

SECTION ONE: Orientation

1.1. INTRODUCTION

Urban-Econ has been appointed by the Frances Baard District Municipality to develop a Consolidated Local Economic Development (LED) Strategy for the Frances Baard District Municipality (FBDM). The purpose of this study is to address the challenges of poverty and development in the area. This document was completed in accordance with the Frances Baard District Municipality's Integrated Development Plan (IDP), the Phokwane Municipality's IDP, the Magareng Municipality's IDP, the Dikgatlong Municipality's IDP and the Sol Plaatje Municipality's IDP.

In keeping with the Constitution and the White Paper on Local Government, the onus for social and economic development as well as job creation rests on Local Government. In this regard the Frances Baard District Municipality proposes the promotion of these issues in order to create an environment, which is conducive to economic development in this district.

Local Economic Development (LED) is defined as an effort:

"To ensure a systematic and locally relevant set of mechanisms and measures to stimulate and promote viable local economic activities which in turn should address employment creation, income redistribution and poverty alleviation."

Local Economic Development is a participatory process where local people from all sectors work together to stimulate local commercial activity, resulting in a resilient and sustainable economy. It is a tool to create decent jobs and improve the quality of life for everyone, including the poor and marginalised.

Local Economic Development encourages the public, private and civil society sectors to establish partnerships and collaboratively find local solutions to common economic challenges. The LED process seeks to empower local participants in order to effectively utilise business enterprise, labour, capital and other local resources to achieve local priorities (e.g. promote quality jobs, reduce poverty, stabilise the local economy, generate municipal taxes to provide better services etc.)

1.2. PURPOSE OF THIS STUDY

The purpose of this study was to investigate the options and opportunities available to the Frances Baard District Municipality, so as to broaden the economic base of the area in order to address the creation of employment opportunities and the resultant spin-off effects throughout the economy.

The LED study forms part of the IDP process and is one of the stepping-stones toward achieving local economic development within the Frances Baard District Municipal area. The purpose of this study is also to develop an integrated and coordinated District-wide LED strategy based on the existing Local Municipal LED's, to ensure a shared and common LED approach. An integral part of this process is to attain capacity building and skills transfer of the Frances Baard District Municipal officials to effectively implement, manage and facilitate LED programmes and projects.

It is also important to understand that this area hosts poverty-stricken communities who are currently experiencing growing levels of unemployment. It is thus imperative that actions should be taken to diversify the local economy from its dependency on primary activities towards production in the secondary and tertiary sectors.

An important development principle underlying economic development is the broadening of the local economic base. This includes the introduction of new activities in the area, exploiting latent resources identified through beneficiation and the consequent establishment of SMME's.

The project furthermore strives to enhance the multiplier and trickle-down effect that the Frances Baard District Municipal area stands to gain from the successful implementation of identified projects. Multipliers refer to the synergy impact which is achieved by creating new jobs and businesses as well as improving the quality of existing jobs and expanding existing businesses.

1.3. METHODOLOGY

The following approach was followed in developing a Local Economic Development Strategy for the Frances Baard District Municipal area.

Step 1: Orientation Review

Step 2: District LED Framework

Step 3: Indaba

Step 4: Project Prioritisation

Step 5: Implementation Action Plan

The purpose of the orientation review was to obtain, review and collate the Local Municipality's LED's, namely: Phokwane, Sol Plaatje, Dikgatlong and Magareng. The purpose of the District LED framework step was to formulate a strategic framework for a District LED plan with an inventory of local and district key programmes. A project identification and prioritisation work session in the form of an Indaba was held whereby opportunities were verified and additional programmes and projects were recorded. The purpose of the Implementation Action Plan step was to integrate the different projects into a coherent strategy consisting of functional programmes

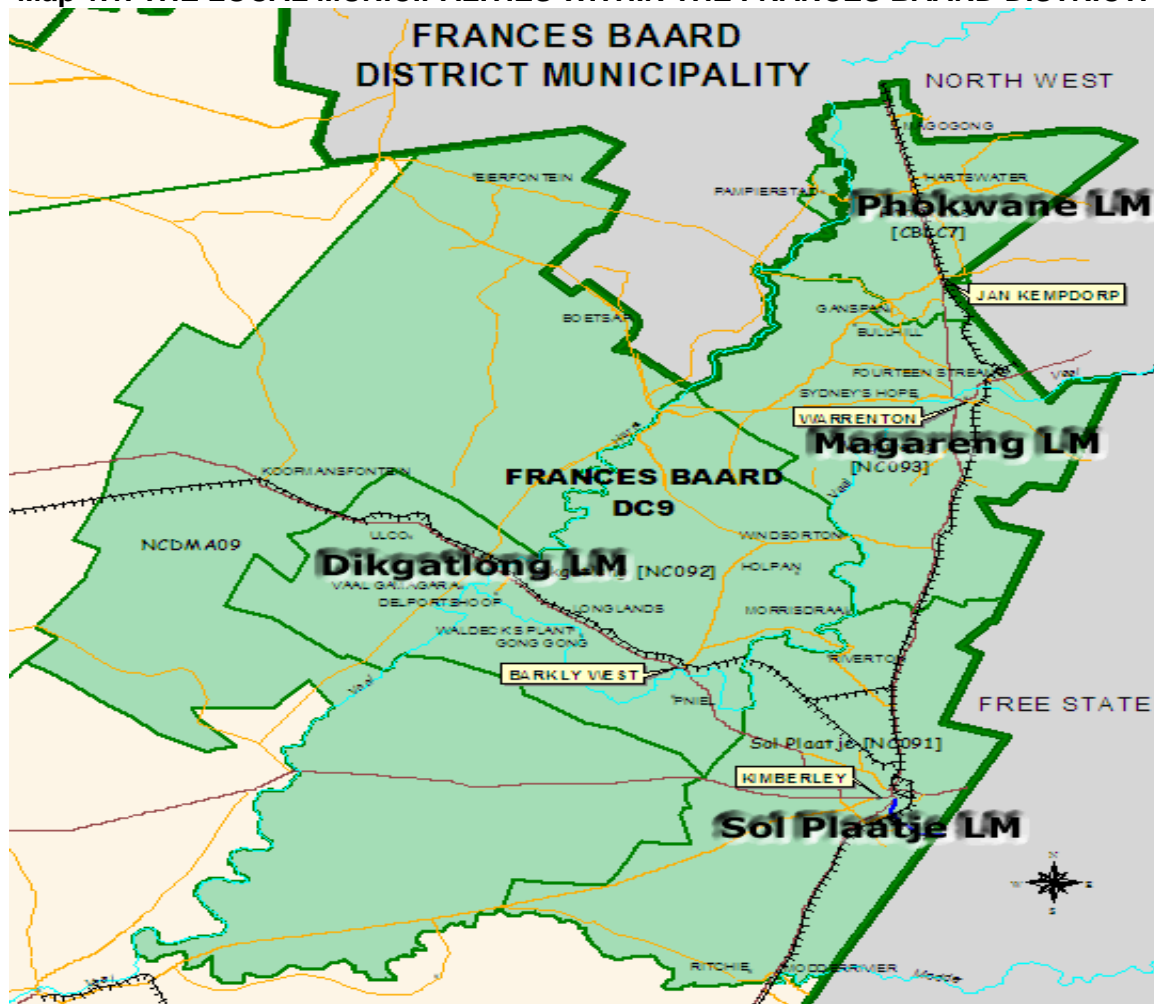
1.4. LOCATION OF THE STUDY AREA

The study area comprise of the Frances Baard District Municipal area. The Frances Baard District Municipality is the smallest district in the Northern Cape Province with the largest proportion of the population of the province. This gives the district the largest population density (26.2 persons per square km) in the province. The Frances Baard District Municipality comprises of the Frances Baard District Management area and the four local municipalities of:

- Phokwane Local Municipality
- Sol Plaatje Local Municipality
- Dikgatlong Local Municipality
- Magareng Local Municipality

Map 1.1 illustrates the specific location of the various local municipalities within the District.

Map 1.1. THE LOCAL MUNICIPALITIES WITHIN THE FRANCES BAARD DISTRICT.



(Source: Frances Baard District Municipality, 2006)

1.5. STRUCTURE OF THE REPORT

The remaining structure of the report includes the following sections:

- Section Two: Introduction to LED
- Section Three: Policy Framework
- Section Four: Socio-Economic Profile, Economic Profile and Sectoral Opportunity Analysis
- Section Five: Development Framework
- Section Six: Implementation Action Plan

SECTION TWO: Introduction to Local Economic Development

2.1. INTRODUCTION

The purpose of this section is to introduce and explain the purpose and relevance of LED as a vehicle of poverty alleviation and empowerment through job creation.

2.2 WHAT IS LOCAL ECONOMIC DEVELOPMENT?

Local Economic Development (LED) is an outcome, based on local initiative and driven by local stakeholders. 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.

It is important to realise that LED is an ongoing process, rather than a single project or a series of steps to follow. LED encompasses all stakeholders in a local community, involved in a number of different initiatives aimed at addressing a variety of socio-economic needs in that community.

Local economic development initiatives always take place in the context of the national and global economies. Changes in the national and global economy impact on local economies in different ways. For example, a fluctuation in mining prices may mean that a mine, which is one of the main employers in Frances Baard District Municipality, is closed down, resulting in increased unemployment. LED initiatives need to take account of the national and global context, and be designed in a way, which assists local areas to respond to the national and global contexts creatively.

There is no single approach to LED, which will work in every local area. Each local area has a unique set of opportunities and problems, and must develop an LED strategy (or combinations of strategies) that is specific to the local context.

For example, some local areas have physical features (such as the Big Hole, or close proximity to an airport), which can be used as resources for LED. Other local areas may draw on different resources for LED, such as money, land or infrastructure, or a skilled workforce. Good relationships, enthusiasm and commitment are also important resources for LED.

LED is not:

- ♦ LED is not an industrial policy. It is also not SMME promotion, though SMME may be part of LED.
- ♦ LED is not regional planning. Planning can make an important contribution to LED, but while there is often economic development without anybody having planned for it, the process of planning does not secure that there is subsequent economic dynamism.

- ◆ LED is not community development. Community development is about solidarity – it is about self-help groups, mutual assistance and voluntary work to help the disadvantaged and solve health, education, housing and other problems.

LED occurs when a district and local authority, business, labour, NGO's and most importantly individuals strive to improve their economic status by combining skills, resources and ideas.

