not limited to the following:



### 6.3 IDP Integration and LED Prioritisation (STEP 1)

Many projects were identified in the Potential Analysis phase of this report. The District GDS and IDP documents also have recommended economic development projects.

The IDP of the FBDM has identified the following challenges with the implementation of the identified projects:

- **Poor financial management systems** – Consultants and contractors are paid for work that has not been fully completed, which results in projects not being fully completed but the funds of the projects are fully depleted.
- **Inadequate capacity of contractors** – Contractors are awarded projects, but they do not have the required skills to complete these projects.
- **Lack of project management skills** – Good management skills are not always present and this results in the beneficiaries being disadvantaged, such as poor constructed RDP houses, incomplete and below standard services (roads, sanitation, water, etc.), projects not being completed on time, etc.
- **Poor labour relations** – IDP projects are intended to benefit the local communities, but some contractors employ labourers from outside the local area which results in poor labour relations with the local communities who then also are reluctant to buy into the projects.
- **Limited capacity** – It is important that specialised individuals supervise the implementation of the projects, example an infrastructure project should be supervised by an engineer with the relevant skills.
- **Interference with project implementation** – Project budgets are tampered with (lowering budget for one project to accommodate another project) which results are substandard projects or incomplete projects.
- **Lack of management structure** – If the correct management structures are not in place budget approved projects are not implemented and are postponed indefinitely.
- **Lack of equipment for EPWP projects** – The right equipment and/or the right amount of equipment are not always available for EPWP project this places a strain on labour wages since the high volume of employees still demand payment although they were not able to work (no equipment).

The IDP of the FBDM identifies main priorities which need to be addressed in the District.

- Basic Service Delivery
- Socio-Economic Issues
  - LED
  - HIV/AIDS

Basic service delivery is still a high priority since a large percentage of the population do not have access to the basic services.

The **municipality IDP** is an important tool in ensuring that the work of local and other spheres of government are co-ordinated 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 FBDM should ensure that LED projects in the LED strategy are integrated into the District IDP.

Having said that, 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. Therefore it is important to stress that the IDP process needs to be dynamic in order to incorporate enabling projects for each of the private sector projects when feasibility studies have been conducted to establish what public sector interventions are needed. Based on this it would also be important for the FBDM to prioritise the projects in order to focus the limited human and financial resources.

**The above paragraphs states that the LED underpins the IDP, namely it should inform the economic projects in the IDP. Only the main projects would be listed in the IDP due to budget and time constraints, but they are pulled through from the LED and then budgeted for.**

**Section 5** provides a project prioritisation matrix as done by Urban-Econ. Project prioritisation process should include engaging 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 **LED agency** 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.

## **6.4 Identification of Location (STEP 2)**

Once the project to be implemented has been identified, the next step would be to identify where it will be located. These considerations include the LM(s) to operate in, and the town or area 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. Aspects that investors look to when doing a site assessment include:

- Proximity and accessibility to transport routes and/or the target market.
- Proximity to the inputs such as raw materials and labour.
- Communities that are forward looking and exhibit a high standard of land management
- Informed communities who understand the value of the development and also have data on their own needs, strengths and weaknesses.
- That proper due diligence of the site has been conducted in terms of any rezoning or Environmental Impact Assessment planning procedures to be followed and that the bulk and geotechnical capacity is appropriate for the development.

## **6.5 Pre-Feasibility and Detailed Feasibility Studies (STEP 3)**

A feasibility study is done to determine the viability of a project/area. In some cases the project/area may require a pre-feasibility study which would serve as the precursor for the feasibility study. The pre-feasibility study ensures a solid basis for the feasibility study. The Pre-feasibility assessment essentially includes the following aspects:

- Location Data
- Potential Project Limitations
- Potential alternatives
- Preliminary Estimated Costs
- Detailed information required in Feasibility study

- Potential funding sources
- Prepare Terms of Reference for the Feasibility study

Feasibility assessments essentially comprise of a:

- Location analysis,
- An initial environmental assessment,
- Market research (demand and supply analysis),
- Identification and quantification of income streams and the identification of potential funding sources.

The development concept is then refined and concrete concept designing and planning is done. The feasibility study translates into information for the investor(s) on:

- The demonstrated existence of a market and that it is viable for a new entrant to gain a sufficient size of the market share
- That the macro-economic environment is sufficiently stable to support and/or grow the current market
- That costs such as start-up capital, labour, supply chain logistics, utilities and taxation have been investigated and accurately estimated
- That income streams have been accurately calculated based on market research and that the income will be sufficient to cover costs and earn a return of investment (RoI).

## **6.6 Partnership Identification and Project Matchmaking (STEP 4)**

The purpose of this step will be to identify stakeholders, potential partners and funders and project leaders. A project leader is needed who will drive and coordinate the process going forward. They are responsible for the steps that follow and, as such, should be provided with the necessary information, data and authority to successfully and timeously lead the project from this point to hand-over to the developer/operator. This can be someone from within the LED Unit, the LED Forum, or another suitable industry driver.

Stakeholders may range from government departments that are required in the planning process, industry experts or representative bodies, communities/beneficiaries, land owners and so on. At this stage of project preparation is necessary to ensure that all parties understand the project. The requirements of stakeholders, if any, are identified. This may include training requirements, for example.

It is also possible at this stage to begin to engage investors and match them with existing or potential projects. Investors will require not only the feasibility studies, but also a comprehensive business plan, **Section 2.7** below. Depending on the attractiveness of the opportunity, some potential investors may develop their own business plans, while in other scenarios a business plan will be needed to draw investors to the project.

## **6.7 Development of a Business Plan (STEP 5)**

Business plans are drawn up to map out how a project will be executed. Detailed business plans are required when applying for funding. Potential funders will be looking for specific information, which is conveniently presented in the form of a business plan. A generic business plan should include the following components:

1. A description of the proposed project. This section provides an overview of the business idea, its markets, processes and products. It describes
  - a) evidence of the market, as evident from the feasibility phase
  - b) the produce and how it is produced (tested and/or innovative technologies) as well as the main by products



- c) aims and objectives of the business plan
  - d) a summary of the impact assessment
2. An operational plan. This gives a concise (i.e. not overly technical and confusing) description of the:
- a) Input requirements (technology, materials, machinery, skills, logistics and infrastructure requirements, site specifications and environmental conditions)
  - b) An overview of the resource supply to meet the input requirements, as well as any potential barriers to entry into the market
  - c) Operational and logistical strategies and systems, including project management, human resource development and marketing strategies that will be applied to the project. An organisation, management and staffing plan is usually required at this stage and should be linked to evidence of capacity within the labour market to implement the proposed structure.
3. Impact assessment. This is an assessment of the project's economic impact on the market as well as potential risks. This includes risks that could impact negatively on the project, as well as risks to the market/beneficiaries of the project. Risks can be identified in terms of the broader socio-political and economic environment; technology changes and shifts in market trends and financial risks relating to credit (availability and interest rates), markets (also influenced by the broader economic climate, inflation and interest rates) and assets. The impact is assessed in terms of the potential impact on the economy, the population and the FBDM in terms of its own strategies. For example, impacts can be stated as opportunities for SMMEs within the supply-chain of the project, or as opportunities for empowerment through skills development.
4. Development of a financial plan. This is an analysis of the envisaged income and expenditure of project. It draws on the feasibility study, as well as the operation plan detailed above. It covers capital costs, operating costs, projected income, cash flow modelling and expected return on investment (RoI). It is important that this is realistic. Investors will be weary of, for example, exorbitant salaries built into the cash flow.
5. Implementation Action Plan. This is clear, functional guidelines with respect to implementing the preferred development concept. It covers specific steps to be undertaken and assigns them timeframes (phases) and links these to person(s) responsible and empowers these person(s) with the necessary resources and authority to implement the project.
6. Monitoring, Evaluation and Mitigation framework. This highlights Key Performance Indicators of the project implementation and operation phases and determines how M&E will be conducted and how deviation from the KPIs will be remedied

## **6.8 Municipal Budgeting and Funding (STEP 6)**

The FBDM, in partnership with the local municipality in which the project will be located should ensure that the information from the feasibility and business plan stages is used to feed into the municipal budgets to ensure that budgets and planning for the projects is within the planning cycles of the municipalities.

**Table 6.1** below shows the IDP projects funded 2005/2006 as well as proposed funding for 2006, 2007 and 2008.

**TABLE 6.1: IDP PROJECTS**

Municipality	2006/2007	2007/2008	2008/2009	Total	
DMA	R 2,419,000	n/a	n/a	R 2,419,000	1
Dikgatlong	R 9,856,858	R 16,438,991	R 28,066,619	R 116,562,468	24
Magareng	R 48,420,595	R 32,335,595	R 22,380,000	R 109,716,190	23
Phokwane	R 10,733,377	R 18,890,254	R 12,061,125	R 53,596,703	11
Sol Plaatje	R 88,127,595	R 50,581,685	R 2,330,000	R 200,514,433	42
<b>Total</b>	<b>R 159,557,425</b>	<b>R 299,724,525</b>	<b>R 64,837,744</b>	<b>R 482,808,794</b>	<b>100</b>

*Source: FBDM IDP, 2006*

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.

The project feasibility studies are most likely to be undertaken by the District. The financials information from the feasibility and business plan stages will be used to draw up municipal budgets.

There are various financial support structures available to the District and Local Municipalities. The following sub-sections provide a brief overview of some of these support structures.

### 6.8.1 Financial Assistance

**Table 6.2** lists existing funding sources and the general processes to be followed in accessing those funds. It includes:

1. Funding sources for private sector investors. Various incentive schemes and other funding sources exist in the form of subsidies and loans to contribute to the start-up capital requirements of large development projects
2. Funding sources for public sector interventions. Various grants and other funding sources exist for municipalities working toward improving their readiness for investment by the private sector.

**Annexure A** is a comprehensive list of funding sources for projects in South Africa.

**TABLE 6.2: EXISTING FUNDING SOURCES**

Description	Process
<b>Funding Sources in the Northern Cape</b>	
<b>Northern Cape Economic Development Agency</b>	
<p>The Northern Cape Economic Development Agency (NCEDA) was established through a partnership between the Northern Cape Provincial Government and the IDC (Industrial Development Corporation). The NCEDA aims to be a catalyst for the acceleration of sustainable economic growth and development in the Northern Cape through efficient and effective use of public sector resources and public/private partnerships.</p> <p><b>It is important to note that the FBDM does not have the capacity to establish their own development agency and therefore the FBDM must link their projects to potential funding from the NCEDP.</b></p>	<p>NCEDA offers its clients the following services:</p> <ul style="list-style-type: none"> <li>• Focus on key projects with creation of spin-off / knock-on effects</li> <li>• Identification, prioritization, facilitation of planning and implementation of projects</li> <li>• Advise potential business owners on their business proposals</li> <li>• Facilitation for funding of projects</li> <li>• Facilitation of partnerships</li> <li>• Linkages of potential role-players to follow-up opportunities</li> <li>• Preparation of financials for business owners</li> </ul>
<b>Other Funding Sources</b>	
<b>Private Investors</b>	
<p>A wide variety of private investors could be attracted, with private investors coming in either as partners, equity share holders or as funders through their respective Corporate Social Investment (CSI) programmes. Many such investors are included in <b>Annexure A</b>.</p>	<p>A package of investment opportunities in the FBDM should be developed. This should outline the nature of the investment opportunity, its feasibility in the context of the macro and micro economic climates and the expected benefit to the investor in terms of return on investment.</p> <p>This package of opportunities should then be publicised and targeted at potential anchor tenants and other investors (the <b>Marketing and Investment Promotion</b> function).</p>
<b>Local Equity</b>	
<p>The local communities are the intended beneficiaries of many of the projects and the FBDM has already entertained ideas about local ownership.</p>	<p>This can be done in a number of ways, which require further investigation<sup>1</sup>, including:</p> <ul style="list-style-type: none"> <li>• Selling share options directly to the public</li> <li>• Selling larger equity shareholdings to local businesses</li> <li>• Establishing local investment companies jointly with existing informal savings groups (stokvels or “gooi-goois”) and local businesses and facilitating them to invest in opportunities, while maintaining a stable current account to service the usual needs<sup>2</sup> of investment members</li> <li>• Establishing investment partnerships with LMs, Local businesses and Section 21 companies.</li> </ul>
<b>Department of Trade and Industry (The dti)</b>	
<p>The dti has made available various funding schemes in the effort to ‘oil’ the wheels of industry in South Africa. Some of the funding programmes include:</p> <p>DANIDA Business to Business Programme</p>	<p>As with attracting private investment, well-packaged proposals and business plans will be needed to access these funds. The FBDM should approach the dti for more guidance through the application process.</p>

<sup>1</sup> The PIC or a relevant industry or academic expert should be contacted for strategic guidance on this aspect.

<sup>2</sup> In other words, stokvels and similar savings groups can establish current accounts that are maintained at a certain threshold to ensure available funds for withdrawals by members, in line with their usual rules (such as withdrawals for funerals, medical emergencies and school fees). Excess funds (i.e. balance in excess of the pre-determined threshold) can then be invested in the KBD as shares.

Description	Process
<p>This programme covers expenses connected with the transfer of management, business skills and technology from Danish to South African companies and provides access to financing for South African companies. This programme would be beneficial for the mining beneficiation project in particular.</p> <p>The Standard Scheme and The Emerging Entrepreneur Scheme</p> <p>These are general funds applicable to many identified and future projects for FBDM.</p> <p>The Empowerment Scheme</p> <p>Businesses that will qualify for this scheme must have one of the following qualifying criteria in relation to the nature, purpose for the business or its effect on SMME's:</p> <ul style="list-style-type: none"> <li>• Substantial job creation in an area where very little economic activity takes place.</li> <li>• Labour intensive projects.</li> <li>• An economic empowerment transaction which entitles the borrower to acquire a controlling interest in the SMME within a period of two years from the date the facility is granted by the bank.</li> <li>• Management buy-out which entitles the borrower to acquire a controlling interest in the SMME within a period of two years from the date the facility is granted by the bank.</li> <li>• Sub - contracting</li> <li>• Outsourcing transactions or</li> <li>• Any similar economic empowerment venture.</li> </ul> <p>The Cooperative Incentive Scheme (CIS)</p> <p>The CIS is an incentive for cooperative enterprises in the emerging economy to acquire competitive business development services. The Mining Beneficiation project is a possible candidate for this scheme</p> <p>The Export Marketing &amp; Investment Assistance Scheme (EMIA)</p> <p>The purpose of assistance under the EMIA scheme is to partially compensate exporters for costs incurred in respect of activities aimed at developing export markets for South African products and services and to recruit new foreign direct investment into South Africa. The mining beneficiation project is a potential candidate.</p> <p>The Godisa Trust</p> <p>GODISA Trust helps South Africans to cultivate their innovations and business ideas and provides funding to qualifying technology centres. The Call Centre project may be candidates for this Trust.</p>	