2.3 GUIDING PRINCIPLES

LED is characterised by the following guiding principles:

- ◆ LED aims to create favourable locational factors, i.e. qualities which make a place a good place to do business. This includes obvious elements such as improving the infrastructure and training workers, but also less obvious elements such as business-mindedness and efficiency of local administration.
- ◆ LED aims at promoting business. This can be existing businesses, start-ups or external companies coming into a location. It is also about linking things: promote and support spin-offs and sub-contracting, attract investors, which fit nicely into the local economic structure, and consider franchises as a source of new local businesses.
- ◆ LED aims at making local markets work better. It aims at creating places and opportunities to match supply and demand, as well as to discover, propagate and promote new business opportunities.
- ◆ LED aims at making better use of locally available resources and skills and maximises opportunities for development.
- ◆ LED must target previously disadvantaged people, marginalised communities and geographical regions, black empowerment enterprises and SMME's to allow them to participate fully in the economy.
- ◆ LED promotes local ownership, community involvement, local leadership and joint decision-making.
- ◆ LED involves local, national and international partnerships between communities, businesses and government to solve problems, create joint business ventures and build up local areas.
- ◆ LED involves the integration of diverse economic initiatives in a comprehensive approach to local economic development.
- ◆ LED relies on flexible approaches to respond to changing circumstances at local, national and international levels. (Urban-Econ, 2006)

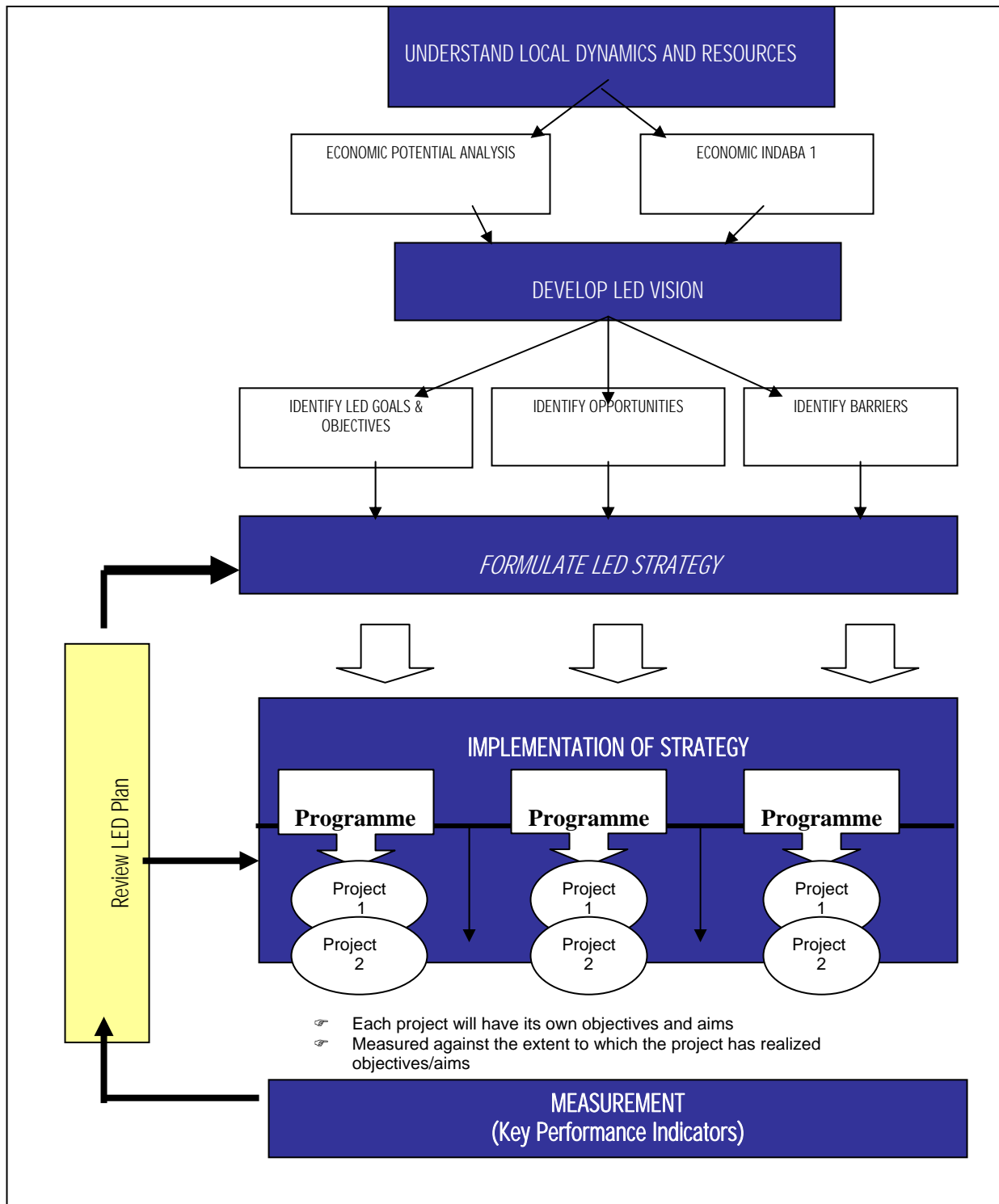
2.4 THE PLANNING PROCESS

LED forms an integral part of the IDP, which is a process through which a municipality prepares a Strategic Development Plan. It draws together all the developmental objectives of a municipality including LED, and formulates strategies to realise those objectives in an integrated manner. By drawing together the development priorities, objectives, strategies and budgets in this way, the IDP helps to ensure coordination between LED and other initiatives of government. The Integrated Strategic Plan (ISP) is the basic unit of planning for government as a whole.

It is important to note that the IDP process is the single, inclusive planning process within which other processes must be allocated. LED must be fully integrated within the IDP. A significant amount of resources for the implementation of projects lie within the sector

departments. The IDP provides guidance to sector departments as to where their services are required and hence where to allocate resources at local government level. **Diagram 2.1** illustrates the whole LED Process.

Diagram 2.1: THE LED PROCESS



(Source: Urban-Econ, 2006)

2.5 LOCAL GOVERNMENT AND RESPONSIBILITIES

2.5.1. INTRODUCTION

This section is included to understand the functions, roles and responsibilities of local government in the context of the Constitution's developmental approach. It attempts to identify where further clarity is required regarding the allocation of responsibility. Special emphasis is placed on legislations that regulate local government such as: Municipal Structures Act, White Paper on Local Government, Municipal Systems Act, Municipal Finance Management Act, Constitution and others.

2.5.2. CONSTITUTION, RELATIONS AND PARTNERSHIPS

◆ The Constitution

The Constitution of South Africa defines the functions of local government and its relationship to other spheres of government i.e. provincial and national. It caters for a dynamic relationship and entrenches the "Principle of Subsidiarity" which implies the allocation of a function to the sphere closest to the consumers. Schedules 4 and 5 of the Constitution relate to the specific functions and how they are allocated to a sphere or shared between spheres. Local government is responsible for all the functions listed in Part B of these schedules.

◆ Entrenched Responsibilities and Regulatory Relationships

There are certain entrenched responsibilities in the national and provincial spheres that are retained despite the allocation of functions through assignments and delegations. These include the policy making, legislation, and the regulation and allocation of funds. The concept of regulatory relationships is a part of the South African context, and the Municipal Systems Act allows for national and provincial setting of standards and monitoring of local municipalities. Sector regulation of the supply of electricity, water and sanitation exists at national level, which defines policies and procedures for all municipalities (www.communitylawcentre.org.za).

◆ Split Responsibility

The responsibility of a function may be split between the services "authority" and the services "provider", which helps to distinguish between assignments and delegations. The role of authority denotes responsibility for administration, fee or tax determination, control of funds, Service Level Agreement (SLA) and pricing policy, legislation, regulation and ownership of assets. The primary role of the provider is the service delivery to the users, though the provider is also responsible for the operation, maintenance and costs of delivery.

◆ Allocation of Powers and Functions

Allocation of the function through assignment means the entire authority is transferred. Delegation indicates responsibility for the role of provider only. General assignments can be applied to a function for the entire country which requires legislation or specific assignments, whereas specified municipalities acquire a function through agreement and provincial proclamation. Delegations, however, are not controlled by legislation and do not necessarily imply the transfer of resources, which leaves the municipality at risk legally and financially.

Delegations are essentially a partnership between two government bodies, and similar partnerships can be formed with other public bodies, private firms or community-based organisations.

◆ Categories of Local Government

In addition to the three spheres of government recognized in the Constitution, there is provision for the existence of three categories of local government, namely metropolitan municipalities, district municipalities, which share responsibilities with several local municipalities within their jurisdiction, and local municipalities. The two-tier system of local and district municipalities was promulgated to take advantage of economies of scale, to avoid duplication and to improve coordination between local municipalities.

◆ Dividing responsibilities between district and local municipalities

- Districts have the municipal health function (now restricted to environmental health).
- Districts have the water supply and sanitation function for areas where the capacity of local government is relatively low.
- The electricity function remains as it was before 2000, which implies that in the formally defined transitional local council areas (mainly urban areas); the function is assigned to local municipalities. Therefore districts have little to do with electricity at present, contrary to the provisions of the Municipal Structures Act.
- Districts have certain responsibilities for municipal roads (district roads), although there is still considerable uncertainty regarding road definitions.

2.5.3. DEVELOPMENT APPROACH

The Constitution promotes the improvement of living environments and livelihoods for all constituents by means of a developmental approach to local governance. The developmental role of local government can be understood through the consideration of four basic drivers i.e. planning for development, governance and administration, regulation, and service delivery.

2.5.3.1. Planning for Development

◆ Developmental Local Government

Development facilitation relates to the creation of conditions for development to flourish and includes planning, land administration, local economy and environmental management.

The objectives set out in the constitution for local governments are as follows:

- provide democratic and accountable government
- ensure the provision of sustainable services to local communities
- promote social and economic development
- provide a safe and healthy environment
- encourage involvement of community organizations in local governance (www.info.gov.za).

The characteristics of developmental local government identified in the White Paper on Local Government are:

- maximising social development and economic growth
- integrating and coordinating
- democratizing development
- leading and learning (www.info.gov.za).

The White Paper lists three key outcomes:

- provision of basic household infrastructure and services
- creation of liveable, integrated cities, towns and rural areas
- promoting local economic development

♦ Integrated Development Planning

The Municipal Systems Act deals with Integrated Development Planning which describes a single, inclusive and strategic plan that guides and informs all decisions with regard to management and development of the municipality. The Integrated Development Plans (IDPs) are central to the planning process, around which the full range of municipal functions are coordinated and integrated with provincial and private sector initiatives.

Although much effort has been directed at entrenching IDPs in local government, in that each municipality is now maintaining such a plan, the quality of these plans is variable and they are often not financially or operationally viable. In addition, new legislation requires sector development plans for water services, transport and waste management which must also link into the IDP.

♦ Land Development

Constitutionally, land administration and reform is not a local government function but traditionally, municipal planning does include spatial planning and land use. It seems that all three spheres of government and traditional authorities have specific roles and responsibilities with regard to land administration. The White Paper Spatial Planning and Land Use Management clarify that national legislation and the Minister of Land Affairs will prescribe planning requirements for local government to comply with. It further states that responsibility is best exercised on a local scale with the ultimate goal being a legislative framework which allows local government to formulate policies and plans for land use and development that will resolve spatial, economic, social and environmental issues.

The Municipal Systems Act requires that the IDP incorporates a spatial development framework and guidelines for a land management system. This will provide the means for making decisions regarding land development, development applications, land-use and land-use change by the municipality for land in its jurisdiction.

♦ Economic Development

The mandate to promote Local Economic Development (LED) is covered in Section 153 of the Constitution where it states that:

“A municipality must structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community.”

The White Paper obligates local government to pursue this development through its core functions and the IDP. Its role is to provide an enabling environment, rather than being responsible for economic growth and job creation. While it is theoretically possible for municipalities to play a major role in economic development, there are serious capacity and funding constraints.

♦ Environmental Development

Although Schedule 4A of the Constitution lists the environment as a national and provincial function, a number of functions in Part 4B and 5B may be considered environmental in nature. These include municipal planning, regulation of air and noise pollution, and various services such as storm water management, water and sanitation, refuse and solid waste disposal, beaches, parks and other recreational facilities. Despite most municipalities having limited environmental management capacity (e.g. only a few have dedicated staff or budgets), the National Environmental Management Act requires that they incorporate measures prescribed in

the provincial integrated environmental plans and produce an integrated waste management plan.

2.5.4. GOVERNANCE AND ADMINISTRATION

Governance and administration refers to how the local council organises itself internally and externally in relation to constituents and service providers. Furthermore, this driver alludes to the powers that the municipality uses to manage its functions, which include decision-making and legislation through by-laws. Good governance is built upon an effective interface between councillors and officials, strong links between financial and technical divisions, and an appropriate organisational structure.

2.5.5. REGULATION

The municipality needs to apply certain controls on the activities of its citizens to ensure that its developmental objectives are achieved. This process will involve the identification of activities and the target group requiring regulation, setting constraints, monitoring and intervention to adjust behaviour appropriately.

Other functions in Schedule 4B that can be regarded as regulatory include: Building regulations, trading regulations, air pollution, and child care facilities. In addition, regulatory functions from Schedule 5B include beaches and amusement facilities, billboards, cemeteries and crematoria, control of public nuisances, liquor licensing, boundaries and fencing, noise pollution, street trading, traffic and parking.

A major problem still facing many municipalities is that there are so many by-laws, some outdated, but all needing to be merged and transformed in the context of new legislation and the amalgamation of municipalities through the demarcation process.

2.5.6. SERVICE DELIVERY

Service delivery refers to the provision of municipal services to citizens and businesses directly or indirectly through external service providers, both public and private. This includes services provided on behalf of other spheres of government as a result of delegation. These services are categorised by sector which enhances policy and legislative alignment across spheres of government.

◆ Health Services

Municipal Health was initially introduced in Schedule 4B of the Constitution, and this has subsequently been redefined as Environmental Health, which means that Primary Health Care (PHC) is now the sole responsibility of the provincial government. All authorisations, with regard to PHC given to local municipalities, have been withdrawn.

However, municipalities are compelled to continue existing PHC under a new service agreement with provincial government. There are concerns over the inequity of the provision of PHC due to a lack of a single integrated health service. There are also practical difficulties with integration and serious financial implications with regard to subsidies.

◆ Housing Services

Many of the larger municipalities do take on aspects of this function, although it is not a municipal one, and no municipalities have been accredited to operate housing programmes, despite there being provision in the Housing Act. These activities include the identification of

land and beneficiaries for low-cost housing, developing housing projects, internal infrastructure and, lastly, owning and renting houses.

The role of municipalities has increased while that of the provinces has become regulatory and chiefly focused on resource allocation. This raises concerns regarding who should have the authority function for housing, and the lack of coordination between the spheres and between the various local municipality departments such as planning, engineering and community services.

♦ **Water Services**

Historically, the water services sector has had a well-developed legislative and institutional framework which focused primarily on technical aspects. Recently this orientation has been shifted to a more developmental approach with emphasis on decentralising delivery and operational responsibilities to local government with national regulation. Further attention has been given to providing a free basic water and sanitation service to the poor, while still maintaining financial viability for service providers through grants and a sound tariff policy. Resolution is required to establish the appropriate subsidy flows to the actual water service providers.

♦ **Electricity Services**

The electricity sector has been stuck in a great deal of uncertainty through restructuring of the electricity distribution industry and the establishment of its six Regional Electricity Distributors (REDs). The main issue is how the REDs will relate to local municipalities in respect of authority, shareholding of RED assets, levies for loss in surplus revenue, subsidies and billing systems. Currently local municipalities are the authority for the electricity function, which means they have the power to appoint and negotiate with the service provider (RED). However the new set up will mean a loss of revenue and possibly assets, while still being the channel for national funds from the fiscus.

♦ **Roads and Transport Services**

Local municipalities are responsible for the provision and maintenance of local streets as stipulated in Schedule 5B of the Constitution. In addition, municipalities have undertaken provincial road repairs as an agent funded by the provincial government.

The establishment of new and district municipalities has necessitated a road classification process to clarify jurisdictional responsibility, which is likely to increase the burden of maintenance on local municipalities. The newly-introduced Municipal Infrastructure Grant (MIG) is designed to improve the national shortfall in road funding, but increased road responsibility may adversely affect the financial sustainability of municipalities who will have to depreciate the asset and in doing so, increase their expenditure.

Municipal public transport is a Schedule 4B function but there is still contradictory legislation relating to the identity of the authority which requires urgent attention. The transport plan is a key component of the IDP for the municipality but this process is hampered by a lack of capacity and funding. Most IDPs have limited integration between land use and transport planning, and little coordination between spheres of government, operators and authorities.

♦ **Solid Waste Services**

The local municipalities are responsible for cleansing, refuse removal, dumps and solid waste disposal. Although not specified, this function does entail waste minimisation and recycling. In

this arena there is a substantial role for provision of services by the private sector and district municipality in terms of landfill management.

◆ **Community Services**

The community services provided by local municipalities, often referred to as amenities, take a small part of the budget but are of great value to the public through improving social conditions and the well-being of the community. These services include community halls, sport and recreational facilities, bathhouses and toilets, libraries, arts and culture, resorts, beaches and pools, child care, old age homes, cemeteries and crematoria.

The provision of these services has a positive impact on poverty reduction, employment creation, quality of life, civil society, social problems (such as crime and drug abuse), education and training, recreation and leisure. The only concern in this sector is over the provision of library services, which is currently a provincial function that could be better managed by local municipalities through the assignment of function and funds (Palmer Development Group, 2000).

◆ **Emergency Services**

Emergency services are the responsibility of national and provincial government where ambulance and disaster management are concerned. Fire fighting remains a municipal function which has led to its fragmentation, specifically in regard to district municipalities. A further inconsistency relates to the preparation of disaster recovery plans that have been assigned to local government, which means that municipalities are also required to coordinate, align and regularly review these plans with other organs of state.

◆ **Security Services**

The constitution states that:

“The national police service must be structured to function in a national, provincial and where appropriate, local spheres of government”.

Self-funded municipal police services are allowed by the South African Police Service Amendment Act. The functions of municipal police services are road traffic policing, policing of municipal by-laws and the prevention of crime. Not many municipalities provide such a service. Local policing is extremely costly and has a variable track record. It can be argued that focusing on developing and maintaining community infrastructure and facilities would be a far more effective manner in which to prevent crime than policing (Mc Kenzie, 2003).

◆ **Public Works**

Municipal public works is listed as a function in Schedule 4B but can in fact be regarded as an internal support service geared towards construction and maintenance of public infrastructure and facilities. An expanded view of public works is associated with the government Growth and Development strategy which advocates the use of public expenditure to increase employment through the use of labour-intensive projects.

2.5.7. RECOMMENDATIONS

- ◆ The schedules of the Constitution require revision to establish sound definitions of functions and a standard with regard to the way responsibilities are shared between spheres of government.

- ◆ The normative approach to the devolution of functions to local government should be by assignment and not delegation to ensure transfer of responsibility and funding from the national fiscus.
- ◆ Sectoral legislation must not be used to create additional responsibilities for local government without proper assignment taking place.
- ◆ The difference in capacity of municipalities needs to be recognized, which requires careful consideration of general assignments.
- ◆ Ideally, a grading system is required for local municipalities to deal with non-uniformity of capacity, which in turn helps to identify a common set of functions in each grade.

2.5.8. CONCLUSIONS

It is quite apparent that with increasing decentralisation of government functions through assignments and delegations, the responsibilities of local government are becoming more and more complex. The major concern with regard to the Constitution is the lack of clear definitions of local government functions. Further concerns stem from the inconsistency of allocations of functions, which results in insufficient attention being paid to capacity and financing (Qomfo, March 2005).

2.6 THE IMPORTANCE OF CONSOLIDATED LED FOR THE FRANCES BAARD DISTRICT MUNICIPAL AREA (FBDM)

The Frances Baard District Municipality (FBDM) is faced with a development problem in that the Municipal area jurisdiction is characterised by a mix of urban and rural economies, ranging from relatively strong economic performances to relatively isolated rural settlements with high levels of poverty. As a District Municipality, FBDM has specific coordination and facilitation responsibilities, which need to be addressed in an innovative manner to initiate and promote sustainable local economic development as well as to attract investment. Based on Urban-Econ's understanding of the regional economic dynamics the following issues can be identified:

- ◆ From a regional development perspective, the economy is characterised by a few strong sectors, due to the concentration of leading activities such as mining, services, finance, transport and trade. These are significant sources of employment as well as activities with strong forward and backward linkages, although not all of these are realised locally.
- ◆ Spatially it is evident that the area is characterised by a number of towns, villages and settlements, which places a strain on cost-effective infrastructure and service provision. The economic implications are, amongst others, high levels of unemployment, low levels of disposable income, widespread poverty, etc.
- ◆ The labour force can generally be interpreted as inadequate for sustainable economic development in terms of skills levels, etc. A skills scoping is therefore needed to understand the availability of skills, training needs and requirements from employers.
- ◆ The role and function of retail and business services needs to be understood especially in terms of district vs. local service provision, such as the functional role of Kimberley. Specifically, cross border injections of buying power need to be maximised for full exploitation of the multiplier effect for local benefit.