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Description	Process
<b>Neighbourhood Development Partnerships Grant (NDPG)</b>	
<p>The primary focus of the NDPG is to stimulate and accelerate investment in poor, underserved residential neighbourhoods by providing technical assistance and capital grant financing for municipal projects that have either a distinct private sector element or an intention to achieve this.</p> <p>This includes commercial property developments in township areas.</p> <p>The upgrading of residential areas to improve quality of life factors can draw on this fund.</p>	<p>The NDPG Toolkit <sup>3</sup> provides all the information and documentation required to apply for the NDPG. The application process requires the applicant to submit information regarding the township, the proposed development and the costs and benefits thereof. The following criteria are used in evaluating applications for funding:</p> <ul style="list-style-type: none"> <li>• Council support for project</li> <li>• Whether the area is a township</li> <li>• Whether there is a prospect for a partnership with the private sector</li> <li>• Whether the project is in alignment with national and provincial initiatives and priorities</li> <li>• Whether the project has a large catchment area reinforcing the possibility of private sector investment</li> <li>• Whether there is a potential to create the critical mass of both commercial and community facilities and amenities that the NDPG requires</li> <li>• Whether the project is ready to implement</li> <li>• Whether the project is sustainable at all stages of its life cycle</li> </ul>
<b>Municipal Infrastructure Grant (MIG)</b>	
<p>MIG<sup>4</sup> was created as a coordinated and integrated funding system for projects that develop infrastructure necessary for municipal services.</p> <p>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.</p> <p>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.</p>	<p>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.</p>
<b>Industrial Development Corporation (IDC)</b>	
<p>The IDC offers funding and support through various Strategic Business Units (SBUs), some of which may be relevant for FBDM projects:</p> <ul style="list-style-type: none"> <li>• The Healthcare and Education SBU (general quality of life projects)</li> <li>• Metal, Transport and Machinery SBU (Plant, machinery and equipment)</li> <li>• Chemicals, Textile and Allied Industries SBU</li> <li>• Wood, Paper and Other Industries SBU</li> <li>• Food, Beverage and Agro Industries SBU (Fruit &amp; vegetable Processing &amp; Meat Processing projects)</li> <li>• Tourism SBU</li> <li>• Transport and Financial Services SBU</li> <li>• Mining and Beneficiation SBU (for the Mining Beneficiation Project)</li> <li>• Support Programme for Industrial Innovation (SPII)</li> </ul>	<p>The IDC should be contacted to initiate the application process. A driver at FBDM side, as well as one from the IDC, will be needed to ensure that the best deals are concluded. In general, the following are required by the IDC when reviewing applications:</p> <ul style="list-style-type: none"> <li>• Latest audited and actual financials</li> <li>• An updated business plan focusing on the proposed project/expansion.</li> <li>• A detailed description of the nature of project, its related costs and revenues.</li> </ul>

<sup>3</sup> Available at: <http://www.finance.gov.za/divisions/bo/ndp/toolkit/default.aspx>

<sup>4</sup> <http://www.dplg.gov.za/subwebsites/mig/index.html#>

# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

Description	Process
(Designed to promote and assist technology development in South African industry through the provision of financial assistance for projects that develop innovative products and/or processes. This could be useful for a number of projects)	
<b>Development Bank of South Africa (DBSA)</b>	
<p>The DBSA Development Fund provides grant funding and co-funding for project-level capacity building projects in South Africa. The Development Fund achieves its mission by delivering the following products and services:</p> <ul style="list-style-type: none"> <li>Funds: capacity building funding through grants</li> <li>Expertise: mobilization and deployment of technical and financial experts for infrastructure project implementation</li> <li>Development facilitation: technical support and sharing of knowledge</li> </ul> <p>Capacity building projects enhance the institutional capability of the DBSA's clients to identify, define and solve challenges that prevent them from managing functions, performing tasks and rendering services effectively, as well as those that develop their local economy. Grants are also approved for feasibility studies and BEE initiatives.</p>	<p>The DBSA should be invited to present on the various options available to the FBDM, including:</p> <ul style="list-style-type: none"> <li><b>Lending</b> Lending products include a range of financial instruments and other lending related services that are available to the Bank's public and private clients. The Bank offers numerous combinations of financial instruments structured to fit the needs of the client, and lending focused on infrastructure and commercially viable projects. Long-term lending is generally for more than five years.</li> <li><b>Investing</b> The Bank's financing role entails the provision of a range of financial products to private and public sector organizations. The Bank's financing role will be determined primarily by the need to play a catalytic role in leveraging private sector investment for infrastructure. Investing products include Equity Funds, BEE financing of equities, and private funding.</li> <li><b>Underwriting Guarantees</b> As a development orientated financial institution, the Bank is committed to assume risk for development and improve the borrowing capacity of our clients in South Africa and in the SADC region. The Bank underwrites guarantees and its credit enhances projects and/clients to attract better financing terms and conditions. Underwriting guarantees is central to capital markets development strategies.</li> <li><b>Arranging of Finance</b> The Bank partners with international development and finance institutions to enhance integrated economic development and growth in SADC and South Africa.</li> </ul>

As can be seen, there are a number of potential funding sources, each with differing approaches and criteria. As noted, **Annexure A** contains a full list of funding sources, ranging from private sector investors to the **Small and Medium Enterprise Development Programme (SMEDP)** and up to **National Treasury**. The full range should be further investigated with the aim of partnering with the financiers who offer the best loan and/or partnership terms. These should be evaluated both against the financial implications of the agreement as well as implications for decision-making power and accountability structures. Financing agreements that directly benefit the local communities in the FBDM (i.e. agreements that include local equity or necessitate the procurement of goods and services from local suppliers) are, for example, to be favoured.

### 6.8.2 SMME's & PPP's

Some of the projects identified may be suitable for Public Private Partnership (PPP) initiatives, possibly the Mining Beneficiation project.

In addition to financial support detailed in the **Table 6.2**, another interesting programme that the IDC offers



focuses on **Public Private Partnerships (PPPs)**, particularly those that facilitate the provision of electricity, water, transport and telecommunications through projects in the following sectors:

- Energy
- Telecommunications and IT
- Transportation
- Bulk water and solid waste management
- e-Government

Any PPPs entered into should be informed by the South African Code of Good Practice for PPPs.

For **SMME support**, there are a number of programmes, some of which are listed here. These support services should be contacted in order to gain further understanding of their potential role in the FBDM. Some SMME opportunities were identified in the Opportunity Analysis, particularly tourism-related, and BPO&O project, though all of the public and private sector projects could theoretically have supply-chain requirements that can be met by local SMMEs. As such, a suitable service provider must be found to run ongoing SMME support programmes in the FBDM. Options include:

<b>The dti's Black Business Supplier Development Programme Grant (BBSDP)</b>	Provides black-owned companies with access to business development services that assist them to improve their core competencies upgrade managerial capabilities and restructure their processes to become more competitive.
<b>he Small Enterprise Development Agency (SEDA)</b>	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, on a daily radio show on Ikwekwezi FM (0830 – 0845 hours) and by way of brochures and newsletters. 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.
<b>NTSIKA Enterprise Promotion Agency</b>	Facilitates non-financial support and business development services;
<b>Khula Enterprise Finance</b>	Provides loans, grants and guarantees for retail banking institutions that service SMME sector.
<b>National Small Business Council (NSBC)</b>	A non-profit membership organization chartered to promote small business utilization by the federal government.
<b>Skills Support Programme (SSP)</b>	A cash grant for skills development with the objective of encouraging greater investment in training and creating opportunities for the introduction of new advanced skills.
<b>The Small and Medium Enterprise Development Programme (SMEDP)</b>	A grant paid to local and foreign investors, starting new or expanding their current operations, based on

	approved qualifying assets and activities / projects.
<b>Service Provider Network Programme</b>	Ensures that SMMEs receive effective business development services from a network of Service Providers (Local Business Support Centres) that have been identified, selected, developed and supported for this purpose.
<b>The Land Reform Credit Facility</b>	Aims to establish joint partnerships and to enable the previously disadvantaged farm workers, neighbouring communities and emerging farmers to acquire land through mortgage finance and control of land based productive assets
<b>Competitiveness Fund (CF)</b>	A cost-sharing grant that provides financial support to entrepreneurs for up to 50% of their eligible costs. Qualifying entrepreneurs must be involved in manufacturing and in providing qualifying business services.
<b>Products/Thuso Mentorship Programme</b>	Khula programme with the aim to ensure the transfer of skills to a one-to-one basis, offering a pre-and-post loan services. During the pre-loan stage entrepreneurs are assisted with advice, counselling and development of viable business plans. In the post-loan phase clients are assisted with any and every aspect of managing a successful business as identified by a client, mentor or both.
<b>The Department of Labour</b>	Provides support to employers including SMMEs by way of legislature that guides employment conditions (Department of Labour website, 2009).
<b>Business Partners</b>	A specialist investment company which provides debt and equity investment, mentorship and property management services to SMEs in South Africa
<b>The NAMAC Trust</b>	An SMME support agency within the dti which provides advisory and information services to new and existing SMMEs in line with best practices globally.
<b>Business Referral and Information Network (BRAIN)</b>	Provides 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.
<b>Small Business Project</b>	Assists small businesses through their Linkage Programme with link-ups and joint ventures with corporate

## 6.9 Enabling Environment and Labour Market (STEP 7)

Investment in projects by the private sector does not occur independently of broader factors relating to the readiness of an area for that particular investment. This section, thus, turns to this point and identifies gaps in the readiness of the FBDM for specific projects identified in the opportunity scan. Potential public sector

interventions to rectify those gaps are then identified.

The FBDM presents varying levels of “readiness” for the successful implementation and sustained operation of identified projects, and for the enhancement of general areas of opportunity.

“Readiness” refers to the level of competitiveness in providing investors with what they require to implement a specific project. It relates to the capacity of the FBDM to understand the specific needs of an investor and to be able to respond to these needs by providing relevant information, by being credible and by illustrating the strengths of the FBDM in terms of service delivery and long-term potential to increase the probability of an investor choosing to invest in a specific project.

Another way to phrase “readiness” is by looking at the “**enabling environment**” – “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.

Above and beyond having well-packaged, feasible projects to market to investors, investors will look at aspects such as:

- The quality and extent of hard infrastructure such as road and rail networks, airports and harbours. These factors will impact on the direct input/start-up costs, as well as the operational costs of business, and therefore impact on the overall potential for financial return on investment.
- The sophistication of local telecommunications, banking and finance services similarly impact on the input and operational costs of doing business. This is also an indicator of the area’s ability to keep “up-to-date” with innovative technological and other developments, which has implications for the long-term desirability of an investment in the FBDM.
- The extent to which spatial and land planning policies and documents are flexible to the needs of businesses and the relative ease of following land planning processes, such as rezoning applications. The existence of sufficient and appropriate types of land and/or buildings and the ease (time and cost) of administrative processes relating to land planning are key factors influencing the attractiveness of an investment. Appropriate incentives and/or support for suitable<sup>5</sup> land rezoning and development must be clear to potential investors, while at the same time the FBDM’s ongoing dedication to ensure the sustainable use of its key natural resources and heritage should not be undermined.
- The sophistication of the public sector. Overall, the general status of public sector services, including healthcare, education, safety and security impacts on the “quality of life” aspect dealt with above, as well as the quality of labour, dealt with below. In addition, investors desire of municipalities professional services delivered by suitably qualified, efficient and informed officials. Access to information such as medium and long term planning documents (spatial, infrastructural, economic and others) is crucial in showcasing what the area will offer investors in the longer-term. Generally, the main contact point at the FBDM for investors (be it the LED Manager or the LED Forum), need to have quick access to technical data, business and labour databases, FBDM planning documents, and process flow-charts to guide potential investors a) to comprehensively and accurately assess the feasibility of their proposed investment and b) to efficiently initiate the applicable planning and approval processes. Further, some of the opportunities will require cross-boundary collaboration with other Districts and possibly even Provinces. This requires

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<sup>5</sup> This should be informed by the FBDM’s economic, social and environmental goals.

policies, structures and agreements that illustrate to potential investors the willingness of relevant stakeholders to work collaboratively.

- The quantity and quality of available labour and training programmes, in relation to the specific human resource requirements of investors. This relates to the health, education and skills levels of the local workforce. Connected to this is the community' openness to entrepreneurship – the existence of and potential for local SMMEs to be integrated as part of the supply chain of larger investment projects during development and/or operation.
- Quality of life factors, such as the supply of housing and personal lifestyle facilities (such as educational, cultural and recreational services) also have an impact on the attraction of particular investment.

As part of creating an enabling environment, it is important to note that most of the projects identified are in the Agriculture, Mining and Manufacturing sectors and therefore a sufficient skills base will be required to implement these projects. The following sub-section provides a overview of the most prominent skills that would be required from the projects and suggest ways to ensure that the local labour is appropriately skilled.

### 6.9.1 Labour Market

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 23 SETAs in South Africa. However, not all are expected to be fully active in Frances Baard District. **Table 6.3** below shows identified projects and the skills required for the projects listed as well as for the already present economic activity within the district. The SETAs expected to be operational in FBDM are also shown in **Table 6.3**, together with other stakeholders that may provide further training or advice.

**TABLE 6.3: SKILLS REQUIREMENTS IN FRANCES BAARD DISTRICT MUNICIPALITY**

Projects	Skills required	SETA/Stakeholder
<ul style="list-style-type: none"> <li>Goat Farming</li> <li>Game breeding</li> </ul>	<ul style="list-style-type: none"> <li>Irrigation</li> <li>Livestock Management</li> </ul>	<ul style="list-style-type: none"> <li>AgriSETA (Agriculture)</li> <li>PAETA (Primary Agriculture)</li> <li>SETASA (Secondary Agriculture) (<a href="http://www.setasa.co.za">www.setasa.co.za</a>)</li> <li>Department of Agriculture</li> <li>Experienced farmers</li> </ul>
<ul style="list-style-type: none"> <li>Vegetable &amp; Fruit Processing</li> <li>Meat Processing</li> <li>Field Crop Processing</li> <li>Mining Beneficiation</li> <li>Tannery Plant</li> <li>Chips Factory</li> <li>Packaging &amp; Distribution of Products</li> </ul>	<ul style="list-style-type: none"> <li>Processing Skills</li> <li>Machine Operating Skills</li> <li>Design Skills</li> <li>Quality Controlling</li> <li>Mechanical Engineering Skills</li> <li>Artisans &amp; Mechanics</li> <li>IT Skills</li> <li>Research Science &amp; Technology</li> <li>Artisans</li> <li>Mechanical</li> <li>Chemical engineers</li> </ul>	<ul style="list-style-type: none"> <li>Food and Beverages Manufacturing Industry Sector Education and Training Authority (FOODBEV)</li> <li>Clothing, Textiles, Footwear and Leather Sector Education and Training Authority (CTFL)</li> </ul>

# FRANCES BAARD DISTRICT MUNICIPALITY

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<ul style="list-style-type: none"> <li>• Cold storage transport</li> <li>• BPO&amp;O Destination</li> <li>• SMME database and Support Programme</li> <li>• Form business support network</li> <li>• Skills training facilities</li> <li>• Industrial Development Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Management Skills</li> <li>• Financial Management Skills</li> </ul>	<ul style="list-style-type: none"> <li>• ETDP (education, Training and Development Practices) (<a href="http://www.etdpseta.org.za">www.etdpseta.org.za</a>)</li> <li>• LGSETA (Local Government) (<a href="http://www.lgwseta.org.za">www.lgwseta.org.za</a>), particularly for training of learners and new functions in the LED Unit.</li> <li>• PSETA (Public Service Sector)</li> </ul>
<ul style="list-style-type: none"> <li>• Mining tourism</li> <li>• Game viewing/ trophy hunting</li> <li>• Eco tourism</li> <li>• Adventure Tourism</li> <li>• Expansion of the Hospitality Industry</li> <li>• Tourism Marketing Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Tour Guides</li> <li>• Hunting Skills</li> <li>• Navigation Skills</li> <li>• Marketing Skills</li> </ul>	<ul style="list-style-type: none"> <li>• THETA (Tourism, Hospitality and Sport) (<a href="http://www.theta.org.za">www.theta.org.za</a>)</li> <li>• Services SETA (<a href="http://www.serviceseta.org.za">www.serviceseta.org.za</a>)</li> <li>• W&amp;RSETA (Wholesale and Retail Sector) (<a href="http://www.wrseta.org.za">www.wrseta.org.za</a>)</li> </ul>

Sources: *The South African Labour Guide and SETA websites,*

**There are currently no SETA training offices in the Northern Cape, more specifically in Frances Baard District Municipality. Frances Baard District Municipality needs to link to the SETA training offices in Bloemfontein (Free State Province). Possible arrangements for this are for FBDM to go to the specific training organisation in Bloemfontein or for the training organisation to go to FBDM.**

It is important to note that the skills mentioned above are not all readily available in the FBDM, and it would therefore be important for the FBDM to attract the necessary skills to the area. The following provide broad guidelines that the FBDM could use to attract these skills.