- ◆ Agriculture, as an important economic production sector and source of employment, commercially as well as a source of subsistence income, needs to be evaluated as a priority sector.
- ◆ The manufacturing sector needs to be evaluated for development potential and investment opportunities and the cluster technique can be applied in this regard. Specifically the food production (processing and beneficiation) needs to be reviewed for cluster potential and incorporation of local SMMEs, export production, etc.
- ◆ The area has specific tourism development potential. Specific examples include the Big Hole, the flamingo area, the heritage sites, the Vaalbos National Park and other attractions. These opportunities are not fully exploited and need to be unlocked and appropriately focused on niche markets for full benefit for local communities.
- ◆ The Construction sector is demand driven and subjective to the other sectors in the economy. The provision of adequate infrastructure and services would positively contribute to the creation of an environment which is conducive to economic development and conducive to investor confidence within the area.

LED is thus important for the Frances Baard District Municipal area, because it will:

- Create jobs and new employment opportunities.
- Increase income levels and enable people to pay for services.
- Broaden the tax and revenue base of the local authority.
- Enable the Local Authority to:
 - Provide more and better services and facilities.
 - Concentrate on human resource potential.
 - Concentrate on opportunities for development.
 - Promote linkages between developed and under-developed areas.
 - Build new institutions for sustainable economic development.

2.7 CONCLUSION

LED is an important tool for the alleviation of poverty and the development of sustainable local economies.

It is therefore also the tool that can be used to unlock economic opportunities in the Frances Baard District Municipal area that will create jobs and ultimately uplift the livelihoods of the people in the whole area. This however can only be achieved if everyone gets involved and a culture of Local Economic Development is established among the members of the community, the District Municipality, the Local Municipality and the private sector.

SECTION THREE: Policy Framework

3.1. INTRODUCTION

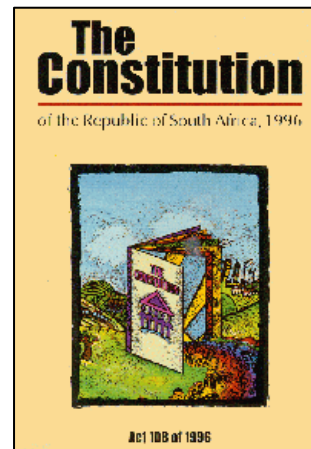
Guidelines for the implementation of Local Economic Development Strategies have been presented by the various spheres of government. Legislation and policy on this subject matter provides a legal framework and influence the manner in which district and local authorities conduct local development.

This section provides an overview of legislation applicable to Local Economic Development and is discussed in the subsequent paragraphs of this section.

3.2. THE CONSTITUTION

The overarching piece of legislation is the **Constitution of the Republic of South Africa (Act 108 of 1996)**. Section 152 of the Constitution outlines the objectives of local government. These objectives are:

- to provide democratic and accountable government for local communities;
- to ensure the provision of services to communities in a sustainable manner;
- to promote social and economic development;
- to promote a safe and healthy environment; and
- to encourage the involvement of communities and community organisations in the matters of local government.



All of the objectives listed above can be associated with Local Economic Development. District and local authorities have a legal mandate to promote social and economic upliftment within their areas of jurisdiction. These objectives form part of an integral set of principles from which LED strategies are formulated and implemented.

Furthermore, a municipality is required in terms of section 153 of the Constitution, to structure and manage its administration, and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community.

IMPLICATIONS FOR FRANCES BAARD DISTRICT MUNICIPAL AREA

By means of the Constitution the Frances Baard District Municipality is legally forced to promote social and economic development in its district. The social and economic development should focus on addressing the basic needs of the population. This reflects on the importance of service and infrastructure provision, community services, educational components and business support to all of the areas where there is a lack thereof or where improvements are required.

3.3. THE WHITE PAPER ON LOCAL GOVERNMENT

According to the **White Paper on Local Government**, district and local authorities have the following responsibilities in terms of their obligation to economic development:

- Provide marketing and investment support in order to attract potential support to their locality.
- Small business support services should be provided to assist small entrepreneurs.
- To support the Local Business Support Centres Programme launched by the Department of Trade and Industry. The purpose of these centres is to assist local entrepreneurs with issues concerning skills, premises, information, networking, marketing and credit.
- To provide targeted assistance (such as market research and technology provision) to a particular sector in the local economy that has the potential to expand.
- By supplementing and tailoring to local needs, the services provided by the Department of Labour in the supply of training and placement services. This is necessary towards the end to assist people in acquiring skills and finding jobs.

The Local Government White Paper of 1997 states that the primary purpose of district government is to render district-wide functions. As the White Paper notes:

Some challenges play themselves out on a larger scale, and clearly demand regional attention through some form of cross-municipal authority. A system of district government is therefore proposed to address regional challenges, and assist in the development of local municipalities.

The White Paper further indicates the types of functions that district government will be expected to fulfil, namely:

- District-wide integrated development planning;
- Infrastructural development and bulk service delivery;
- Capacity-building of local municipalities;
- Administrative assistance to local municipalities, where capacity is not yet established.

It should be noted that the White Paper did not propose that district municipalities should exercise authority over the delivery of local services, except in cases where there were too few people to justify the establishment of a municipality with a full administration (later termed "District Management Areas" in the Structures Act).

IMPLICATIONS FOR FRANCES BAARD DISTRICT MUNICIPAL AREA

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

3.4. THE MUNICIPAL STRUCTURES ACT

The Municipal Structures Act of 1998 (hereafter "the Structures Act") made provision for the division of powers and functions between district and local municipalities. It assigned district-wide functions to district municipalities and most day-to-day service delivery functions to local municipalities. The provincial MECs were empowered to adjust these powers and functions according to the capacity of municipalities to deliver services.

The Act was amended in October 2000 through the Municipal Structures Amendment Act (hereafter "the Amendment Act"). The main changes were as follows:

- The functions of municipal health, potable water supply, distribution of electricity, and sewage disposal systems were transferred from local to district municipalities.
- The assignment of health, water, electricity, and sewage disposal can be adjusted by the national Minister (that is, s/he can assign a function to a local municipality).

The authority to adjust the remaining municipal functions still lies with the provincial MECs. The transfer of the four major municipal services has significant financial implications for non-metropolitan municipalities. For example, many local municipalities generate surpluses from water supply, and the relevant district municipality will now have jurisdiction over that funding.

The Structures Act also gave effect to the principles outlined in the White Paper. Section 84 of the Act assigned functions to district municipalities which can best be described as "district-wide" functions. These included bulk supply of water, sewage, and electricity, and other services serving the district as a whole (such as fire-fighting and municipal roads). Section 85(2) empowers the MEC for local government in a province to adjust the division of functions between a district and a local municipality, but only if:

- the municipality in which the function or powers is vested lacks the capacity to perform that function or exercise that power; and
- the MEC has consulted the Demarcation Board and considered its assessment of the capacity of the municipality concerned.

After the adjustment, the MEC is required to regularly review the capacity of the relevant municipality and reallocate the function when that municipality acquired the capacity to perform that function (Section 85(9)a).

The Local Government White Paper therefore did not envisage the transfer of local functions to district municipalities on a permanent basis. This was underlined in the subsequent framework for the division of functions and powers published by the Department of Provincial and Local Government, which states that responsibility for providing municipal services should be placed "as close as possible to the communities the services are meant to serve".

The current political systems in the local sphere of government also support this policy. According to the Structures Act, 60 percent of district councillors are elected indirectly, and all district councillors are elected according to the system of proportional representation. By contrast, 100 percent of local councillors are directly elected, of whom 50 percent are ward councillors.

Residents thus have no direct access to district councillors through ward committees or ward representatives, and they have limited contact with district administrations, which cover vast areas. There are therefore more direct mechanisms of accountability within local municipalities.

IMPLICATIONS FOR FRANCES BAARD DISTRICT MUNICIPAL AREA

In accordance with local government policy, the general default position should be that local municipalities are responsible for the delivery of municipal services. If a given local municipality does not possess the requisite capacity, a district municipality, Frances Baard District Municipality, can provide municipal services directly until local capacity is developed.

3.5. LOCAL GOVERNMENT MUNICIPAL SYSTEMS ACT

The **Municipal Systems Act (No. 32 of 2000)** lists the duties of a municipal council, within its financial and administrative capacity, as follows in Section 4(2):

- Exercise the municipality's executive and legislative authority and use the resources of the municipality in the best interests of the community.
- Provide, without favour or prejudice, democratic and accountable government.
- Encourage the involvement of the community.
- Strive to ensure that municipal services are provided to the community in a financially and environmentally sustainable manner.
- Consult the community about -
 - the level, quality, range and impact of municipal services provided by the municipality, either directly or through another service provider; and
 - the available options for service delivery.
- Give members of the community equitable access to the municipal services to which they are entitled.
- Promote and undertake development in the municipality.
- Promote gender equity in the exercise of the municipality's executive and legislative authority.
- Promote a safe and healthy environment in the municipality.
- Contribute, together with other organs of state, to the progressive realisation of the fundamental rights contained in sections 24, 25, 26, 27 and 29 of the Constitution.
-

Local Economic Development is one of the most strategic tools through which district and local municipalities adhere to its duties, as prescribed by the Municipal Structures Act. This fact becomes even more applicable, once a municipality's LED strategy is functionally integrated with its Integrated Development Plan.

Section 26(c) of the Municipal Systems Act further specifies that the Integrated Development Plan of a Municipality must contain its Local Economic Development aims. This awards the municipal LED Strategy legal status as part of the Integrated Development Planning process.

IMPLICATIONS FOR FRANCES BAARD DISTRICT MUNICIPAL AREA

The Municipal Structures Act outlines the duties of municipalities, such as the Frances Baard District Municipality. These duties serve as guidelines to co-operative governance and development efforts by district and local authorities. The act also integrates Local Economic Development aims into the IDP process which implies the central role of economic planning in development initiatives.

3.6. RECONSTRUCTION AND DEVELOPMENT PROGRAMME

The **Reconstruction and Development Programme (RDP)** of 1994 is a guiding policy, which has direct implications for Local Economic Development. A wide range of social and economic development issues are addressed in the RDP, one of which is the promotion of the small enterprise sector in the economy. The RDP refers to the importance of consultation and the establishment of institutions, which are representative of the community.

In order to foster growth in local economies, representative institutions must be established to address Local Economic Development needs. Their main purpose would be to identify strategies to address job creation, investment and the leveraging of private sector funds for community development. If necessary, government can provide subsidies to act as a catalyst for job creation strategies.

IMPLICATIONS FOR FRANCES BAARD DISTRICT MUNICIPAL AREA

The RDP has a direct impact on development initiatives, policy formulation, prioritisation of funding, strategy formulation and project implementation of the Frances Baard District Municipality. It emphasises the role of local government in Local Economic Development, and reiterates the need for strategic alliances and the promotion of Small, Medium and Micro enterprises (SMME's).