### 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. The District Profile indicated that the local population are concentrated in the semi-skilled and unskilled categories and therefore the FBDM have two options, namely:

1. Training 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 FBDM, 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 Frances Baard 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 FBDM.

### **Solving the Asymmetric Information Problem**

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

1. Hosting a 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

## **6.10 Project Handover and Mentoring (STEP 8)**

Initially, the LED unit, in conjunction with the LED Agency will assist with initialising projects as discussed above. The District LED Agency, LDA, 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 LDA will gradually become a supportive and mentorship role.

Mentorship can also be provided by the support structures discussed in **Section 6.8.1**. 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.

## 6.11 Application Guidelines

This section of the report gives District-specific project implementation guidelines. While the general guidelines in the previous section gave the generic steps to take, in this section, variations according to project groupings are highlighted.

### 6.11.1 Project Groupings

While the general guidelines in the previous section gave the generic steps to take, in this section, variations according to project groupings are highlighted. The projects identified for the FBDM are grouped into five separate groups by project type, as shown in **Table 6.4** below.

The groupings are useful for understanding the process to be followed for any new projects identified by the FBDM in the future and understand the variations in seven generic steps listed in the process detailed above.

**TABLE 6.4: PROJECT GROUPINGS**

Project Type	List of Projects
<b>HUBS</b>	<ul style="list-style-type: none"> <li>• Agro-Processing <ul style="list-style-type: none"> <li>○ Vegetable &amp; Fruit Processing</li> <li>○ Field Crop Processing</li> </ul> </li> <li>• Meat Processing</li> <li>• Distribution</li> <li>• Mineral Beneficiation</li> <li>• BPO&amp;O Destination</li> </ul>
<b>STUDIES</b>	<ul style="list-style-type: none"> <li>• Tourism Packages (Eco-tours, mining tourism, adventure tourism and game hunting &amp; viewing)</li> <li>• Tourism Marketing Strategy</li> <li>• Skills Audit (Labour database)</li> <li>• SMME Database &amp; Support Programme</li> <li>• Education and Training Database</li> <li>• Maintaining an up-to-date FBDM profile</li> <li>• Skills and Education facilities database</li> <li>• Expansion of Manufacturing Sector</li> <li>• Industrial Development Strategy</li> <li>• Research for new products</li> <li>• Expansion of Hospitality Industry</li> </ul>
<b>MINING</b>	<ul style="list-style-type: none"> <li>• Mining Beneficiation</li> <li>• Formalising of pebble mining</li> </ul>
<b>FARMING</b>	<ul style="list-style-type: none"> <li>• Goat Farming</li> <li>• Game breeding</li> <li>• Game Viewing/Trophy hunting</li> </ul>
<b>MANUFACTURING</b>	<ul style="list-style-type: none"> <li>• Tannery Plant</li> <li>• Chips Factory</li> </ul>



Project Type	List of Projects
<b>INFRASTRUCTURE</b>	<ul style="list-style-type: none"> <li>• Meet backlog in sanitation, water, energy and other services</li> <li>• Upgrade roads</li> <li>• Set-up rail infrastructure/network</li> <li>• Central Freezing and Cold Storage Transport</li> </ul>
<b>OTHER</b>	<ul style="list-style-type: none"> <li>• Public transport</li> <li>• Educational programmes, skills institutes and colleges</li> <li>• CBD and residential area upgrades</li> </ul>

### 6.11.2 Project Matrix

**Table 6.5** on the following page shows the variations per project type to the general guidelines given in Section five above.

For the farming projects and manufacturing projects, it may not be necessary to do pre-feasibility studies a detailed feasibility study should suffice. As can be seen from the projects matrix in **Table 6.5**, public sector may not need business plans if the correct partnerships are forged and there is buy-in from national departments who should assist with funding. Infrastructure projects first need to be planned for, thereafter, an Infrastructure Programme Management Plan (IPMP) needs to be drawn up, followed by an Infrastructure Programme Implementation Plan (IPIP). The project design phase follows these planning stages and it give details of the project. After the project has been designed, the project tender phase can commence, at the completion of tendering and after a contractor has been found, the actual project is then implemented. In total, this is expected to take about four years. However, project design, project tender and initial implementation should all be done within 12 months. This breakdown in steps to be taken was recommended to avoid over budgeting per financial period and which leads to under-expenditure of the Infrastructure allocation from the national budget (National Treasury, 2008).

**TABLE 6.5: PROJECTS MATRIX – IMPLEMENTATION STEPS TO BE FOLLOWED FOR VARIOUS PROJECT TYPES**

Project Types		Prioritisation	Location Identification	Pre-Feasibility study	Feasibility Study	Partnership Identification	Project Matchmaking	Develop Business Plan	Allocate Municipal Funding	Project Handover & Monitoring
<b>Hubs</b>		✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Studies</b>		✓				✓	✓	✓	✓	✓
<b>Mining</b>		✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Farming</b>		✓	✓		✓	✓	✓	✓	✓	✓
<b>Manufacturing</b>		✓	✓		✓	✓	✓	✓	✓	✓
<b>Infrastructure</b>		✓	✓	✓	✓	✓			✓	
<b>Other</b>		✓	✓	✓	✓	✓	✓	✓	✓	✓

The above is a useful guide for project preparation for any project identified within the FBDM. Each project, however, faces a set of unique intricacies.

## **6.12 Conclusion**

The implementation guidelines phase of this project was to draw a map of the thought processes in planning project implementation. We looked at the projects identified in the Potential Analysis phase, and added some public sector projects to the ones already identified. A look at the Frances Baard Enabling Environment was looked at and it was from that process that the additional projects arose. Thereafter, comprehensive lists of potential sources of funding and small business support services were provided. An overview of the type of skills that will be required in the District, based on current economic activity as well as on the projects identified was given and the chapter ended with practical step by step instructions of processes to be completed in project implementation.

## *Section 7: Strategic Alignment & Institutional Framework*

### **7.1 Introduction**

The purpose of the section is to provide an overview of the current institutional structure of the FBDM and to provide possible solution for specific issues. This section also provides the FBDM with a strategic framework that will guide economic development within the FBDM.

The Structure of the Section is as follows:

- Status of LED in Municipal Structure
- LED Institutional Structure Revisited and Recommendations
- Relationships and Mentorships
- Place Marketing and LED Promotion
- Development Facilitation
- Integrated Programming of Projects and Action Plan
- Monitoring and Evaluation

### **7.2 Status of LED in Municipal Structure**

The purpose for the following sub-section is to provide an overview of the importance of the LED Unit within the Frances Baard District Municipality. This sub-section thus refers to the current reality, but also provides a description of the ideal situation and what needs to be done in order to achieve this ideal situation.

**It is important to note that the current LED Strategy of the FBDM has only recently been approved by council although the strategy has been with the FBDM since 2006 (Thus this LED Strategy will be replacing the previous LED Strategy. However Urban-Econ has consulted with the current LED Strategy in order to incorporate this with the new and updated LED Strategy. Issues regarding projects, Thrusts and institutional capacity have been consulted in order to align the two strategies.**

#### **7.2.1 Mandated Municipal LED Functions**

The Policy review conducted as part of the LED Strategy provided an overview of the most prominent policies that would have an impact on the FBDM LED Strategy. However, it is important that the FBDM are aware of their mandated roles as a District Municipality with regards to LED.

The following roles and responsibilities are mandated in the Resource Book for Municipal Councillors and Officials (2001) in terms of LED functions:

- District municipalities are better positioned to provide a coordinating and supporting role to the local municipalities within their broad geographic areas. They have the following direct responsibilities:
  - ✓ Plan and co-ordinate LED strategies within the frameworks of IDP;

- ✓ Establish the LED structure comprising of the district and local municipalities, to foster co-operation and co-ordinate LED policies, strategies and projects within the district;
- ✓ Identify lead LED sectors that can kick-start development within districts by undertaking economic research and analysis;
- ✓ Promote joint marketing, purchasing and production activities;
- ✓ Promote networking of firms within the district (e.g. tourism routes);
- ✓ Collect and disseminate information to assist local municipalities with LED policies;
- ✓ Identify resource availability (e.g. grants, land, infrastructure, etc.);
- ✓ Maintain a strong relationship with the province; and
- ✓ Provide the necessary training to municipalities.

The Local Municipalities have the following mandated responsibilities:

- ✓ Establish a LED institution to coordinate LED activities
- ✓ Coordinate & manage LED planning
- ✓ Create enabling environment
- ✓ Provide infrastructure
- ✓ Encourage public participation in LED
- ✓ Promote inter-departmental collaboration
- ✓ Promote & facilitate PPPs
- ✓ Monitor & evaluate LED strategy
- ✓ Facilitate LED

**It is evident that there is much overlapping in the roles and responsibilities of the FBDM and Local Municipalities. However it is accepted that programmes or projects that fall within a local municipal boundary and within the budget of that local municipality, it should be the task of that local municipality to implement the project.**

**However when programmes or projects cross local municipal boundaries within the FBDM or are to large (financially and/or human resources it would be the task of the FBDM to implement the programme or project. The relationship between the FBDM and local municipalities is discussed in more detail in Section 4 of this report.**

As stated in the above it is important that the FBDM LED strategy should be in alignment with the IDP Framework, which is also the strategic development plan of the FBDM. Thus it is important to incorporate the development planning initiatives in both the LED and IDP strategies. 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-ordinating 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

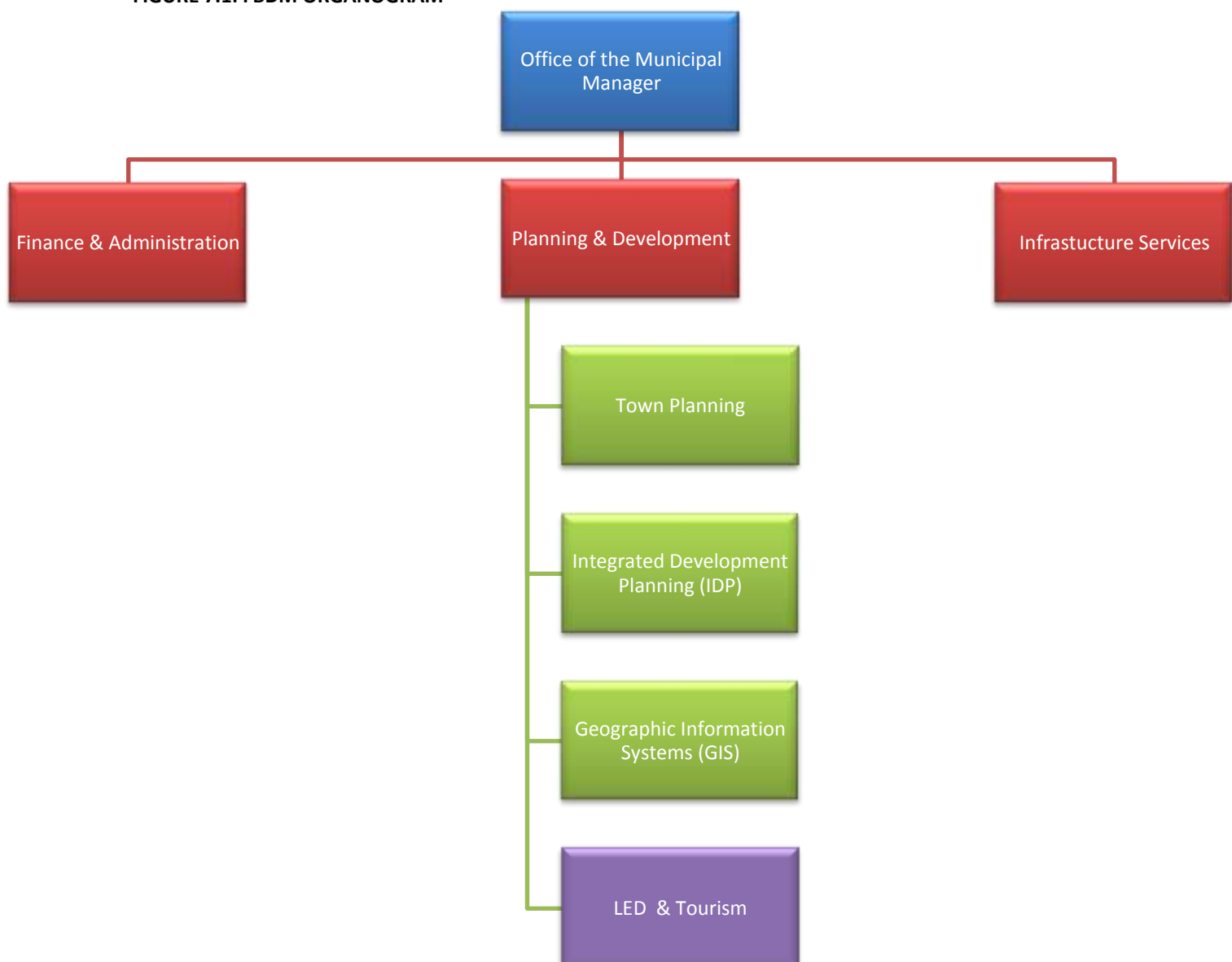
to be fed into the IDP project register. Budgetary requirements of LED projects included in the IDP register must be included in the IDP budgeting process.

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.

### 7.2.2 Current Municipal Structures of Frances Baard District Municipality

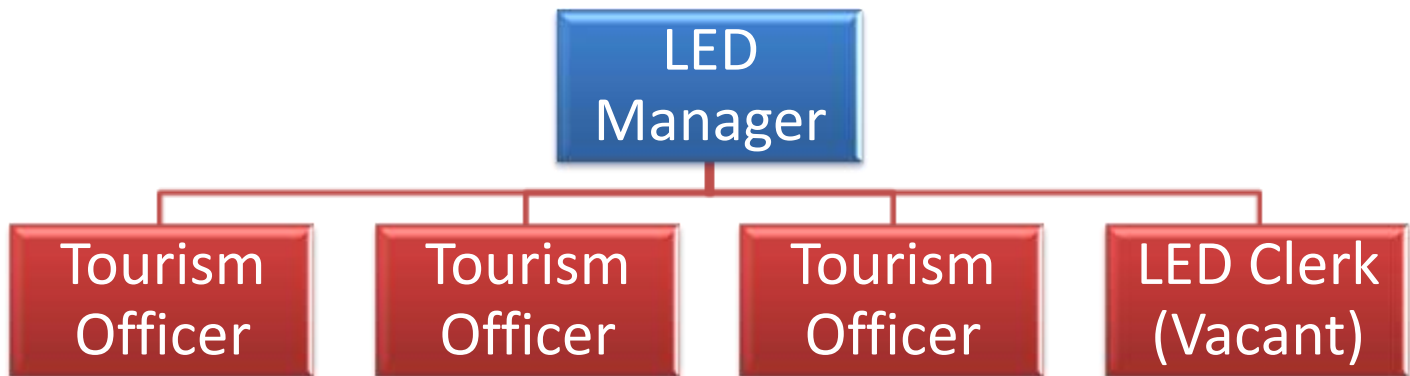
Every municipality has an organised structure in which all the different Departments are classified. Under each Department the relevant Officials important to the Department are also classified. The graphic illustration of this is the Municipal Organogram. **Figure 7.1** provides a basic illustration of the Municipal Organogram of the FBDM, with a more detailed illustration of the Directorate responsible for LED in FBDM.

**FIGURE 7.1: FBDM ORGANOGRAM**



**Figure 7.2** provides a more detailed illustration of the FBDM LED and Tourism Unit.

FIGURE 7.2: FBDM LED AND TOURISM UNIT ORGANOGRAM



From the above two organograms it is evident that the Tourism/LED unit functions under the Planning and Development Department. In the above organogram it is evident that there is only limited human resources dedicated to the implementation of LED initiatives, thus there is not sufficient capacity to address LED issues and promote LED projects, because the current structure focuses mainly on Tourism. It is recommended that organogram be revisited and more staff needs to be appointed to effectively implement LED initiatives and promote the identified opportunities. The Northern Cape Department of Economic Affairs have provided the FBDM with an Official to support the effective implementation of LED initiatives in the area. FBDM has also formed a partnership with the National Institute for Higher Learning where young students are employed by the Local Municipalities in order to provide the Local Municipalities with LED support in terms of implementation. This initiative could be utilised to start a Learnership programme in the FBDM. The idea is to employ students to address the implementation of projects for each of the identified Thrusts, but also to provide those students who show promise with full time employment opportunity. This idea is further discussed in **Section 7.2.3** below.

### 7.2.3 “Ideal Structure” of the LED Unit

From the above it is evident that the FBDM need to create an enabling environment for economic development to take place (the implementation manual provides more specific guidelines to achieve this). However, in order to create an enabling environment it is important that the LED unit have the required capacity in terms of skills and man-power, therefore the following provides an overview of the current capacity within the FBDM and the required capacity for an ideal structure.

**The previous LED Strategy indicated that training is necessary to build capacity within the LED Unit. This approach is still important and dealt with in Section 2.5 of this report. However the following recommendations are to further build on the human resources within the LED Unit in order to effectively implement the LED projects.**

The current organogram of the LED Unit has indicated that there is not enough capacity to efficiently and effectively carry out the mandated responsibilities as described in the Resource Book for Municipal Councillors and Officials (2001). This also poses a constraint 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 Frances Baard 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 learnership programme. A learnership programme entails appointing students (individuals with at least a matrix and/or a college degree) to focus on each of the Trusts as identified in **Section 5** of this document. (There should ideally be one or two individuals employed for each of the Thrusts identified)

The responsibility of these learners would then be to:

- Identify the projects for the relevant Thrust
- Link the project to potential role players
- Link the projects to potential funding sources
- Establish and maintain communication between the different role players
- Report back on status of Thrust to the LED Manager on a monthly basis

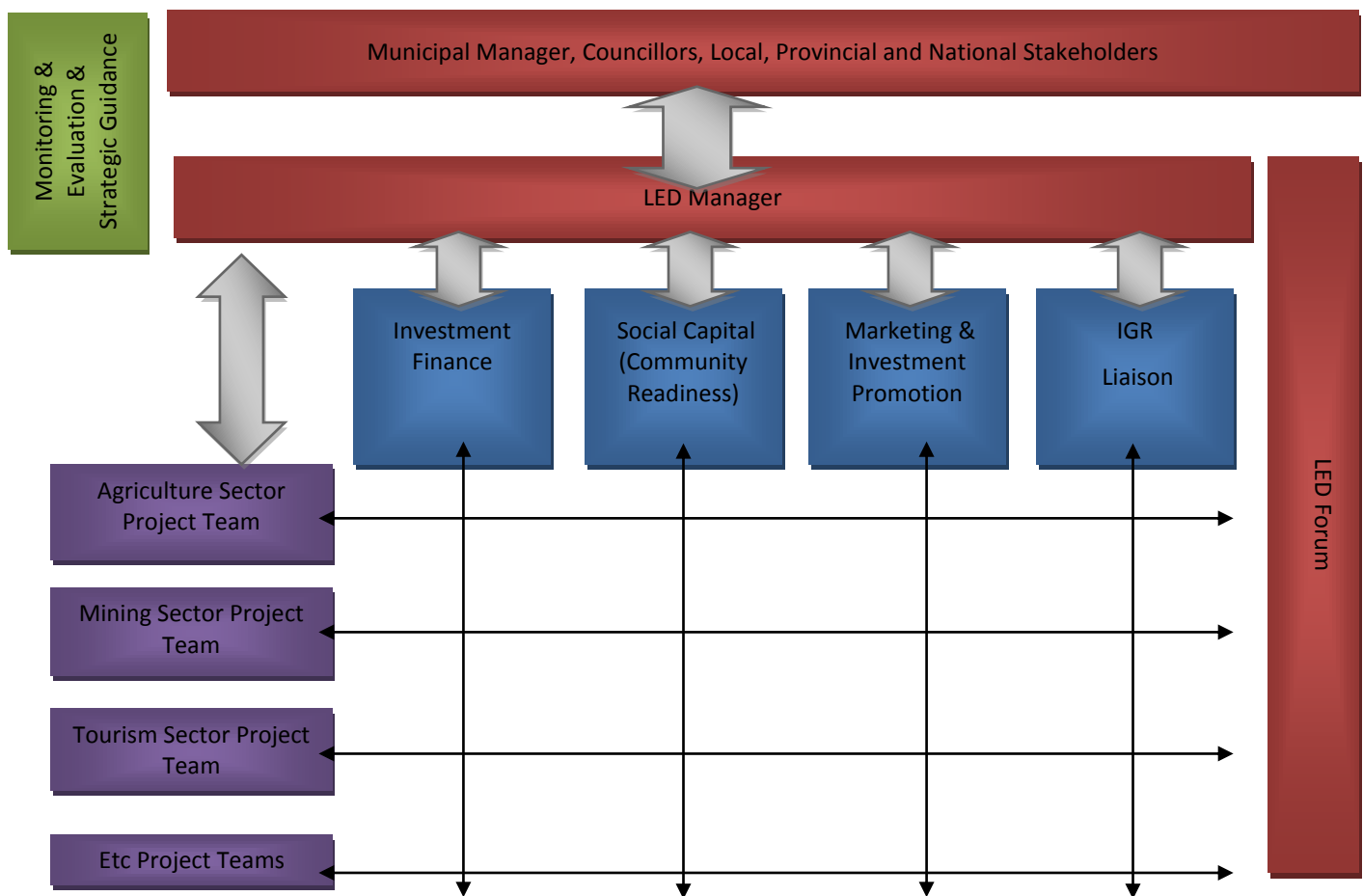
The role of the LED Manager would be:

- Play a role of facilitator and coordinator
- Provide Training for the Learners
  - Research Methods
- Establish good communication systems between the LED Manager and the different Learners
- Schedule regular meeting with the Learners to gain updates on Thrust Statuses

It is important to note that LED is not a segmented function on its own and that LED function is an integrated approach. Thus LED incorporates different expertise meaning that in the case of Agricultural Thrust the LED Unit would require Agricultural expertise. Therefore it is suggested that the following theoretical model for the coordinated response be noted. (These functions suggested in the model do not necessarily have to be part of the LED Unit but rather be incorporated into the LED Forum which needs to be established as a function of the LED Unit)



**FIGURE 7.3: THEORETICAL MODEL FOR COORDINATED RESPONSE**



The LED Forum should be a function within the LED Unit; therefore it would be more suited for these functions to be represented within the LED Forum, because the Forum involves stakeholders from various spheres and departments of the public sector as well as private and civic representatives. Thus it is not suggested that the FBDM LED Unit appoint various stakeholders to fill the specialised functions as mentioned in Figure 7.3, but rather link these functions to representatives on the LED Forum.

The mission of the **Project Teams** is to maximise local and regional business development and new regional wealth retention by evaluating potential large scale projects determining major supplier, indirect spin-offs and value added business development needs and opportunities. The Learnership programme would be the ideal opportunity to link the various Learners to specific Project Teams related to their Thrust.

The mission of the **Investment Finance** function is to link Project Teams with funding sources, some of which were detailed in the Project Implementation Guidelines. This function could be managed by the LED Manager, representatives on the LED Forum or outsourced to consultants who specialise in this type of activity.

The mission of the **Social Capital** function is to ensure that the needs of the community are met through prioritising local benefits and local impacts of the various projects on the one hand, and to assess community readiness and define how well communities will be able to address potential impacts related to large scale project developments in their areas. In other words this function aims to locally meet the supply-side needs of

new projects/investments through ensuring suitable labour and SMMEs are available. As such, this function will include the suitable SMME support programme, Education Department, Department of Labour, SETAs, Department of Safety, transportation authorities and service providers, Department of Health, Department of Social Services and other role players such as non-governmental organisations (NGOs), Community-Based Organisations (CBOs), including local community facilities managers, and Faith-Based Organisations (FBOs) in a collaborative effort to identify the number, skills, sources, timing and gaps necessary to define and coordinate strategies for adequate workforce and community resources. The established FBDM LED Forum and other representative forums (EPWP etc) are an excellent starting point for this function.

The **Marketing and Investment Promotion** function has the purpose of leveraging public and private investment in the FBDM. It relates to the packaging and communication of information about the socio-economic status of the FBDM and economic opportunities to existing businesses, entrepreneurs, investors and local and regional development, recruitment and financing professionals. This function can also be expanded to include the coordinated assistance and technical support for land and real estate options, deal structuring and financial packaging, risk assessment and management, and growth management planning for existing and new businesses. It may include the issuing of notices in newspapers and journals, the establishment and maintenance of a FBDM Investment Opportunities Website, and constant liaison with the Northern Cape Economic Development Agency (NCEDA), and even such agencies as the Western Cape's WESGRO that may have opportunities for joint-initiatives or be able to refer investors seeking opportunities that match those on offer within the FBDM. This function cannot be successfully performed if the project preparation process outlined in the Project Implementation Guidelines are not followed.

Finally, the **Intra- and/or Inter-governmental Relations (IGR) Liaison** function serves to ensure that the requirements of projects are timeously fed through to the appropriate local, district, provincial or national department for timeous approval, processing or inclusion in budgeting and planning process. It includes, for example, notifying the appropriate authorities of land rezoning, bulk services, roads, social amenities, schools and so on that a) are needed in order to realise a project and b) will be needed as a result of additional demand stimulated by the implementation and operation of the project.

The **LED Manager** is responsible for reporting to relevant stakeholders, and performing an over-all monitoring and evaluation process of the various projects and functions as described above. Similarly, the **LED Forum** as a whole, integrally involved in the strategic planning and guidance of the implementation of projects, with members of the Forum bring insight from their respective public and/or private sector fields.

#### **7.2.4 How to Optimise Existing Capacity**

Capacity building within the FBDM would entail either Training Programmes or Capacity Building Programmes. Training programmes educate and update the knowledge of the LED Unit, whereas Capacity Building Programmes are aimed at providing support and guidance for the LED Unit.

Training Programmes available from the Local Government SETA are as follows:

- **Governance Programme:** This programme aims to capacitate a more effective process of co-ordination, capacity building and skills development between the Departments and other Stakeholders within the FBDM.
- **Learnership Programme:** This programme aims at the effective education of the LED Unit Members by providing a National Qualification Framework (level 4, 5 and 6)

Capacity Building Programmes:

- Urban-Econ has provided the LED Unit of FBDM with a range of Capacity Building Workshops relating to the Khulis'umnotho Project. The Capacity Building programmes included the following:
  - Data Profiling Capacity Building Workshop (How to conduct a Data Profile and the main findings of the Data Profile) held on the 2<sup>nd</sup> and 3<sup>rd</sup> of June 2008
  - Opportunity Analysis Capacity Building Workshop ( How to conduct a Opportunity Analysis and the main findings of the Opportunity Analysis)held on the 17<sup>th</sup> of October 2008
  - Final Capacity Building Workshop (Overview of the LED Strategy and main findings of the Strategic Alignment and Institutional Framework of FBDM) held on the 24<sup>th</sup> of June 2009.
  - Main constraints regarding these capacity building programmes were that all role players such as Local Municipal representatives were not always present

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
- ✓ Training Programmes
- ✓ Seminars and Lectures
- ✓ Networking
- ✓ Marketing and Communication

### **7.3 LED Institutional Structure Revisited and Recommendations**

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 FBDM. 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

#### **7.3.1 LED Forum**

Frances Baard District Municipality does currently have an LED Forum. However the forum has been non-functional since the departure of the previous LED Manager in 2007. A new LED Manager has been appointed in 2008, but the LED Forum still stayed non-functional. The current LED Forum have already identified various stakeholders such as representatives from the Mining Sector, Business Chambers, Education Sector, Agriculture Sector, Tourism Sector, Funding Organisations, Service Sector, Infrastructure Sector. The LED Forum does have regular meetings on a quarterly basis, but have limited success with regular attendance from the representatives. The main reason resented is that the representatives do not see the relevance of attending the meetings. Therefore it would be the responsibility of the FBDM to establish and implement the role of the LED Forum as an economic implementation vehicle.

In terms of the FBDM LED Unit it is important to realise the importance of a functional LED Forum in terms of the capacity problems as identified in the above section. The establishment of a District LED Forum plays an important role for the coordinated economic development of the District as a whole. However there would be the Provincial LED Forum as well as Local Municipal LED Forums which would have the same role but in their various mandated boundaries. The representatives on the District LED Forum thus do not necessarily need to be the same representatives as those on the Provincial and Local LED Forums, but it would be important to have a representative of those Forums on the District LED Forum in order to ensure that economic development within each Local Municipality, the District and the Province are coordinated.

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.

The **role** of an 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
- Improving performance of local municipalities with respect to all aspects of local economic development
- 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.

**Key Role Players** to be represented on the LED Forum:

- FBDM LED Unit
- LED Managers of all the Local Municipalities
- Representatives from various government departments (ideally National and/or Provincial Departments are important)
  - Department of Economic Development and Tourism
  - Department of Mining
  - Department of Agriculture
  - Department of Transport
  - Department of Environmental Affairs
- Business Chambers (Northern Cape Chamber of Commerce)
- Sector Committees
- Private Sector
  - Commercial Banks
  - De Beers
- Community Groups

It is important that Stakeholders identified as possible role player need to be on the LED Forum.

The LED Forum needs to meet on a quarterly basis, or when required on a more regular basis. The following

are the responsibilities of the FBDM LED Unit:

- Coordinating the meetings
- Ensuring communication between the various stakeholders

The LED Forum meetings need to be held at various venues (to ensure that stakeholder in various parts of FBDM do not travel all the time and use this as an excuse not to attend the meetings). These meetings will also be coordinated according to a set agenda, which will guide the LED Forum meeting. The issues raised and decisions made at the various meetings need to be recorded in order to keep a record of all decisions made regarding economic development in the FBDM.