3.7. LOCAL ECONOMIC DEVELOPMENT POLICY PAPER: REFOCUSING DEVELOPMENT OF THE POOR

In the policy paper, **Refocusing Development of the Poor (2001)**, Government identified three main thrusts with regard to the social and economic development of communities. These thrusts are as follows:

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

The Policy Paper distinguishes between six broad categories of Local Economic Development interventions:

- Community economic development, which refers to municipal assistance at the grass roots level and benefiting community businesses (SMME's), organisations, urban farming projects, micro financing institutions etc.
- Linking profitable growth to the redistribution of development. This implies that permission for development or the amendment of a town-planning scheme be linked to a commitment to invest in some way or another in impoverished neighbourhoods.
- Linkages between "living wages", human capital development and productivity, where skills development and training of the local labour component exist.
- Development and maintenance of infrastructure and services.
- Plugging the leaks in the local economy.
- Retention and expansion of existing businesses.

IMPLICATIONS FOR FRANCES BAARD DISTRICT MUNICIPAL AREA

This policy has a direct effect on the municipality's responsibilities to mobilise internal resources, capacities as well as skills, with the focus shifted towards the lower income sections of the community and the local environments. The policy emphasises the role that the Frances Baard District municipality should fulfil to enhance the economic and social situation of the low-income groups in the area.

Frances Baard District Municipality should focus on community economic development, retention and expansion of existing businesses and labour related aspects such as a minimum living wage.

3.8. NATIONAL STRATEGY FOR THE DEVELOPMENT AND PROMOTION OF SMALL BUSINESSES IN SOUTH AFRICA

The Department of Trade and Industry prolonged this strategy in 1995 after an intense process of consultation with key stakeholders in the SMME sector.

The vision of National Government is that of high and sustainable economic development, which can only be obtained through increased investment, enhanced productivity, expanding employment opportunities and overall increased competitiveness.

The Strategy contains programmes and policies, which can contribute to the process of stimulating the small business sector, which is the core of sustainable and equitable growth in South Africa. Different categories of small business can be distinguished, each one with its unique characteristics, obstacles and requirements for support. It may be necessary to refer to each of these categories in order to create a better understanding of the terminology, as well as the support required:

- **Survivalist enterprises**

These are activities by people unable to find a paid job or get into an economic sector of their choice. Income generated usually falls short of even a minimum income standard, with little capital investment, virtually no skills training in the particular field and only limited opportunities for growth into a viable business. Poverty and the attempt to survive are the main characteristics of this category of enterprises. Support strategies should primarily help these people, a large percentage of whom are women to get out of this sector. Given the large number of people involved in survivalist activities, this constitutes a vast challenge, which has to be tackled within the broader context of the RDP.

- **Micro-enterprises**

These are very small business, often involving only the owner, some family members and at the most one or two paid employees. They usually lack formality in terms of business licences, value-added tax (VAT) registration, formal businesses premises, operating permits and accounting procedures. Most of them have a limited capital micro-enterprises advance into viable small businesses. Earning levels of micro-enterprise differ widely, depending on the particular sector, the growth phase of the business and access to relevant support.

- **Small enterprises**

These enterprises constitute a category difficult to demarcate vis-à-vis the “small” and “big” business categories basically owner /manager-controlled, though the shareholding or community control base could be more complex. The employment of 200 and capital assets (including property) of about R5 million are often seen as the upper limit. Medium-sized enterprises, which face obstacles and constraints, cannot be solved through normal market forces and private-sector action.

The creation of an enabling environment is of crucial importance for SMME's to play their market, diversification of the economy, enhancing of productivity of our labour corpse, stimulation of investment, flourishing of entrepreneurship and penetration of new markets.

IMPLICATIONS FOR FRANCES BAARD DISTRICT MUNICIPAL AREA

This strategy provides programmes and policies that contribute to increasing the level of sustainable economic development in the Frances Baard District Municipality's area. The focus is on increased investment, enhanced productivity, expanding employment opportunities and an overall increase in competitiveness. By means of this the Frances Baard District Municipality's small business sector can be developed and enlarged to play a larger role in the districts economy.

3.9. INTEGRATED SUSTAINABLE RURAL DEVELOPMENT STRATEGY (ISRDS)

The **Integrated Sustainable Rural Development Strategy (2000)** aims to transform rural South Africa into an economically viable sector, which can make a significant contribution to the GDP of South Africa. The Strategy attempts to coordinate existing initiatives and programmes towards the end of achieving greater impacts over the short term. The ISRDS envisions socially cohesive and stable communities with viable institutions and sustainable economies with access to social amenities. Furthermore, communities must be able to attract skilled people who can contribute to the country's growth and development. This vision contains the following key elements.

- **Rural Development**

Rural development is a multi-dimensional concept, encompassing improved service provision, better opportunities for income generation, Local Economic Development, improved physical infrastructure, social cohesion and physical security within rural communities. The concept also adheres to democratic principles such as the level of representation of local communities in the political process. The concept places emphasis on facilitating change in rural environments to enable poor people to earn a higher level of income and to invest in themselves and their communities.

- **Sustainability**

Sustainability in this context refers to the increased participation of local communities in development projects and initiatives to ensure their success at a local level. Initially most of the financing for the strategy will be channelled through line departments and special programmes, but will increasingly depend on the budgets of local authorities over time. Ensuring sustainability will thus include the enlargement of the revenue base at the local level over time.

Social sustainability is an important dimension of a successful development strategy. The participation process should be designed to be as transparent and broadly inclusive as possible. A portion of the benefits should be targeted to particular groups that might otherwise be under-recognised, such as women and young people.

- **Integration**

The integration of rural development is a comprehensive task because it involves all of the economic sectors and necessitates effective coordination between the various spheres of government. The primary focus of integration is at municipal level through the Integrated Development Planning (IDP) process. Implementation of decisions arrived at, through the IDP process, is achieved through an amalgamated resource envelope comprised of the municipal budget, the commitments of the line departments and other sources. The strategic objective of the ISRDS is “to ensure that by the year 2010 the rural areas would attain the internal capacity for integrated and sustainable development”.

In addition the ISRDS states that any strategy for development should be based on the socio-economic realities in the province and the country as a whole. This framework recognises the strong link between economic, social and physical factors. Any attempt to implement LED strategies should therefore consider the socio-economic realities of the area and its wider context, to comprehend the impact of these realities on economic growth.

IMPLICATIONS FOR FRANCES BAARD DISTRICT MUNICIPAL AREA

This strategy provides some guidelines as to develop the rural areas in the district into socially cohesive and stable communities with sustainable economies and access to social services. This requires co-operation from all different levels of municipalities and local business to facilitate change in the rural environments of the Frances Baard District Municipality in order to enable the poor to earn more, invest in themselves and their community and to contribute toward maintenance of infrastructure in order to relief poverty.

3.10. BLACK ECONOMIC EMPOWERMENT (BEE)

The Reconstruction and Development Programme (RDP) sets out key development challenges for government, which includes the creation of employment opportunities, human resource development, provision of infrastructure, changes in ownership patterns and the reduction of inequality in society. The RDP provides a comprehensive framework and recommendations for addressing BEE. These recommendations call for:

- An aggressive land reform programme with substantial state funding.
- SMME development programmes.
- Reform of the financial sector to increase the amount of capital available for entrepreneurs.

In relation to ownership, the RDP states the following:

The Government has implemented various measures in different areas of public policy to advance the objectives of BEE; however, there is an absence of a coordinated and targeted approach that integrates all these efforts and measures, their impact on advancing the levels of black participation in economic activities. However, South Africa's economy is still characterised by inadequate investment low levels of economic



growth, huge development backlogs, vast inequalities in income and rising levels of unemployment and poverty.

The Black Economic Empowerment Commission (BEECom) has encapsulated a broad definition of BEE. It is an integrated and coherent socio-economic process, located in the context of the country's national transformation programme (i.e. the RDP). It is aimed at redressing the imbalances of the past by seeking the sustainable and equitable transfer and confers the ownership, management, and control of South Africa's financial and economic resources to the majority of its citizens. It seeks to ensure broader and meaningful participation in the economy by black people to achieve sustainable development and prosperity.

South Africa's transformation challenges can only be addressed in the context of a growing economy. However, economic growth in the absence of creative social and economic programmes is unlikely to reduce racial income inequalities. Furthermore, prevailing inequality, unemployment, and poverty have a detrimental impact on attracting new investment and economic growth.

BEE is needed to alleviate the vast inequalities that characterise South African society and thereby increase black participation in the mainstream economy. This step is fundamental to the expansion of productivity and improved welfare. BEE is therefore a necessary measure and the responsibility of all stakeholders to implement.

IMPLICATIONS FOR FRANCES BAARD DISTRICT MUNICIPAL AREA

BEE focuses on the fundamental task of municipalities to encourage transformation. Local government must ensure the participation of the previously disadvantaged in the local economy to ensure sustainable development and prosperity among all population groups.

Frances Baard District Municipality should focus on the development of economies that increase the participation of its people in production, by means of ensuring equity, ownership, development and social pacts between government, the labour force and businesses.

3.11. NORTHERN CAPE PROVINCIAL GROWTH AND DEVELOPMENT STRATEGY (NCPGDS) 2004 - 2014

One of the major challenges facing government in its quest to promote economic growth and job creation while at the same time promoting social development as a means to addressing the needs of the poor has been how to achieve the effective integration, co-ordination and alignment of the activities of the three spheres of government. From a planning perspective, government has adopted an inter-governmental planning system, which includes the Medium-Term Strategic Framework (MTSF) at a national level, the **Provincial Growth and Development Strategy (PGDS)** and the Municipal Integrated Development Plans (IDPs).

In order to enhance alignment and harmonisation within the three spheres of government, the Northern Cape Provincial government adopted its Provincial Growth and Development Strategy (PGDS) in January 2005. The NCPGDS is guided by the following principles: - Equality, efficiency, integration, good governance, sustainability and Batho Pele.

The main rationale for the production of the Northern Cape Provincial Growth and Development Strategy (NCPGDS) is to enable stakeholders from the public, private and parastatal sectors together with labour and civil society to jointly determine a plan for the

sustainable growth and development of the Northern Cape. In this way, the above-mentioned stakeholders will have a strategic focus derived through consensus to harness their collective efforts at promoting economic growth and social development.

At a provincial government level, the NCPGDS provides a means by which it is possible to establish a link between policy, high level provincial strategies, departmental strategic plans and budgets. Thus, the NCPGDS has allowed for the identification of a series of provincial growth and development objectives and targets and the inter-departmental and inter-governmental strategies, programmes and plans to achieve them. Through the closer alignment of planning and budgeting, it will be possible to ensure that the allocation of provincial government resources is in line with the development objectives and maximize the developmental impact of public sector spending.