### 7.3.2 Relationships with External Implementation Agencies

The Frances Baard District Municipality currently does not have a Development Agency established in the area, but the FBDM have recently employed a consultant to investigate the viability of establishing a Development Agency in the FBDM and to apply for funding in order to establish this Development agency. The idea is that the Development Agency would have the task of marketing the FBDM.

The opinion of this report however is that the FBDM should rather link their resources and large-scale projects with the current Northern Cape Economic Development Agency. The main reason being that there is currently not enough capacity within the FBDM, in terms of human resources and economic development, to justify the establishment of a Development Agency. Thus it would be more effective for the FBDM and NCEDA to link resources in order to effectively implement LED initiatives..

#### 7.3.2.1 Northern Cape Economic Development Agency

The NCEDA is established through a partnership between the Northern Cape Provincial Government and the Industrial Development Corporation (IDC).

**The Northern Cape Economic Development Agency is in the process of being dissolved and to be established as the Northern Cape Trade and Investment Promotion Agency. The new development agency will still have the same role as the current Economic Development Agency.**

The NCEDA mainly **focus** on the following sectors:

- Agriculture and Agro-Processing (Value Adding)
- Mining and Beneficiation
- Tourism Infrastructure

**These are all priority Trusts identified for the Frances Baard District Municipality. Thus the focus of the NCEDA will support the FBDM Trusts.**

The vision and aim of the NCEDA is to accelerate sustainable economic growth and development in the Northern Cape through the effective use of public resources and public/private partnerships.

The Northern Cape Government is prepared to contribute to funding for feasibility studies and in addition the NCEDA would facilitate the funding and feasibility, Environmental Impact Studies and implementation phases

depending on the projects and the proposals submitted for the application of funding.

The NCEDA consist of a board of directors, a CEO, Financial Manager, a Project Manager for Agriculture and a Project Manager for Tourism. However it would be viable if the NCEDA include a project manager for mining projects, since mining is one of the priority sectors for the NCEDA.

The following services are provided by the NCEDA:

- Focus on key projects with creation of spin-off / knock-on effects.
- Identification, prioritization, facilitation of planning and implementation of projects.
- Advise potential business owners on their business proposals.
- Facilitation for funding of projects.
- Facilitation of partnerships.
- Linkages of potential role-players to follow-up opportunities.
- Preparation of financials for business owners.

The above is only an overview of the NCEDA and the possible linkages with the FBDM. However the FBDM would need to take the following steps in order to properly link to the NCEDA:

- Establish contact with the NCEDA
  - The NCEDA website: [www.nceda.co.za](http://www.nceda.co.za)
  - The NCEDA contact detail are (053) 833 1503
  - Email Address: [patricia@ncapeda.co.za](mailto:patricia@ncapeda.co.za) (the secretary of the NCEDA)
- Link the priority focus sectors of the NCEDA with specific large-scale projects in the FBDM
- Identify the process to be followed to apply for funding
- Apply for funding

Although the first source for funding would be the NCEDA it is important that the FBDM take note that funding is also available from the IDC and Development Bank of South Africa (DBSA) (these funding sources were discussed in more detail in the Implementation Manual).

It is important to note that the NCEDA would not provide solution to all the problems of the FBDM LED Unit, since the NCEDA is only involved in the implementation of projects, marketing of the FBDM and attracting investment to the FBDM. The municipal functions not included in these applications would still be the priority of the FBDM.

### 7.3.3 SMME Support Structures

The Frances Baard District currently does not have a form of SMME support structures. However they are in the process of establishing such a support structure. This project includes the establishment of an SMME Database, establishment of a support structure for SMME's and establishing partnerships and alliance programmes. In order to achieve this FBDM have indicated that the programme should provide meaningful sector information to the SMME's which will enable them to make better management decisions and also to manage the challenges within their businesses. It is also indicated that training programmes will be included as part of this Support Programme in order to increase the skills base of the individuals aiming to establish small businesses.

It is important to note that the role of the FBDM is play a mentoring role for the emerging SMME's, thus directing the potential individuals to the right resources to provided them with assistance. The SMME Support

Programme is good initiative to which the individuals could be guided once the programme is operational. It is important that the programme includes programmes to provide the individuals with the following information:

- What needs to be included in a business plan
- Where to source funding
- What training programmes are available (also programmes provided by SEDA)
- Where to find possible business locations
- Once the business is operational,
  - how do I manage the business
  - How do I handle challenge
  - Where do I find clients
  - How do I advertise and where

Thus the idea is to establish a SMME help desk and aftercare centre for the SMME's in the FBDM. It is important that the FBDM does not duplicate the services provided by SEDA, but rather incorporated these services in their Support Programme.

### 7.3.4 Cooperatives

A general definition of a Cooperative is an *“autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.”* A cooperative is in many ways the same as a business, but important to note that the following are the main distinguishes between a cooperative and a business:

- They are owned and democratically controlled by their members-the people who use the co-op's services or buy its goods-not by outside investors; Co-op members elect their board of director from within the membership.
- Return surplus revenues (income over expenses and investment) to members proportionate to their use of the cooperative, not proportionate to their "investment" or ownership share.
- Are motivated not by profit, but by service-to meet their members' needs for affordable and high quality goods or services;
- Exist solely to serve their members.
- Pay taxes on income kept within the co-op for investment and reserves. Surplus revenues from the co-op are returned to individual members who pay taxes on that income.

According to the Cooperatives Act of 2005 the different kinds of Cooperatives that can be established are the following:

- housing co-operative;
- **worker co-operative;**
- **social co-operative;**
- **agricultural co-operative;**
- co-operative burial society;
- **financial services co-operative;**
- consumer co-operative;
- **marketing and supply co-operative; and**
- **service co-operative**



(The highlighted cooperatives would be the most important types of cooperatives for the FBDM)

Co-ops are formed by their members when the marketplace fails to provide needed goods or services at affordable prices and acceptable quality. Cooperatives empower people to improve their quality of life and enhance their economic opportunities through self-help. Throughout the world, cooperatives are providing co-op members with financial services, utilities, consumer goods, affordable housing, and other services that would otherwise not be available to them.

The implication for the FBDM would be to facilitate the formation of dedicated Cooperatives and the FBDM should aim to develop a cooperative support policy.

### 7.3.5 Other Dedicated Vehicles

The projects identified in the opportunity analysis are a mixture of public and private sector projects. However some projects would require a dedicated vehicle other than the possibilities mentioned in the above sub-sections. Other vehicles would include Social and Labour Plans; Public-Private Partnerships PPP's and Trusts.

#### **Social and Labour Plans**

The mining industry are increasingly put under pressure to provide assistance in social, socio-economic and economic development areas as part of their responsibility towards labour and the environment. These Social and Labour Plans would form part of their corporate social investment. Thus the FBDM could promote their projects in order for the Mining companies to incorporate the projects within their Plans. It is important to note that the projects do not necessarily need to be related to mining projects but rather all projects that promote social and economic development.

#### **Public-Private Partnerships**

A Public-Private Partnership is a contract between the public sector institution/municipality and private party, where the private party assumes most of the financial, technical and operational risks in the design, building and operation of a project. The partnership can be defined where the private party performs an institutional/municipal function or the private party may acquire land from the institution/municipality for its own commercial activities or the partnership could be a combination of the two. Thus the FBDM could link their large infrastructure development projects to Public-Private Partnerships.

#### **Trusts**

A Trust will be established as a Section 21 company (non-profit) and would source funding which would then be utilised for community and economic development. The main reasons for a municipality to establish a Trust would be for community development projects and also in instances of property development projects with the aim to benefit the community and improve quality of life within the area. Thus the FBDM would make use of a Trust in instances of community development projects and infrastructure projects that would improve the quality of life of the people (more attractive to investors).

### 7.3.6 Recommendations

The above sub-section provides an overview of the implementation possibilities for the FBDM. It is important to note that the FBDM need to get their LED Forum in a working process since this will be the main implementation and guiding vehicle within the FBDM. However there are various external implementation vehicles available and it would be the responsibility of the LED Manager to effectively link the Trusts and projects to the most viable vehicle.

The following are recommendations for the priority projects of the FBDM based on the above vehicles.

**TABLE 7.1: RECOMMENDATIONS FOR IMPLEMENTATION OF PRIORITY PROJECTS**

Project	Guidelines
<b>Vegetable and Fruit Processing</b>	<ul style="list-style-type: none"> <li>Establish Learner for the Manufacturing and Industry Thrust</li> <li>Establish Projects team with important role players</li> <li>Project is part of the priority sectors of the NCEDA ,and would be a good project to link to the NCEDA</li> <li>The project could also be linked to SMME's in the area (linked to the SMME Database)</li> </ul>
<b>Mining Beneficiation</b>	<ul style="list-style-type: none"> <li>Establish Learner for the Mining Sector Thrust</li> <li>Establish Projects team with important role players</li> <li>This project need to be linked to the Northern Cape Province Diamond Hub initiative which could also be a possible implementation vehicle</li> <li>Mining is part of the priority sector of the NCEDA and funding could be sourced from there</li> <li>The project could also be implemented through PPP where the FBDM could provide the land and the Private Sector could implement the activities</li> <li>SMME's registered on the Database could also be linked to this project</li> </ul>
<b>BPO&amp;O Destination</b>	<ul style="list-style-type: none"> <li>Establish Learner for the SMME Development Thrust</li> <li>Establish Projects team with important role players</li> <li>The SMME Database would need to be linked to this project</li> <li>The Call Centre could be established as a PPP</li> </ul>
<b>Game Viewing and Trophy Hunting</b>	<ul style="list-style-type: none"> <li>Establish Learner for the Tourism Development Thrust</li> <li>Establish Projects team with important role players</li> <li>The NCEDA identified the Tourism industry a priority sector and the project implementation could be linked to NCEDA.</li> </ul>

## **7.4 Relationships and Mentorships**

### **7.4.1 Relationship with Local Municipalities**

Frances Baard District Municipality is in a better position to provide a coordinating and supportive role in terms of LED to the four Local Municipalities within its borders. As stated the FBDM have specific responsibilities towards LED implementation, but the Local Municipalities also have their role to play in the LED environment. The main difference with regards to the responsibilities mandated to the District and the Local Municipalities is that the District should provide a more strategic supportive role and the Local Municipalities are more involved in the physical implementation of the LED projects. Thus it is important for the FBDM to have a good relationship with all the Local Municipalities within its borders.

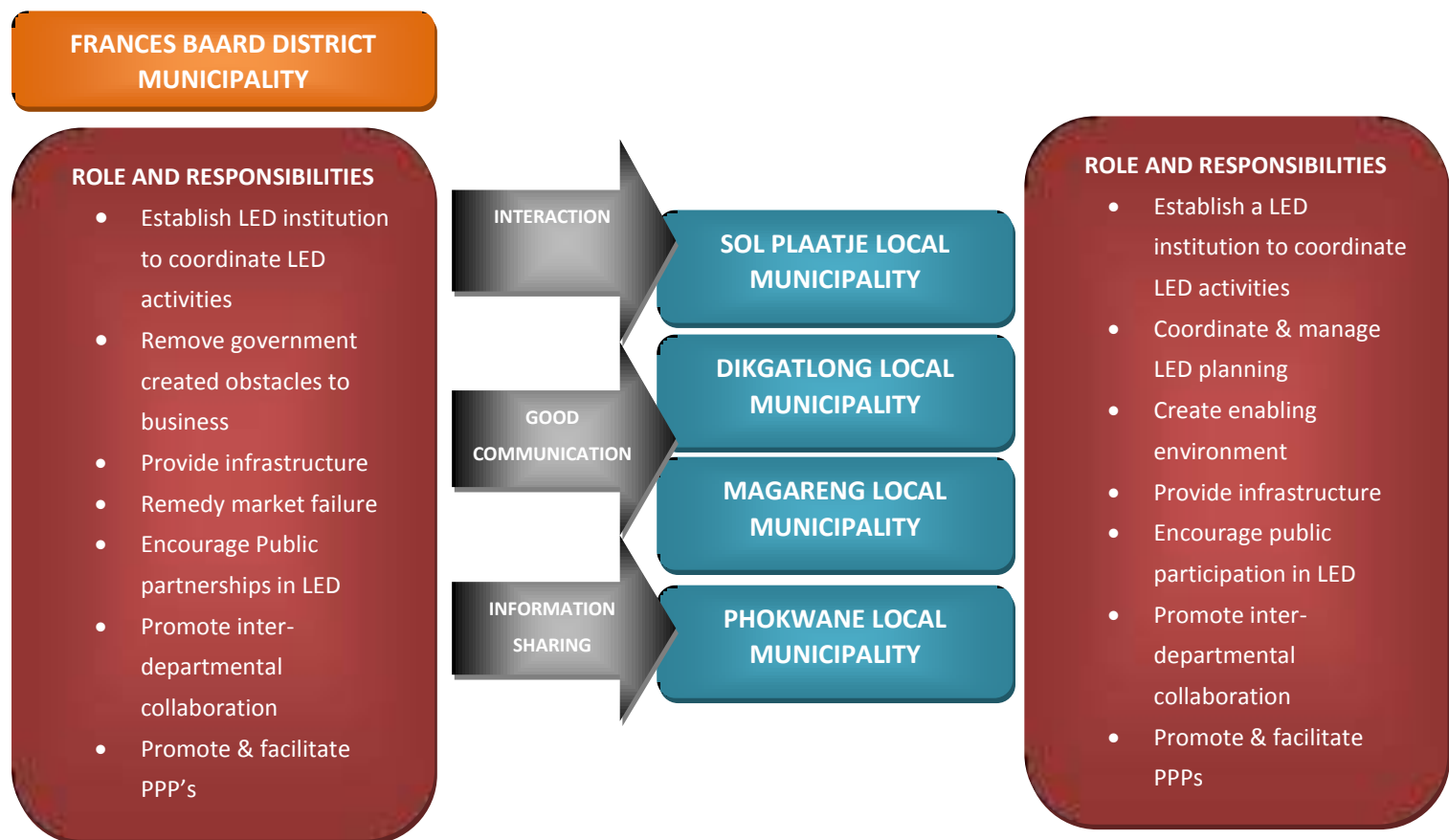
The main challenges regarding these relationships are interaction and communication between the different role players. FBDM and the Local Municipalities do not make it a priority to meet on a regular basis, and therefore all role players involved are not always certain what other role players are doing. If good communication systems are in place it would create an opportunity for various role player to share experiences (positive or negative) and establish good networking basis. In order to strengthen the relationships between the FBDM and Local Municipalities it is recommended that good practice guidelines are implemented to regulate the following:

- Interaction between the FBDM and Local Municipality on a regular basis, through the use of meetings, conferences and workshops
- Good Communication Systems through the use of websites, emails and faxes (the FBDM needs to be informed about activities happening in the Local Municipalities and vice versa)
- Sharing of Information between the FBDM and Local Municipalities (all role players should have access to all information. The idea is that the FBDM and Local Municipalities work together in order to achieve economic development within the region as a whole)
- The role of the different government spheres should be clear to all role players

From the above it is clear to see the importance of the relationship between the FBDM and Local Municipalities with regards to the economic development of the region as a whole.

**Figure 7.4** illustrates the ideal structure of the relationship between FBDM and the four Local Municipalities within its borders.

**FIGURE 7.4: IDEAL RELATIONSHIP STRUCTURE BETWEEN FBDM AND LM'S**



## 7.4.2 Alignment with the IDP and SDF

### 7.4.2.1 Frances Baard District Municipality IDP

As stated in **Section 2** of this report the LED Strategy should form part of the IDP process and therefore the projects identified within the LED Strategy should be included in the IDP. It is also important that the objectives of the IDP and the objectives (Trusts) identified in the LED are aligned so that both the IDP and LED prioritise the same growth potential within the FBDM. Thus one could say that the IDP and LED should be aligned as follows:

- Planning Processes (budgeting for various projects identified in the LED should be included in the IDP)
- Objectives (the IDP and LED should align with priority development perspectives)

The current IDP makes provision for the following broad strategic objectives:

- To enhance the provision and maintenance of infrastructure and basic services.
- To create and support a stable social environment conducive for social development.
- To support and stimulate the creation of a growing economy improving the quality of life on the district community.
- Human resources and institutional transformation.
- To ensure sustained financial viability for maximum development support.
- To empower the organisation and community through participatory governance.
- Marketing and communication.
- To ensure a healthy and safe environment as well as environmentally aware community.

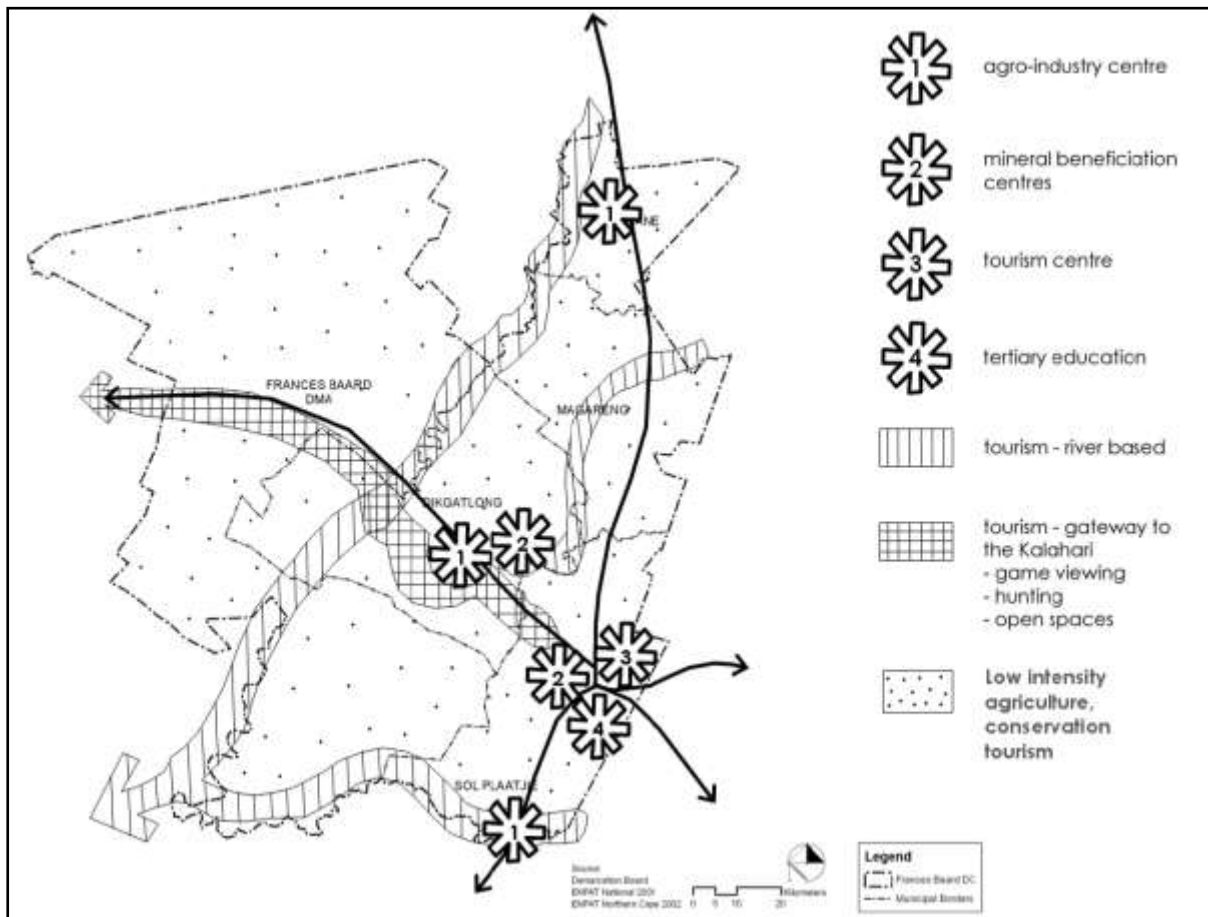
Although the IDP does currently prioritise the social development within the FBDM the prioritisation of specific growing economic sectors are not included. It would be important for the next review of the IDP to take note that the Thrusts of the LED should more prominently be represented in the IDP.

Currently the FBDM budget does make provision for LED projects which is very important for the implementation of LED. It is important that with the next review of the IDP, the LED Manager should once again ensure that LED is prioritised during the FBDM budget.

#### 7.4.2.2 Frances Baard District Municipality SDF

The Spatial Development Framework (SDF) of the FBDM provides the District with development directives regarding Economic Development Nodes and Economic Growth Potential of Towns. **Map 6.1** illustrates economic development nodes as depicted in the current SDF of FBDM.

**MAP 7.1: ECONOMIC DEVELOPMENT NODES**

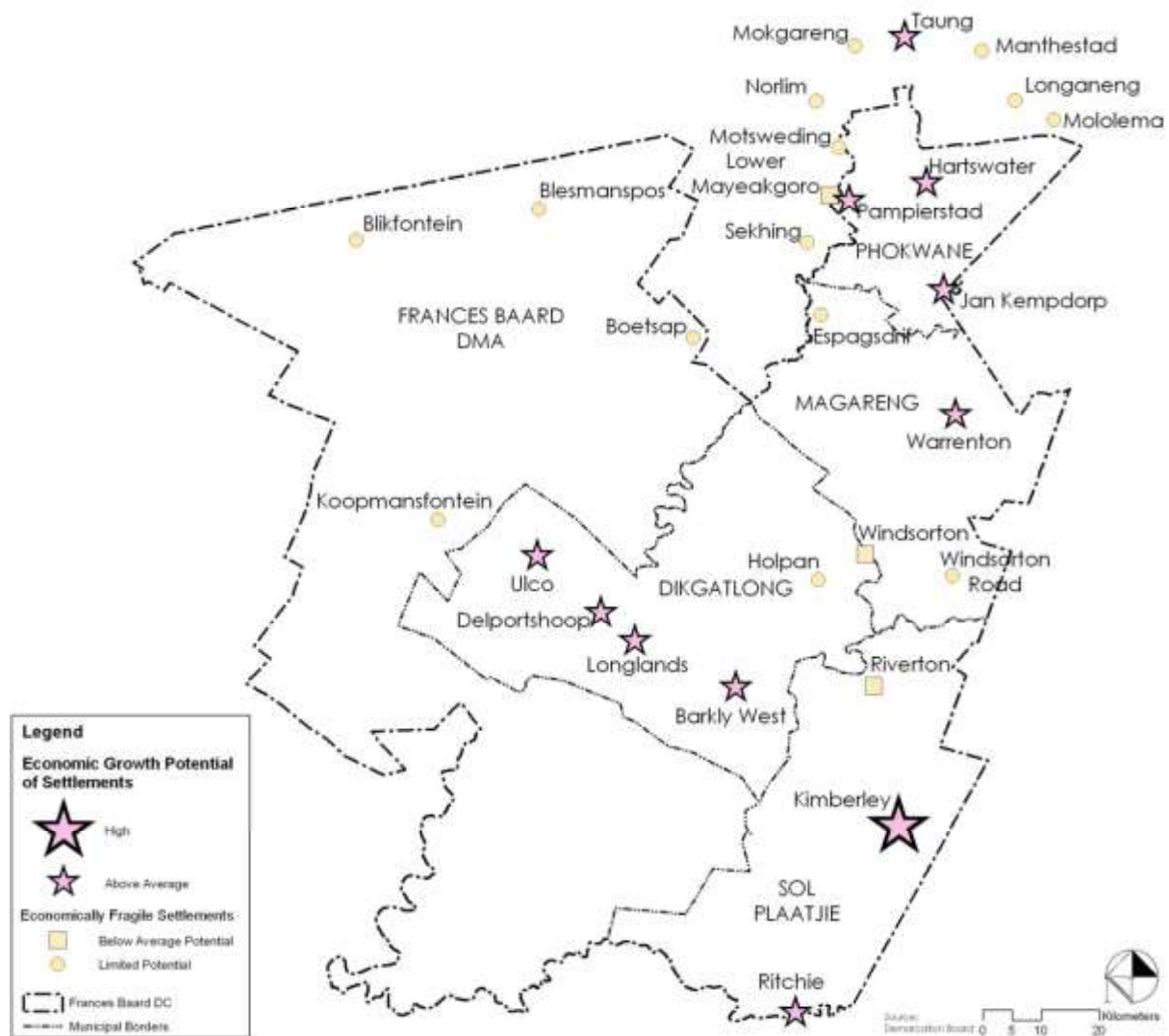


Source: FBDM SDF, 2007

**Map 7.1** indicates that agro-processing, mining beneficiation, tourism and tertiary education nodes are important development nodes for the FBDM. Agro-Processing nodes are identified within Phokwane LM, Dikgatlong LEM and Sol Plaatje LM. Mining Beneficiation Centre is identified in Dikgatlong LM and Sol Plaatje LM, a Tourism Centre is identified in Sol Plaatje LM as well as a tertiary education centre.

**Map 7.2** illustrates the economic growth potential of the towns in FBDM as depicted in the SDF of FBDM.

**MAP 7.2: ECONOMIC GROWTH POTENTIAL OF TOWNS, FBDM**



Source: FBDM SDF, 2007

**Map 7.2** indicates that only Kimberley has a very high potential for economic growth and various towns have above average potential for growth these towns include Hartswater, Pampierstad, Jan Kempdorp, Warrenton, Ulco, Delporthoop, Longlands, Barkly West and Ritchie.

It is important for the economic development objectives of the LED be aligned with the spatial development perspectives of the SDF in order to ensure that development within the FBDM is focused.

#### **7.4.3 Alignment with the Northern Cape Provincial Growth and Development Strategy**

The NCPGDS is a mechanism to guide economic development within the Northern Cape Province which includes the FBDM. The main aim of producing the NCPGDS is enable stakeholders from the public and private sectors together with labour and civil society to jointly determine a plan for the sustainable growth and development of the Northern Cape. This will provide the above stakeholders with a focus for collective efforts to promote economic and social development of the Northern Cape. The following is a summary of the core development objectives as depicted in the NCPGDS:

- 1. *Promoting the growth, diversification and transformation of the provincial economy;***
  - ✓ Agriculture and Agro Processing
  - ✓ Mining and Mineral Processing
  - ✓ Manufacturing
  - ✓ Fishing and Mari-culture
  - ✓ Tourism
- 2. *Poverty reduction through social development;***
  - ✓ Meeting Basic Needs.
  - ✓ Targeting Vulnerable Groups.
  - ✓ Urban and Rural Development.
  - ✓ Crime Prevention.
- 3. *Developing requisite levels of human and social capital;***
- 4. *Improving the efficiency and effectiveness of governance and other development institutions;***
  - ✓ Strengthening Local Government.
  - ✓ Inter-Governmental Relations.
  - ✓ Public Private Partnerships (PPP).
- 5. *Enhancing infrastructure for economic growth and social development.***
  - ✓ Promoting an efficient and effective transport system in the Northern Cape;
  - ✓ Enhancing competitiveness through cost-effective transport;
  - ✓ Information and Communication Technology;
  - ✓ And Identification and Development of Critical Infrastructure.

It is important for the FBDM to align the economic development of the District as a whole with these objectives.

## **7.5 Place Marketing and LED Promotion**

The marketing of the FBDM refers to the process of promoting the region as a whole to possible investors. It is important to promote the strengths of the FBDM in order to create an opportunity for investors to realise the potential of investing in the FBDM. However in order to establish a good marketing strategy it is important to know what aspects the investors would be interested in.

The structure of the sub-section is as follows:

- Doing Business in the FBDM
- Creating and Maintain a Economic Information System

### **7.5.1 Doing Business in the FBDM**

As stated it is important for the FBDM to promote the area to potential investors by highlighting the positive aspects of the FBDM. The following aspects would be regarded as important when marketing the FBDM to potential investors:

- Current Economic Conditions
  - GGP, Leading Sectors
- Level of constraints when starting a business
  - Time and Cost of procedures
- Labour Force



- Skills available in the area
- Business Protection, Support and Incentives
  - Protection, support and incentives from Government
  - The Implementation Manual provides a list of possible funding sources available in South Africa and more specifically the Northern Cape Province and Frances Baard District Municipality.
- Infrastructure
  - Roads, Services, Buildings

**Table 7.2** provides an indication of reasons for investing and not to invest in the FBDM.

**TABLE 7.2: ADVANTAGES AND DISADVANTAGES FOR INVESTING IN THE FBDM**

Advantages	Disadvantages
The GGP of the FBDM in 2007 is approximately R 7.9 billion (2000 Prices) and contributed to 34.3% of the total GGP of the Northern Cape. The FBDM economy has a strong finance and business services sector which includes banks and financial services as required starting businesses. The economy also has strong Transport and communication, Trade and Mining Sectors.	The skills level of the population within the FBDM is very low and they are mostly employed in semi-and unskilled occupations. Thus if more skilled labour is required investors would need to source skills from other areas.
The FBDM Economy has comparative advantage in the Northern Cape Economy with six of the nine economic sectors (sectors that do not have are agriculture, mining and construction)	Procedures for establishing a business involves time consuming applications because of constraints within government structures
The majority of the households in the FBDM have access to basic services such as Water, Electricity, Sanitation and Refuse Removal.	
FBDM has an airport in Kimberley and a well established road and rail network system. The N12 runs through the FBDM and connects FBDM with major economic nodes such as Gauteng and Cape Town	

**Table 7.2** provides some of the positive and negative aspects of investing in the FBDM. It is important for the FBDM to promote the positive aspects and work on the negative aspects. The negative aspects include skills and time consuming application procedures. It is recommended that the FBDM promote skills development within the area and provide the potential investors with an investment package which needs to be adapted for each projects. This package will need to include all application forms, possible locations, all incentives and support structures available and a database with skills available in the area. The FBDM further needs to ensure that all obstacles created because of capacity problems are resolved in order to make the procedures more streamline.

### 7.5.2 Creating and Maintaining a Economic Information System

The economic information system refers to the way the FBDM markets positive aspects to the potential investors. Thus it would be identifying the marketing strategy of the FBDM. The economic information system would need to include information such as:

- Number of businesses
- Skills level of available labour force
- Infrastructure available in the FBDM
- List of community role players
- GGP of each of the sectors, also the leading sectors of the FBDM
- Imports and Exports
- Available land for development

Most of the above data is already available to the FBDM through Statistics South Africa and internal databases. However some of the information would require more in depth research which could be conducted by the FBDM (Learners) and/or through a consultant company which specialises in this kind of research. It is important however that the data within these economic information systems, irrespective of the one utilised, be kept up to date to reflect current and relevant data.