By bringing about closer alignment of the planning efforts and resource allocation of all spheres of government, the NCPGDS will provide the framework for:

- establishing the link between planning and budgeting;
- determining that provincial and local government budgets are in line with jointly agreed strategic objectives;
- engaging with national government departments that share a co-responsibility for promoting economic growth and social development in the Northern Cape;
- local and district municipalities to derive their Integrated Development Plans and Local Economic Development strategies;
- engaging with Development Finance Institutions (DFI's) such as the IDC, DBSA, PIC and Khula, who are in a position to deploy development finance in support of provincial economic growth and social development strategies;
- engaging with the parastatals such as ESKOM, TELKOM, MINTEK and the CSIR who control resources and infrastructure essential for facilitating economic growth and social development;
- engaging with the private sector to create conditions conducive to the promotion of economic growth and social development through the deployment of private investment capital;
- developing and implementing strategies for Small, Medium and Micro Enterprise (SMME) Development and Black Economic Empowerment (BEE); and
- Determining strategies aimed at the upliftment of designated vulnerable groups such as women, the youth, those living with disability and the poor.
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As a rolling ten-year strategy the NCPGDS must:

- be binding on departments in so far as the implementation of agreed departmental strategic plans are concerned;
- serve as a yardstick against which to measure the performance of departments;
- serve as benchmark for the revision of departmental strategic plans and budgets where non-performance or divergence is identified; and
- be aligned with the electoral and budgeting processes.

Northern Cape PGDS Perspective

The NCPGDS is based on a comprehensive analysis of the status quo of social and economic conditions prevailing in the Northern Cape and has identified the need to focus on:

- sector specific strategies defining where public and private sector intervention is necessary and justifiable;
- key macro-level interventions and support required from relevant national line ministries to reinforce provincial initiatives;
- programme and project level opportunities and interventions;

- a comprehensive provincial spatial development framework and strategy;
- leveraging adequate financial resources to finance growth and development;
- identifying appropriate institutional delivery mechanisms; and
- monitoring and evaluation systems and procedures.

The Northern Cape provincial government recognizes that it does not possess all the tools and instruments required to bring about increased economic growth and development alone. It has therefore adopted the stance that collaboration with relevant role-players such as the private sector, the donor community and national level institutions that are mandated to support economic development and labour is essential. Close co-operation between the public and private sectors is also critical if the economic development potential of the Northern Cape is to be realised. The provincial government has recognized the need to work with the private sector to:

- improve provincial and local government programmes for economic development;
- enhance the efficiency of the way in which government delivers support for economic development;
- secure competent and capable personnel to drive its economic development programmes and flagship projects;
- clearly define economic development objectives and target what is achievable; and
- maximise the economic development impact of public sector resources and private sector capital.

Facilitating the Growth, Diversification and Transformation of the Provincial Economy

In order to facilitate the growth and transformation of the provincial economy of the Northern Cape there are a number of cross-cutting issues that impact on the growth prospects of all economic sectors. Many of these issues go to the heart of the South African government's efforts to promote transformation in the economy. For these reasons it is important to ensure that these issues are explicitly considered in the formulation of the Provincial Growth and Development Strategy.

- Ensure the Availability of Inexpensive Energy
- Ensuring the Availability of Adequate Financial Services
- Trade Development and Promotion
- Enterprise Development
- Review and Reform Small, Medium and Micro Enterprise Development Support Programmes
- Promote Accelerated Black Economic Empowerment
- Science and Technology
- Environment and Sustainable Development
- Utilising Natural Resource Endowments to Stimulate Sustainable Development
- Information and Communication Technology

Objectives identified by the PGDS for the Northern Cape

The PGDS identifies the following as the principal objectives of the Northern Cape region:

- Promote the growth, diversification and transformation of the provincial economy.
- Poverty reduction through social development.
- Development of requisite levels of human and social capital.
- Improving the efficiency and effectiveness of governance and other development institutions.
- Enhancing infrastructure for economic growth and social development.

In order to ensure that the principal development objectives are achieved, specific targets that are in line with the National Key Development target have been identified for the NCPGDS. These are:

- To maintain an average annual economic growth rate of 4%-6%.
- To halve the unemployment rate by 2014.
- To reduce the number of households living in absolute poverty by 5% per annum.
- To provide shelter for all by 2014.
- To provide clean water to all by 2009.
- To eliminate sanitation problems by 2009.
- To stabilise the prevalence rate of HIV/AIDS and begin reverse by 2014, etc.
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Furthermore, in order to ensure that the development targets set in the PGDS are realised, each Provincial Sector Department must develop appropriate and relevant intervention strategies.

IMPLICATIONS FOR FRANCES BAARD DISTRICT MUNICIPAL AREA

Stakeholders should be made full partners in the development of the Frances Baard District Municipal area. By adopting a partnership approach, role-players that subscribe to the development objectives contained in the Provincial Growth and Development Strategy, will be guided strategically in the formulation of programmes and activities.

The vision of the Frances Baard Municipality is to build a prosperous, sustainable growing provincial economy to reduce poverty and improve social development.

3.12. THE DEVELOPMENT AND PROMOTION OF TOURISM IN THE NORTHERN CAPE PROVINCE – OCTOBER 2005

This White Paper serves as the official tourism policy of the Northern Cape Provincial Government. The White Paper should be read within the following context:

Northern Cape faces a number of significant socio-economic challenges including a high unemployment rate, inherent poverty, a limited skills pool and a poorly diversified and spatially dispersed economy. However, it is richly endowed with a variety of unique natural, cultural and heritage features. These include the provinces rich biodiversity (it is home to five out of the seven natural biomes in South Africa), the variety of provincial and national parks, a range of unique natural features (desert, wildflowers, the Orange River, etc.) and the many outdoor and adventure activities on offer.

On the cultural and heritage front the province features a number of unique museums (e.g. related to the diamond industry, the Anglo Boer War and the political struggle), special archaeological and rock art sites, prominent historical personalities and legacies, unique and endangered cultures (e.g. San, Nama and Griqua), historical mission stations and unique community lifestyles.

Given the range and depth of assets on offer in the Northern Cape, the province has substantial tourism potential and should appeal to various tourism growth segments. There is no doubt that tourism could become a powerful vehicle for social and economic change since tourism is a major job creator, it is labour intensive, could provide immediate employment, employs across a range of skill levels, creates many opportunities for SMME's, brings development to rural areas, could be kind to the environment if well

managed, facilitates cross-cultural interaction and bridge building, has a strong multiplier effect throughout local economies and could stimulate investment and business relations in various sectors of the economy.

Despite its inherent potential the Northern Cape, tourism industry has not been managed in accordance with a clear collective policy and strategy. A policy and strategy is necessary to optimise and sustain the tourism potential of the province, since tourism is highly competitive and requires a public-private sector commitment and resources, it is susceptible to external influences, unbridled and poorly managed tourism can have negative environmental and social consequences and irresponsible tourism promotion could create undue expectations among communities.

With regard to the current tourism situation in the province: Tourism development in the Northern Cape has faced various challenges during the past decades, including a lack of tourism financial and human resources, limited private sector partnerships, inadequate involvement of local communities and lack of tourism infrastructure in certain areas.

As a result the province has not featured prominently on the national and international travel agenda and is the least visited of South Africa's provinces. In certain overseas markets such as Germany, France and the Benelux the province has an above-average market share while it has fared poorly in other markets such as the Far East, Africa (excluding Namibia where it has a large market share) and the Americas. The Northern Cape also has a very limited (less than 2%) share of the domestic market. This means that there is much scope for improvement and expansion in most markets and that there is every opportunity for achieving significant growth.

Various factors hamper industry growth and need to be addressed urgently. These include the limited and expensive air and railway access to and within the province (particularly air access is very limited), the lack of a winning brand and promotions strategy, inadequate funding and resources for tourism development and promotion, institutional fragmentation, limited co-operation and partnerships between the private and public sectors, a seasonal demand pattern, imbalances in urban and rural tourism development, limited involvement of previously disadvantaged communities, tourism security concerns, lack of product and service quality and infrastructure constraints (particularly in traditionally neglected areas).

The **vision** is for the Northern Cape to become the preferred adventure and ecotourism destination in South Africa that is recognized for its cultural heritage and special interest tourism offering through the responsible development of natural and cultural resources.

In pursuit of the vision the **mission** of the Northern Cape Government is to increase tourist visitation and expenditure in the province by spearheading the positioning, development and promotion of the Northern Cape as a preferred tourism destination, thereby maximising employment and economic opportunities for the citizens.

Key principles that should underpin the future development and growth of the industry include:

- committing resources to a long-term growth strategy, rather than looking at tourism as a "quick fix";
- striking sound and active partnerships between the public, private and community sectors to ensure that tourism is government led, private sector driven and community based and developing and managing tourism responsibly, in support of social equity, environmental integrity and economic empowerment.

The critical success factors for achieving the vision are that tourism should be declared a provincial priority; there should be meaningful involvement of marginalised communities;

funding for tourism development and destination marketing should be improved; public tourism resources should be synergised and coordinated; the tourism environment should be peaceful and safe; there should be constant innovation of the provincial product portfolio in the areas of conservation and ecotourism, cultural tourism, entertainment and shopping goods such as crafts, jewellery, etc.; marketing and promotion of the province should be innovative and crafty; service levels, product quality and value for money should improve; there should be greater involvement of other (supportive) sectors of the economy in tourism; awareness of tourism and accessibility to training opportunities, advisory services and finance for tourism enterprises should be improved and the province should follow sustainable environmental practices.

The following **objectives** support the 2015 vision of the Northern Cape being the preferred adventure and ecotourism destination in South Africa:

- To be visitor focused;
- To match products to markets;
- To strengthen and expand the product portfolio;
- To define and strengthen tourism spatial components and experience clusters;
- To develop a unique destination positioning;
- To customize experiences through packaging;
- To tailor the marketing message to chosen segments;
- To make it easy to get there and move around;
- To streamline the institutional structure;
- To optimise human and financial resources;
- To partner for success.

The following **targets** are set as outcomes for this policy (Rand values at 2005 prices):

- Increase international visitor arrivals from 190 725 in 2005 to 411 742 by 2015, representing a compounded growth rate of 8% per annum;
- Increase international tourism earnings from R1.33 billion in 2005 to R2.85 billion by 2015;
- Increase domestic visitor trips from 879 328 in 2005 to 1 432 337 by 2015, representing a compounded growth rate of 5% per annum.
- Increase domestic tourism earnings from R1,38 billion in 2005 to R2,25 billion by 2015.
- Create 40 534 additional jobs through tourism by 2015 (using a formula of 1 job per 10 additional foreign tourists and 1 job per 30 additional domestic tourism trips attracted).