There are various ways of providing an economic information system such as:

- **Brochures**
  - Brochures are hardcopy information systems which could be used for advertisement at the front desk of the FBDM, be posted to various individuals, and placed at tourism information centres. This type of system however is costly and would be time consuming to update on a regular basis in order to keep the data on the brochure up to date.
- **Investment Portfolio**
  - An Investment portfolio would specifically be used for the promotion of the priority projects of the FBDM. This is a good mechanism to have at hand when potential investors come to the FBDM in order to find information on investment opportunities. However, this would also be a costly and time consuming mechanism to keep up-to-date.
- **Business Directory**
  - This would provide a list of all the businesses in the FBDM which would provide the FBDM with an opportunity to market possible suppliers and/or competition to potential investors. This directory would need to be electronic in order to be up to date (this will need to be updated every time a new business registers with the directory. The FBDM should also provide the registered businesses with an incentive such as free advertisement to register on the directory.
- **FBDM LED Website**
  - The LED Unit could have their own website in order to market their projects and also what is happening in the FBDM area with regards to events such as meetings, Indaba's, Conferences and Expo's. This website would also create an opportunity for the FBDM to provide investors with information necessary for establishing business opportunities in the FBDM area. It is important that the website be updated on a regular basis.
- **Advertise on District, Northern Cape Provincial and/or National government websites**
  - The LED Unit could also have a link webpage on the District, Northern Cape Province and/or National government websites. This could be a link to the established FBDM Unit website or a space on the various government authorities' websites.
- **Business Chambers (Northern Cape 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 FBDM 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 FBDM.

- **Expo's, Indaba's and Conferences**
  - The FBDM LED Unit could make use of these initiatives to market the FBDM as an investment destination.

## 7.6 Development Facilitation

The purpose of this sub-section is to illustrate what makes LED work. From the LED report it is important that the FBDM realise their important role in creating an enabling environment for economic development to take place. The aspects that are considered as important enabling environment aspects are skills development and infrastructure provision. The Implementation Manual addressed specific issues with regards to these aspects but the following section provides possible ways of addressing these issues. It is important that these issues be identified during feasibility studies for each of the projects.

### 7.6.1 Skills Development

It is important that the FBDM do a audit of all the skills available in the FBDM area. The FBDM also need to establish which skills would be required by the opportunities identified in the Potential Analysis and also skills that would be required for opportunities that would be created as a result of these opportunities. The skills already available in the FBDM area then need to be compared to the skills required in order to determine the skills gap that would be created. This information would create an opportunity for the FBDM to implement a structured skills development plan where the FBDM would need to provide structured steps by which they would address the skills gap in the FBDM. The result of a skills gap would be the sourcing of skills from other areas which would be negative for the already unemployed individuals in the FBDM which need to benefit from the economic development opportunities in the area.

### 7.6.2 Infrastructure Development

The FBDM need to determine the infrastructure development constraints for each of the opportunities identified in the opportunity analysis. These constraints then need to be linked to infrastructure projects which also need to be included in the IDP budget. The following infrastructure needs to be available:

- **Water** The FBDM need to ensure the efficient quality and sufficient quantity of water for all the households in the FBDM. 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. FBDM need to work in partnership with the Department of Water Affairs and Forestry (DWAF) in order to source sufficient water sources.
- **Energy** The FBDM need to establish sufficient energy sources for the households residing in the FBDM and for the potential business opportunities as a result of the opportunities identified in the potential analysis. FBDM need to work in partnership with ESKOM to determine available energy sources and/or possible alternative energy sources to be utilised.

- **Sanitation** The FBDM need to ensure the adequate access to sanitation services to all households residing in the FBDM and also for the potential business opportunities as a result of the opportunities identified in the potential analysis.
- **Transport Infrastructure** it is important that there be a good established transport infrastructure network in order to link different nodes, link to the airport, and links with other economic nodes.

## 7.7 Monitoring and Evaluation

Monitoring and Evaluation (M&E) is commonly seen as one concept, but in actual fact Monitoring and Evaluation are two different organisational activities which are related to one another, but not identical. **Monitoring** refers to the continuous assessment of a project implementation. The main aim is to improve the efficiency and effectiveness of the project. **Monitoring** is based on set targets which are determined in the planning phases of the project. **Evaluation** is the comparison of the actual impacts of the project against the agreed targets (objectives). **Evaluation** can be formative (during the life of the project with the intention of improvement) or summative (learning from a completed project or project that is no longer functioning).

From the above one can conclude that Monitoring and Evaluation aims to improve the efficiency and effectiveness of projects/policies mainly through the evaluation of expected and actual impacts.

A good monitoring and evaluation design includes the following main components:

- Identification of Strategic Thrusts
- Proxies to indirectly measure economic impact
- Compile a development index for each Thrust
- Establishment of a monitoring and evaluation matrix
- M&E must feedback into decision making

A monitoring and evaluation plan is mainly implemented to review progress, identify problems in planning and to make adjustments to the current situation. Thus a good monitoring and evaluation plan could result in better decision making, since risks and challenges will be identified in the early stage of implementation.

**Table 7.3** lists various reasons, according to the World Bank, for implementing a monitoring and evaluation plan.

**TABLE 7.3: REASONS TO USE MONITORING AND EVALUATION**

Track progress	Better allocate resources	Improve service delivery
Improve management	Increase accountability	Improve quality
Inform decision-making	Design better strategies	Facilitate benchmarking
Track flows of funds	Provide answers	Identify side-effects
Demonstrate results	Draw lessons	Compare different groups
Clarify objectives	Identify leakages	Empower poor people
Identify problems	Take corrective action	Learn from experience

*Source: World Bank: Monitoring and Evaluation, 2004*

Key benefits of implementing a good monitoring and evaluation plan are as follows:

- Improve Management of Projects
- Method of reporting on internal and external progress of projects

- Compare actual impact with intended impacts (provide adjustment where necessary)

One of the main challenges regarding monitoring an evaluation, is that it is easy to determine the inputs of into a project (staff time, funds, etc), but not the actual impact on the social and economic characteristics of the area. For this reason it is important to establish very specific objectives, targets, indicators during the planning phase of the project.

**A good monitoring and evaluation plan requires specific objectives/targets/indicators in order to determine the impact of the project on the current situation (baseline information)**

**Table 7.4** provides an example of an M&E framework for 2009 to 2013

**TABLE 7.4: M&E MATIX**

Index	Proxy Indicators	Baseline (2008)	2009/2010	2010/2011	2011/2012	2012/2013
Agriculture Sector Development	Agriculture GGP					
	Agriculture Employment					
	Number of Agricultural Businesses					
	Value of Agriculture Imports					
	Value of Agriculture Exports					
Manufacturing and Industry Development	Manufacturing GGP					
	Manufacturing Employment					
	Number of Manufacturing Businesses					
	Value of Manufacturing Imports					
	Value of Manufacturing Exports					
Mining Sector Development	Mining GGP					
	Mining Employment					
	Number of Mining Businesses					
	Value of Mining					

**FRANCES BAARD DISTRICT MUNICIPALITY**  
DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

Index	Proxy Indicators	Baseline (2008)	2009/2010	2010/2011	2011/2012	2012/2013
	Imports					
	Value of Mining Exports					
SMME Development	Number of SMME's Registered					
	Number of SMME's on the FBDM Database					
	Number of projects awarded to SMME's on the FBDM Database					
	Employment opportunities created through SMME					
Tourism Development	Number of Domestic Tourists					
	Number of International Tourists					
	Average money spent					
	Average nights stay					
	Number of accommodation facilities					
	Number of accredited accommodation facilities					
	Number of attraction					
	Number of visitors to each attraction					

## 7.8 Integrated Programming of Projects and Action Plan

The action plan presented in **Table 7.5** below, shows what this “FBDM LED Readiness Initiative” should aim to accomplish, how and by whom.

# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

**TABLE 7.5: ACTION PLAN**

Objectives	Action Steps	Timeframe	Responsibility	Budgetary Implications
<b>Strategic Integration</b>				
To obtain support for the contents of this document	Communicate the document to relevant stakeholders, including the Municipal Manager, Councillors and the LED Forum	August 2009	LED Manager	-
<b>Institutional Capacitating</b>				
To establish mechanisms for the management of projects with clear functional responsibilities, as recommended in Section Three of this report.	1) Invite LED learners, SETAs, the dti, DPLG and other role players to a special sitting of the LED Forum in which to workshop the way forward in implementing these structures 2) Come to a resolution on how the functions will be fulfilled, which functions will be internal, and which ones can be adopted by the LED Forum through special titles or committees.	September - October 2009	LED Manager	Whether internal positions are created, or additional functions and authority assigned to the LED Forum, these need to be incorporated into the next FBDM budget cycle.
To ensure that the necessary project planning, research, data analysis and communications skills are acquired to support the LED functions	Engage the LGSETA, the IDC and the dti for support with internal training programmes	Start September 2009 – ongoing	LED Manager	Obtain grant funding from dti, IDC, DPLG or other relevant stakeholder
<b>Project Prioritisation &amp; Assignment of Project teams</b>				
To prioritise identified opportunities, projects and enabling public sector interventions to determine	Hold a special sitting of the LED Forum to determine the prioritised on criteria (such as those used in the Opportunity Scan phase of Project Khulis'umnotho) and assess each private and public sector project	September 2009 – ongoing	LED Manager & LED Forum	Covered by operational budget



# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

Objectives	Action Steps	Timeframe	Responsibility	Budgetary Implications
short-, medium- and long-term priorities				
To assign responsibilities for each prioritised project in order to ensure that each project has a leader/driver who is accountable for the preparation of that project	1) Determine which of the projects can be driven by members of the LED Unit, other FBDM departments, or LED Forum members 2) Assign a driver to each project, based on their skills, spare capacity and level of authority 3) Determine initial requirements of each driver in terms of e.g. a budget for consultancy services, operational expenses and other non-financial support 4) Determine a broad project preparation time-line with interim deliverables to guide each project team 5) Inform LM, FBDM or other authorities of inputs that will be required of them at various stages of the project preparation cycle.	September 2009 – February 2010 (ongoing for new opportunities as they are identified and prioritized)	LED Forum	Use financial sources listed in this document and Annexure A to support each project
<b>SMME Development</b>				
Establish a partnership with one or more suitable SMME support programmes and ensure that they have an ongoing presence in the FBDM	1) To approach the various SMME support programmes in the Northern Cape and South Africa and invite them to present to the FBDM LED Forum on their various services 2. To negotiate agreements between the FBDM and appropriate SMME support programmes for their role within LED in the FBDM	September 2009 - February 2010	LED Forum	Use financial sources listed in this document and Annexure A to support each project.
<b>Project Preparation</b>				
To prepare each project for	1) To provide each project leader with a copy of the generic guidelines	Ongoing	LED Manager , Project Leaders and	Use financial sources listed in

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Objectives	Action Steps	Timeframe	Responsibility	Budgetary Implications
implementation, using the seven generic steps outlined in this report.	for project preparation 2) To connect project leaders with suitable resources, manuals, consultants, industry experts and planners to fulfill each step of the project preparation process		IGR Liaison functionary	this document and Annexure A to support each project
Market the package of investment opportunities and strategically approach potential financiers and/or partners for the various projects	1) Approve the package of investment opportunities developed each project leader/team 2) Identify desirable sources of funding and investors 3) Approach and negotiate with funders/investors to commitment to each project	Ongoing	Project Leaders, LED Forum and Marketing and Investment Promotion Functionaries	Should be covered by LED Unit /LED Forum operational budget. This could potentially be outsourced to NCEDA.
<b>Monitoring &amp; Evaluation</b>				
To review the success of the newly capacitated structures after a period of one year	1) Review the performance of the LED Unit, LED Forum and Project leaders 2) To determine strengths and weaknesses in the new approach and identify mechanisms to enhance performance	End of 2010	FBDM Municipal Manager	-
To monitor and evaluate the outcomes of LED projects (public and private sector) in terms of job creation, economic, social and environmental impacts	1) To establish targets for each project based on the impacts determined in the Feasibility Study and Business Planning processes 2) To establish data collection mechanisms to employ as a tool in evaluating the impacts of specific projects 3) To annually review the progress of projects in terms of meeting the targets and determine remedial actions where projects are failing, or identified lessons for	Ongoing	LED Forum	Included in operational budget

Objectives	Action Steps	Timeframe	Responsibility	Budgetary Implications
	future projects where projects may have failed.			

## 7.9 Conclusion

The above sections have provided the FBDM with a profile of the Frances Baard area; both social and economic characteristics have been identified, an overview of the most prominent economic sectors and have suggested possible areas of opportunities to be unlocked by the FBDM. The LED Strategy has also provided the FBDM with detailed support functions and government functions that would help facilitate the implementation of the LED Strategy and/or LED initiatives. The following concluding remarks state the way forward.

It is the responsibility of the FBDM LED Manager to implement the LED strategy and create an enabling environment for the projects, as identified in this LED strategy, to be implemented.

The LED Manager must develop a detailed LED strategy Action Plan that outlines the way forward for the implementation of the strategy. The Action Plan must include, at least, a list or prioritised projects, a schedule of when these projects are to be implemented and the associated budget, the framework of which is provided in this document.

It is critically important that the role-players in the Frances Baard District Municipality take ownership of the local economic development strategy to facilitate the implementation of the development programmes as soon as possible. The monitoring and evaluation of the various activities should be incorporated into the performance management system of the municipality. This will ensure that accountability and responsibility for implementation is allocated.

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**FRANCES BAARD DISTRICT MUNICIPALITY**  
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## Annexure A

	Loan		Capital goods		Venture/risk	Joint Venture	Grants and	Equity	Technical Assistance	Technology	Management	Human Resources	Trade	Information
Name of the Institution	Products	Credit	and Equipment	Guarantees	capital	Financing	Incentives	Finance	/Consultancy	Transfer Support	Services	Development	Development	on Enquiry
ABSA Foundation	*								*			*		
Africa Business Roundtable									*					
Africa Enterprise Fund							*		*					
Africa Foundation							*							
Africa Institute for policy analysis and economic integration												*		
Africa Project Development Facility							*						*	
African Development Fund														*
African Harvest Capital														*
African Initiative Development AID Trust														*
African Management Services									*					
Argil Venture Capital (Pty ) Limited														*
Aga Khan Foundation							*							
AMB Private Equity Partners Limited ("AMBPEP")								*						
Ambassador self help Programme USA Consulate							*							
Anderson Axis									*					
Aquila Growth Limited					*									

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	Loan		Capital goods		Venture/ri sk	Joint Venture	Grants and	Equity	Technical Assistanc e	Technolo gy	Managem ent	Human Resource s	Trade	Informati on
Name of the Institution	Products	Credit	and Equipme nt	Guarante es	capital	Financing	Incentive s	Finance	/Consulta ncy	Transfer Support	Services	Developm ent	Developm ent	on Enquiry
ARTPAC							*							
Ashoka Innovators for the Public									*	*	*	*		
Audax Ideas Management Consulting									*					
Australian High Commission - AUSAID							*							
Basani Business Development	*													
Belgium Consul General							*							
Billiton							*							
BKS Pty Ltd									*			*	*	
BMW (SA)							*							
BOE Investment Partners								*						
BOE Equity Partners			*					*						
Brait Private Equity Limited						*		*						
BP South Africa							*							
British Consulate General							*							
British Council							*							
British Development Division of SA	*						*							
Business Bank					*									
Business Partners: Venture Managers (Pty) Ltd					*			*						



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	Loan		Capital goods		Venture/ri sk	Joint Venture	Grants and	Equity	Technical Assistanc e	Technolo gy	Managem ent	Human Resource s	Trade	Informati on
Name of the Institution	Products	Credit	and Equipme nt	Guarante es	capital	Financing	Incentive s	Finance	/Consulta ncy	Transfer Support	Services	Developm ent	Developm ent	on Enquiry
Business Partners : South Fund								*						
Business Partners: Central Fund								*						
Business Partners: East Fund										*	*	*	*	
Business Partners: West Fund					*	*		*						
Caltex Oil							*							
Canadian International Development Agency							*						*	
Canadian Consular and Diplomatic Missions Abroad							*						*	
Cape Chamber of Commerce and Industry	*												*	
Capricon Ventures	*													
Catalyst Innovations			*		*				*		*		*	
Catholic Fund For Overseas Development							*							
Catholic Religious Orders							*							
CDC Capital Partners								*						
Charles Stewart Mott Foundation in South Africa							*		*					
Chester Investment Holding Ltd								*						
Chrysalis Biotechnology Holdings Limited						*	*							
Cinergi Group			*											
Colgate Palmolive Foundation							*							

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	Loan		Capital goods		Venture/risk	Joint Venture	Grants and	Equity	Technical Assistance	Technology	Management	Human Resources	Trade	Information
Name of the Institution	Products	Credit	and Equipment	Guarantees	capital	Financing	Incentives	Finance	/Consultancy	Transfer Support	Services	Development	Development	on Enquiry
Consol limited							*							
Cycad Financial Holdings Limited								*						
Danish Government							*							
Deloitte & Touche									*					
Department of Trade and Industry: Rebate Provisions							*						*	
Department of Industry : Export Marketing and Investment Assistance Schemes (EMIA)							*						*	
Department of Trade and Industry :Motor Industry Development Programme									*				*	
Department of Trade and Industry: Competitiveness Fund							*							
Department of Trade and Industry: General Export Incentive Scheme							*							
Department of Trade and Industry: Sector Partnership Fund							*						*	
Department of Trade and Industry: Duty Credit Certificate Scheme for Scheme for Exporters of Textiles and Clothing		*					*		*				*	
Department of Trade and Industry: Small/ medium Manufacturing Development Programme(SMMDP)							*					*		
Department of Trade and Industry: Short Term Export Finance Guarantee		*					*							
Development Bank of Southern Africa	*						*	*	*	*				

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	Loan		Capital goods		Venture/ri sk	Joint Venture	Grants and	Equity	Technical Assistanc e	Technolo gy	Managem ent	Human Resource s	Trade	Informati on
Name of the Institution	Products	Credit	and Equipme nt	Guarante es	capital	Financing	Incentive s	Finance	/Consulta ncy	Transfer Support	Services	Developm ent	Developm ent	on Enquiry
DFID: Small Grants Scheme														*
DFID:Business Linkages Fund							*							
DFID:Financial Deepening Challenge Fund							*							
DG Murray Trust							*							
Donaldson Filtration Systems							*							
Durban Rag							*							
Eccles Associates Inc.								*	*					
EDSA Fund South Africa							*							
Edward L Bateman Ltd							*							
Eli Lilly SA (Pty) Ltd							*					*		
Engen Petroleum Limited							*							
Enterprise Capital Fund							*							
Equal Opportunity Foundation			*				*		*					
Ersnt & Young														*
Eskom							*							
Estee Lauder Group							*							
Ethos Private Equity Limited								*						
European Development Fund: EU							*							

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	Loan		Capital goods		Venture/ri sk	Joint Venture	Grants and	Equity	Technical Assistanc e	Technolo gy	Managem ent	Human Resource s	Trade	Informati on
Name of the Institution	Products	Credit	and Equipme nt	Guarante es	capital	Financing	Incentive s	Finance	/Consulta ncy	Transfer Support	Services	Developm ent	Developm ent	on Enquiry
European Investment Bank: Brussels European Commission							*							
European Private Equity & Venture Capital Association (EVCA)						*		*						
European Union								*						
Export- Import Bank of Japan: Canada				*										
FBC Fidelity														*
Finland Trade Centre							*							
Finnish Fund for Industrial Cooperation: Helsinki							*							
Firm Capital (Pty) Ltd														*
Fisher Hoffman PKF (Jhb) Inc									*					
Food and Agriculture Organisation: Rome							*							
Ford Foundation							*							
Franklin Electric SA							*							
French Development Agency (CFD)							*							
Gensec: Archway Venture Partners														
Gensec: Bioventure Fund								*						
Gensec: Gensec NSA Equity Fund								*						
Gensec: NSA Equity Fund								*						
Gensec: Real Equity Trust								*						

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	Loan		Capital goods		Venture/ri sk	Joint Venture	Grants and	Equity	Technical Assistanc e	Technolo gy	Managem ent	Human Resource s	Trade	Informati on
Name of the Institution	Products	Credit	and Equipme nt	Guarante es	capital	Financing	Incentive s	Finance	/Consulta ncy	Transfer Support	Services	Developm ent	Developm ent	on Enquiry
German Technical Co operation							*							
Get Ahead Financial Services								*	*	*		*	*	
Global Capital Private Equity Limited					*			*						
Go Capital (Pty)Ltd									*					
Goethe Institute													*	
Grant Thorton Kessel Feinstein									*					
Greenfields Venture Capital (Pty) Limited														*
Greenfields Venture Capital (Pty) Limited ( Ackerman Pick 'n Pay foundation fund)					*				*					
Greenwich Venture Partners (Pty) Ltd					*									
HBD Venture Capital					*									
Horizon Equity Partners					*	*								
I Capital Fund Managers			*					*						
IBM							*							
Industrial Development Corporation: Pre -Approved Facilities Loan Scheme	*													
Industrial Development Corporation: Normal Loan Financing for SME's: Import Finance				*										
Industrial Development Corporation: SMEs: Export Credit		*												

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	Loan		Capital goods		Venture/ri sk	Joint Venture	Grants and	Equity	Technical Assistanc e	Technolo gy	Managem ent	Human Resource s	Trade	Informati on
Name of the Institution	Products	Credit	and Equipme nt	Guarante es	capital	Financing	Incentive s	Finance	/Consulta ncy	Transfer Support	Services	Developm ent	Developm ent	on Enquiry
Industrial Development Corporation: Normal Loan Financing for SME'S:Standard Factory Leasing Scheme			*											
Industrial Development Corporation: Normal Loan Financing : New Venture Capital for New Products and new	*							*						
Industrial Development Corporation: Normal Loan Financing: Cleaner Production Scheme	*		*											
Industrial Development Corporation: Entrepreneurial Finance and Economic Empowerment														*
Industrial Development Corporation: Normal Loan Financing for SMEs: Tourism Development Schemes	*		*		*									
Industrial Development Corporation: Entrepreneurial Finance and Economic Empowerment: Take over Acquisition Scheme	*							*						
Industrial Development Corporation: Entrepreneurial Finance and Economic Empowerment : Consortium Finance	*							*						
Industrial Development Corporation :Entrepreneurial Finance and Economic Empowerment : Low Interest Rate Empowerment Scheme	*													
Industrial Development Corporation :Entrepreneurial Finance and Economic Empowerment : Fish Harvesting Scheme	*		*					*						

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	Loan		Capital goods		Venture/ri sk	Joint Venture	Grants and	Equity	Technical Assistanc e	Technolo gy	Managem ent	Human Resource s	Trade	Informati on
Name of the Institution	Products	Credit	and Equipme nt	Guarante es	capital	Financing	Incentive s	Finance	/Consulta ncy	Transfer Support	Services	Developm ent	Developm ent	on Enquiry
Industrial Development Corporation: Entrepreneurial Finance and Economic Empowerment : Wholesale Finance Scheme	*													
Industrial Development Corporation: Low Interest Rate Finance: Job Scheme (JOBS)	*													
Industrial Development Corporation: Low Interest Rate Finance: Agro Industry Scheme	*	*						*						
Industrial Development Corporation: Midi Projects Initiative	*													
Industrial Development Corporation: General Scheme	*							*						
Ikusasa Financial Services														*
International Bank for Reconstruction and Development														*
International Development Research Council														*
International Finance Corporation	*				*			*	*					
International Fund for Agricultural Development														*
International Fund Raising Consortium														*
International Telecommunications Union: Geneva														*
International Trade Centre: Geneva														*
Irish Aid							*							
Japan International Cooperation Agency:							*							



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	Loan		Capital goods		Venture/ri sk	Joint Venture	Grants and	Equity	Technical Assistanc e	Technolo gy	Managem ent	Human Resource s	Trade	Informati on
Name of the Institution	Products	Credit	and Equipme nt	Guarante es	capital	Financing	Incentive s	Finance	/Consulta ncy	Transfer Support	Services	Developm ent	Developm ent	on Enquiry
Embassy														
Joint Education Trust							*							
JP Morgan								*	*					
Kagiso Trust							*							
Kagiso ventures Limited								*						
Kh ula Enterprise Finance Limited: Standard Credit Guarantee Scheme		*												
Khethani Business Finance	*													
Khula Enterprise Finance Limited: Business Loans for Retail Financial Intermediates	*													
khula Enterprise Finance Limited: Capacity Building Support for Retail Financial Intermediates							*					*		
Khula Enterprise Finance Limited: Emerging Entrepreneur Scheme	*													
Khula Enterprise Schemes: Equity Fund			*					*						
Khula Enterprise Finance Limited: Seed Loans for Retail Financial Intermediates							*							
KOLOB (Pty) Ltd														*
KPMG									*					
LED Fund							*							
Lireas Holdings (Pty) Ltd					*			*						

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	Loan		Capital goods		Venture/ri sk	Joint Venture	Grants and	Equity	Technical Assistanc e	Technolo gy	Managem ent	Human Resource s	Trade	Informati on
Name of the Institution	Products	Credit	and Equipme nt	Guarante es	capital	Financing	Incentive s	Finance	/Consulta ncy	Transfer Support	Services	Developm ent	Developm ent	on Enquiry
Liberty Life Foundation														*
LITET Anglo American							*							
MDM Growth Investment	*							*						
Micro Enterprise														*
Midlands Economic Equity Group								*						
M-NET							*							
Msele Nedventures						*								
MTN							*							
Murray and Roberts							*							
Namac Trust									*	*	*	*	*	
National Business Initiative														*
National Development Agency			*				*					*	*	
National Housing Finance Corporation (NHFC)														*
National Productivity Institute(Work Place Challenge)									*	*		*		
National Research Foundation (NRF) Funding Programme							*					*	*	
National Urban Reconstruction and Housing Agency(NURCHA)														*
Nedcor Community Development												*		
Nedcor Investment Bank								*						

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	Loan		Capital goods		Venture/ri sk	Joint Venture	Grants and	Equity	Technical Assistanc e	Technolo gy	Managem ent	Human Resource s	Trade	Informati on
Name of the Institution	Products	Credit	and Equipme nt	Guarante es	capital	Financing	Incentive s	Finance	/Consulta ncy	Transfer Support	Services	Developm ent	Developm ent	on Enquiry
NedEnterprise														*
Netherlands Foreign Investment Agency(NFIA)							*							
New Africa Advisors (Pty) Ltd								*						
New Farmers Development Company Ltd					*									
NEF Venture Fund					*									
NIB-MDM Fund Managers (Proprietary ) Ltd								*						
Nicro Enterprise														*
North West Development Corporation													*	
Ntsika Enterprise							*			*		*	*	
Old Mutual Asset Managers (SA) (Pty) Ltd														*
Old Mutual Asset Managers (Ideas Fund)													*	
Old Mutual Asset Managers (South Africa Infrastructure Fund)								*						
Old Mutual Asset Managers(Transnet Retirement Dev Fund)														*
Omega Investment Research (Pty )Limited									*					
Open Society Foundation														*
PointBreak(Pty) Ltd					*									
Praxis Capital : Praxis Active Equity Fund II								*						
Prestige Ventures (Pty) Ltd					*									

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	Loan		Capital goods		Venture/risk	Joint Venture	Grants and	Equity	Technical Assistance	Technology	Management	Human Resources	Trade	Information
Name of the Institution	Products	Credit	and Equipment	Guarantees	capital	Financing	Incentives	Finance	/Consultancy	Transfer Support	Services	Development	Development	on Enquiry
PricewaterhouseCoopers									*					
Real Africa Durolink Investment Bank														*
REF Holdings Limited														*
RMB Corvest Limited		*						*						
RMB Private Equity Debt Finance								*						
RMB Ventures						*		*						
Roche Products (Pty)Ltd							*							
Rock-IT Private Equity								*						
Rockefeller Brothers Fund, Inc.							*							
Rotary International							*							
S A Franchise Fund								*						
Sabvest Limited								*						
SADC							*							
SANGONET												*		
Sappi Ltd							*							
SCMB: Standard Bank Corporate Management								*						
Seed Foundation	*											*		
Shamwari Corporate Finance														*

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	Loan		Capital goods		Venture/ri sk	Joint Venture	Grants and	Equity	Technical Assistanc e	Technolo gy	Managem ent	Human Resource s	Trade	Informati on
Name of the Institution	Products	Credit	and Equipme nt	Guarante es	capital	Financing	Incentive s	Finance	/Consulta ncy	Transfer Support	Services	Developm ent	Developm ent	on Enquiry
Shell South Africa (Pty)Ltd							*							
Small Business Development Centre (SBDC)														*
Social Change Assistance Trust							*							
South African Breweries International							*							
Southern African Enterprise Development Fund			*					*						
Southern Africa Grant makers Association														*
Southern Corporate Finance		*												
Spatial Development Initiatives							*							
Technovent (Pty) Limited									*	*				
Telkom Foundation			*				*					*	*	
The Corner House (Pty )Limited							*							
The Janus Corporation Pty Ltd								*						
The JSE Emerging Enterprize Zone EEZ				*	*			*	*			*		
The Nation's Trust(TNT)														*
The Swiss South African Co-operation Initiative							*						*	
The Women's Development Foundation							*							
Transnet							*							
Treacle Venture Partners								*						

# FRANCES BAARD DISTRICT MUNICIPALITY

## DTI: KHULIS'UMNOTHO - LOCAL ECONOMIC DEVELOPMENT STRATEGY

	Loan		Capital goods		Venture/ri sk	Joint Venture	Grants and	Equity	Technical Assistanc e	Technolo gy	Managem ent	Human Resource s	Trade	Informati on
Name of the Institution	Products	Credit	and Equipme nt	Guarante es	capital	Financing	Incentive s	Finance	/Consulta ncy	Transfer Support	Services	Developm ent	Developm ent	on Enquiry
Trematon Capital Investment Ltd														*
UNDP							*							
Unilever SA (Pty) Ltd							*							
United States Agency for International Development							*							
Venfin (Pty)Ltd								*						
Viking Investment and Assets Management					*			*						
VITA				*				*						
W.K. Kellogg Foundation Grants							*							
Webber Wentzel Bowens									*					
World wide fund for nature (wwf)							*							
Zeltis Holdings Limited														*
Zenex Foundation							*							
Zephyr Africa								*						