The following areas of activity, strategies and actions should be targeted to address the growth objectives and targets:

- Launching a winning marketing strategy
- Developing exciting products
- Expanding and developing tourism within a framework of spatial clusters
- Building superior human resource capacity in the Province

The successful implementation of the White Paper will largely depend on the effectiveness and efficiency of the tourism institutions in the province to deliver on the various recommendations. With regard to the current institutional arrangements, the Northern Cape Department of Tourism, Environment and Conservation (NCDTEC) and the Northern Cape Tourism Authority (NCTA) are under-resourced and poorly funded, thus having to spread resources widely and being unable to focus adequately on key strategic issues.

Various institutional inefficiencies exist, including the lack of a common tourism policy and purpose among the various (non-tourism) departments in the province, lack of a clear marketing strategy, market intelligence and market prioritisation, limited success in directing the development of new tourism products, no single collective tourism brand identity and architecture, limited pooling of resources among the provincial and regional tourism structures, inadequate progress with industry transformation, limited capabilities in most areas of destination management in the province.

The successful implementation of this policy will require a major synergy of effort, i.e. all tourism and tourism related institutions should make a special effort to maximise the brand, support a common strategy and avoid fragmentation of resources; all government departments should support the implementation of the policy; the private sector should be actively involved in implementing it; decision-making structures (e.g. Boards and Advisory Committees) should be representative of the key public and private players; the provincial and local government authorities should considerably improve their funding for a common strategy and tourism institutions should be appropriately staffed and funded.

The proposed framework for public sector governance in the Northern Cape provides clarity with regard to the roles and responsibilities of the various tourism institutions and considers linkages and complementarities at all levels of governance including:

National-provincial level, where the NCDTEC and NCTA should focus on achieving synergies with the programmes of the national Department of Environmental Affairs and Tourism and those of SA Tourism;

Provincial level, with the following institutions playing key roles:

- the NCDTEC will fulfil the policy, regulatory and developmental roles such as formulating the tourism policy, regulating tourism within the province, initiating and implementing priority tourism –related public sector development projects, coordinating and canvassing for the support of other department in government, submitting the tourism budget and securing finances for Tourism, establishing policies, services and instruments to facilitate the growth of tourism SMME's and monitoring and evaluating progress with regard to BEE,
- the NCTA fulfils destination marketing roles such as formulating and implementing the tourism marketing strategy, promoting industry transformation, implementing destination promotion campaigns and initiatives, coordinating public and private sector marketing resources, packaging, developing and promoting destination products and attractions, providing marketing assistance to SMME's, coordinating and managing local and international marketing research, coordinating and managing tourist information, spearheading an internal marketing drive and linking tourism marketing programmes with activities of other sectors and
- the Northern Cape Economic Development Agency (NCEDA), is responsible for the identification, promotion and facilitation of viable tourism-related business ventures and investments in the province with special focus on government land, nature reserves, etc.

Local level, where:

District and Local Municipalities should form key partnerships with the provincial government by including tourism in their IDP's, supporting and adopting the provincial brand and strategy, joint financing of marketing initiatives, developing local attractions, expanding community participation and improving local infrastructure. Local authorities should also share in the services provided by NCTA and the NCDTEC and be proactive in ensuring industry transformation;

Local Tourism Associations (LTA's) should be established to serve as a vehicle of association of tourism products and businesses, serve as a local data collection and

management facility, initiate and instigate the development of new products and attractions, promote industry transformation and manage Visitor Information Centres (VIC's). LTA's should preferably be associations with formal constitutions and membership systems and should be accredited by the NCTA. They should be co-funded by private sector members and the local authority of an area.

The **Northern Cape Visitor Centre Network** should be established as a network of Visitor Information Centres in the province to ensure that tourists are provided with quality travel information. Various types of VIC's could affiliate to the network ranging from gateway centres at key points to centres managed on a concession basis by private entrepreneurs. Appropriate institutional coordination mechanisms should be established to facilitate and advance cooperative tourism governance. These include:

- The Executive Tourism Forum
- The Northern Cape Tourism Authority (NCTA) Board of Directors
- NCTA Advisory Committees
- The Tourism Management Committee

With regard to funding for the implementation of the policy, every effort should be made to harness the resources of the public and private sectors. Within the public sector, the provincial government should set the lead by treating tourism as an exceptional funding item on the budget. A model should be developed for contributions by District Municipalities based on their income and offering them the opportunity of selecting suitable joint activities from a menu of projects. Private funding partnerships could be achieved through contributions and sponsorships by private corporations e.g. petrol, cell phone, agricultural, banking, etc. companies, contributions to specific marketing campaigns, industry contributions in kind (sponsoring room nights, vehicles, entrances, etc.). Other funding sources that could be investigated include a provincial tourism levy and donor funding assistance.

IMPLICATIONS FOR FRANCES BAARD DISTRICT MUNICIPAL AREA

This White Paper sets out a clear and practical strategic framework for the development and promotion of tourism in the Northern Cape and the Frances Baard District area. The guidelines will provide direction to public and private sector stakeholders to develop a vibrant and sustainable tourism industry in the province and the Frances Baard District area.

The White Paper should be translated into an implementation plan for the Frances Baard District Municipal area, with detailed roles and cost estimates, and the provincial government should provide the resources and capacity to make it a reality.

3.13. INTEGRATED DEVELOPMENT FRAMEWORK OF THE FRANCES BAARD DISTRICT MUNICIPALITY 2004-2005

The White Paper on Local Government 1998; and the Municipal Systems Act 2000 provides the framework for Integrated Development Plans. Chapter 5 of the Municipal Systems Act 2000 stipulates the content and scope of Integrated Development Plans. Municipalities are required to prepare Integrated Development Plans for the communities under their jurisdiction. Integrated Development Plans are five years strategic development plans which enable municipalities to

plan, budget and manage the affairs of municipalities effectively. Section 34 of the Municipal Systems Act 2000 requires Integrated Development Plans to be reviewed annually. The current review; - 2005-2006 is the last IDP review for the 2001/2002-2005/2006 IDP which was adopted by the Council whose term of office expires in February 2006.

Objectives of the IDP review process

One of the principal objectives of local government is to promote socio-economic development and ensure the provision of services in a sustainable manner. Chapter 5 of the Municipal Systems Act 2000 requires municipalities to prepare Integrated Development Plans for the communities under their jurisdiction. Integrated Development Plans are strategic plans that enable municipalities to plan, budget and discharge their mandate in a sustainable manner.

Limitations

A credible IDP is one that is aligned with the NSDP, the PGDS, Sector Plans and the municipal budget. Alignment and integration have been the main drawbacks of the Integrated Development Planning process. There is measurable progress in aligning integrated development plans with the NSDP and the PGDS. However, there is limited alignment between IDPs and the plans and programmes of Sector Departments. The planning and resource allocation of Sector Departments neither informs nor is informed by the needs and aspirations of municipalities.

IDP Implementation – Challenges

It is critical that the implementation of IDP projects is continuously monitored and evaluated in order to ensure that desired objectives are being achieved. Monitoring mechanisms put in place to provide continuous progress reporting has not been very successful. However, issues hampering smooth implementation of projects have been identified.

Frances Baard District Municipal Integrated Development Plan

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:

- Socio-economic development – especially economic growth, job creation, poverty eradication, broad based black economic empowerment and environmental development.
- Service delivery, with emphasis on the provision of basic services.
- Governance, specifically as it relates to deepening democracy, thus through the ward committees system, capacity building, etc.

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).

Strategic Planning

In the last four years at the beginning of each financial year the Council of Frances Baard District municipality convenes to determine the priority issues for that specific year. The Council identified its Key Performance Areas in 2001-2002. These have been maintained as the focus of the Council's activities in the past four years. After thorough assessment and deliberations the Council of Frances Baard District municipality adopted the following as its Key Performance Areas for 2006-2007:

- 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.

IMPLICATIONS FOR FRANCES BAARD DISTRICT MUNICIPAL AREA

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.

IMPLICATIONS FOR THE FOUR LOCAL MUNICIPALITIES

The Magareng IDP, the Phokwane IDP, the Dikgatlong IDP and the Sol Plaatje IDP addresses identified gaps, it accommodates the MECs comments, it addresses changing socio-economic circumstances, it accommodates new information and it assesses performance measurement. Various roles and projects were also identified for these Municipalities which will further address the needs of the local communities.

3.14. SUMMARY

The recent major changes in the South African local government system have brought about new challenges for municipalities. Coupled with the fact that the country itself is still battling with the challenges of the new political dispensation, municipalities operate within a complex regulatory and policy framework. Central to this is the adoption of a new system of developmental local government, which puts emphasis on the social, economic and political development of local communities as being central to the functioning of local government.

Traditionally, economic development was viewed as a function of the national and provincial levels of government. Recently, district and local authorities are being recognised as an important player in the pursuit of the country's economic well-being. Hence, the recent focus on Local Economic Development (LED). The higher levels of government set a broad policy and legislative framework for economic development, but the actual planning and implementation of local programmes is the responsibility of local government.

While there is no specific legislation that clearly sets out local authorities' duty to plan for and facilitate Local Economic Development, by virtue of it being one of the thrusts of the new developmental local authorities approach, LED is consistent with and/or is directly underpinned by a number of policy and regulatory mandates. The Municipal Systems Act (2000) is one such important piece of legislation in that it sets out the platform for integrated development planning, the outcome of which is the Integrated Development Plan (IDP).

Integrated Development Planning is the single, most inclusive five-year planning process of local government, within which all other processes, including Local Economic Development planning and implementation should reside. Chapter 5 of the Municipal Systems Act outlines the process for planning, drafting, adopting and reviewing the IDPs. The Act also provides in Chapter 6, a tool in the form of a performance management system to effectively monitor the progress made in terms of the IDP that can be applied to local governance in general, including in the monitoring of LED. The Municipal Planning and Performance Management Regulations (2001) further highlight this approach to the monitoring of performance by local authorities.

The Local Government White Paper (1998) has also set the pace for developmental local government. This framework endorses a number of issues that are directly and indirectly supportive of the LED mandate. These include support to community organisations (in the form of finance, technical services or training), promoting linkages between poor and wealthier communities and efficient delivery of infrastructure and services.

The Urban Renewal Programme (2001) is supportive of LED in its objective of revitalising urban centres in order to not only attract new businesses and retain existing ones, but to also improve the aesthetics and socio-economic conditions of those areas. These in turn will attract more visitors, and therefore increase the income base of such urban centres.

The Department of Provincial and Local Government (DPLG) has also produced important LED documents to guide municipalities in LED issues. Documents such as A Resource Book for Municipal Councillors and Officials (2001) and Refocusing Development to the Poor (2002) outline the view of the department on LED, the related policies and legislation as well as suggest possible LED strategies that local municipalities may pursue. Furthermore, the DPLG has set up an LED Fund to finance and support local job creation and poverty alleviation projects that may be undertaken at a local level by local stakeholders.

LED can also be viewed within the context of the Reconstruction and Development Programme (RDP, 1994), The South African Constitution (1996), Integrated Sustainable Rural Development Strategy (2000), the Spatial Development Initiatives (SDI) Programme and the National Environment Management Act (NEMA, 1998).

The Constitution specifically calls upon district and local authorities to promote social and economic development within their areas. Section 153 states that "A municipality must (a) structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; (b) participate in national and provincial development programmes".

The Office of the President initiated the formulation of an Integrated Sustainable Rural Development Strategy (ISRDS) during the year 2000 in order to improve the quality of life of rural citizens through poverty alleviation programmes and the provision of sustainable livelihoods. The framework document indicates that this objective cannot be met unless rural development in general and the rural economy in particular, are nurtured and improved.

The Municipal Structures Act of 1998, Section 83 states that a District municipality must seek to achieve the integrated, sustainable and equitable social and economic development of its area as a whole by promoting the equitable distribution of resources between the local municipalities in its area to ensure appropriate levels of municipal services within the area. In summary, the following criteria should be considered and balanced against each other within the context of the division of powers and functions:

- Efficient, effective, and sustainable delivery of services;
- The need to redistribute financial resources.
-

As this submission has illustrated, the principles that should inform the division of powers and functions are:

- That existing local government policy should inform the division. According to current policy, local municipalities should be responsible for the delivery of municipal services, and district municipalities should be responsible for district-wide and support functions; and
- Those issues of redistribution should not influence the division of powers and functions between local and district municipalities; given the primary role that national government should play in funding redistribution.
-

The submission further stated that each of the municipal services re-assigned in the Amendment Act should be evaluated against existing policy, the need for efficient and sustainable service delivery, and financing considerations in order to determine the Category of local government to which the service should be assigned. The conclusions were as follows:

- District municipalities should be the service authorities for municipal health services, except in selected large Category B municipalities;
- District municipalities should play no role in the distribution of electricity;
- Local municipalities should be the service authorities for water and sanitation services, and district municipalities should be responsible for sanitation promotion (as part of their municipal health function);
- There is no need to assign service authority over municipal enterprises such as abattoirs and fresh produce markets. District municipalities should bear responsibility for regulating the public health aspect of these enterprises.

In view of the above discussion, it is critical for the Frances Baard District Municipality to:

Understand the government approach to Local Economic Development.

- To plan and implement LED strategies within the context set out by various national and provincial policy and legislative frameworks.
- Understand their functions and duties as municipalities and the impact of each of these on Local Economic Development.
- Have clarity on LED roles and responsibilities for the different spheres of government and civil society in order to affect a more co-ordinated effort in realising LED ideals.

SECTION FOUR: Current Situation

4.1. INTRODUCTION

In order to accurately formulate development strategies which are focused, holistic in nature and appropriate for the Frances Baard District, it is necessary to undertake a purposeful analysis of the **current situation** within the District. This chapter is sub-divided into two main sections. Firstly, the **demographics** of the entire region are evaluated in terms of the local municipalities and secondly the **economic conditions** are investigated.

This chapter is outlined as follows:

- The “**Demographic Overview**” provides information regarding the population trends and implications with specific reference to the potential economically active population as well as the labour force within the Frances Baard District.
- The second part of the chapter presents a discussion surrounding the local **economic conditions** within the regional (District) as well as the local (municipal) economies. Emphasis is placed on especially the local dynamics.

4.2. PROVINCIAL OVERVIEW – NORTHERN CAPE

The Northern Cape is the largest of the nine provinces, making up 30% (361 830 km²) of the land surface of South Africa. Its borders touch four other provinces, the Atlantic Ocean, and the countries of Namibia and Botswana, making the Northern Cape ideally situated as a gateway to West African markets.

The province lies to the south of its most important asset, the Orange River, which provides the basis for a healthy agriculture industry. The major towns in the Northern Cape are Calvinia, Colesberg, Kuruman, Springbok, Upington and De Aar.

The Northern Cape is noted for its San rock art, diamond diggings, 4X4 safaris and the Kgalagadi Wildlife Park. It is a vast stretch of semi-desert land. The distance from the capital, Kimberley, on the eastern border to Springbok (in the west) is more than 900km. It is a large, dry region of fluctuating temperatures and varying topographies.

4.2.1. DEMOGRAPHY

According to the Census 2001, the population of the Northern Cape was estimated to be 822 727 people in 2001. The population grew slightly in 2001 from 822 727 to 855 578 in 2004. The population density is 2 persons per square kilometer.

According to the Census, Gauteng province experienced the largest population growth between 1996 and 2001 with 20%, followed by the Western Cape with 14%. The Eastern Cape and Free State each experienced growth of less than 3%, while the **Northern Cape** had a 2.1% decline in population.

In terms of population numbers, KwaZulu-Natal province has the largest population with 9.4-million people, followed by Gauteng with 8.8-million, and the **Northern Cape**, with 822 727 people, is the province with the smallest population.

By South African standards, the population of the Northern Cape is relatively young. In 2001, children under the age of 15 accounted for approximately 30.6% of the Province's population and about 57.7% of the population is younger than 30 years old. This implies that the population of the Northern Cape has a high potential for growth from natural population expansion. A significant shift in the 20 – 24 year age group occurs, which can possibly be attributed to, amongst others, people in this age group moving to other provinces in search of better careers, job opportunities and tertiary education.

A trend in the Northern Cape over the last years has been the migration of people from the more rural areas into the larger towns where access to opportunities and services are significantly better. Also about 36% of the Northern Cape's migrants moved to the Western Cape. Other provinces where the Northern Cape's people moved to are North West (19.4%), Gauteng (18.5%) and Free State (12.8%). (Northern Cape Provincial Growth and Development Strategy, 2004 – 2014)

The demarcation process of 2000 resulted in five district municipalities (Frances Baard, Karoo, Namaqua, Siyanda and Kgalagadi), twenty-six Category B municipalities and five district management areas. Frances Baard has the largest population of 303 239 people.

4.2.2. EMPLOYMENT STATUS

The employment rate refers to those economically active people who are unemployed and looking for work as well as persons who are unemployed and not looking for work but would accept work if it was offered to them. This category also includes the not economically active population, which are people who are not working, but are housewives, scholars/full-time students, pensioners, disabled people and people not wishing to work.

In 2004, the Province's unemployment rate accounted for 19.7% and the not economically active rate accounted for 40.9%. The Province provided for 39.4% of employment opportunities of the population.

In 2004 it provided 34.1% of the primary sector employment opportunities in South Africa. It provided 24.8% of all agricultural related opportunities and 9.3% of the mining and quarrying opportunities. The Province supplied 11.7% of the secondary sector employment opportunities. It provided 7.1% of the opportunities in the manufacturing sector, 0.6% of the energy sector and 4% of the construction sector's employment opportunities. The Province's contribution to the tertiary sector accounted for 54.1%. This includes 12.4% of the trade sector, 2% of transport, communication and storage, 8% of the financial sector and 31.7% of the services sector's employment opportunities.

According to the Census of 2001, only 22.6% of the labour force in the Province had a Grade 12 or higher qualification and 18.2% of the Province's labour force had no formal schooling.

4.2.3. ECONOMIC OVERVIEW

Northern Cape's contribution to the GDP remained relatively constant at 2.1% in 1996 to 1.9% in 2004. The sectors which contributed the most to the Province GDP in 2004 were mining (29.6%), services (18.8%) and transport and communication (11.6%).

The tress index of the Province – an indication of the level of concentration/diversification – increased from 39.9 in 1996 to 42.65 in 2004. This can be ascribed to a decrease in importance

of the electricity sector (from 4% to 2.2%) and an increase in the transport sector (from 9.4% to 11.6%). The tress index for the Northern Cape in 2004 of 42.65 indicated that the levels are in the mid-point in the economy. The economy of South Africa has a slightly lower degree with an index of 40.8. Northern Cape's higher level indicates that its economy is more vulnerable to market fluctuations.

The Northern Cape Province has the third highest per capita income of all nine provinces, but income distribution is extremely skewed, with a high percentage of the population living in extreme poverty.

Table 4.1. ANNUAL HOUSEHOLD INCOME OF THE NORTHERN CAPE (CENSUS 2001).

Annual Household Income	Northern Cape
No income	14.4%
R1 - R4 800	8.6%
R4 801 - R 9 600	21.3%
R9 601 - R 19 200	19.5%
R19 201 - R 38 400	14.8%
R38 401 - R 76 800	9.7%
R76 801 - R153 600	6.9%
R153 601 - R307 200	3.3%
R307 201 - R614 400	0.8%
R614 401 - R1 228 800	0.3%
R1 228 801 - R2 457 600	0.3%
R2 457 601 and more	0.1%

(Source: Quantec Research, 2005)

Table 4.1 illustrates that according to the census of 2001; about 14.4% of households in the Northern Cape have no income. Twenty one percent of households earned between R4 801 and R9 600 annually. This indicates that the household income levels are relatively low and people in the Northern Cape are living in extreme poverty.

4.3. DEMOGRAPHIC OVERVIEW

The population of the Frances Baard District is discussed in this sub-section. The following headings are utilised in order to provide a holistic overview and identify specific population issues which impacts on local economic development (LED):

- ♦ Population Totals & Projections
- ♦ Age and gender structure
- ♦ Skills & Education levels
- ♦ Labour force
- ♦ HIV/Aids

Subsequent to the discussions, the issues identified are consolidated and the implications for LED are clearly evaluated.

4.3.1. POPULATION TOTALS AND PROJECTIONS

The population totals within the Frances Baard district are given in **Table 4.2**. The table presents the population totals on a municipal level and the relative size of the various municipalities are provided in order to determine where the main population concentrations occur.

It is clear from **Table 4.2** that there are approximately 301 995 residents within the Frances Baard District. The main population concentration is in the Sol Plaatje municipal area where approximately 66.7% of the district population resides. Phokwane and Dikgatlong follow this where 12.9% and 11.9% of the regional population resides respectively.

Table 4.2. POPULATION PER MUNICIPAL AREA

Population per Municipal area				
Municipality	1996	2001	Growth Rate	Growth Projection 2006
Phokwane	32664.58	38872.9	3.5%	40,250
Sol Plaatje	175472.93	201388.7	2.8%	207,014
Dikgatlong	31537.84	35998.97	2.7%	36,964
Magareng	18941	21871.93	2.9%	22,510
Diamondfields	3235.3	3862.55	3.6%	4,002
Frances Baard District Municipality	261851.65	301995	2.9%	310,734

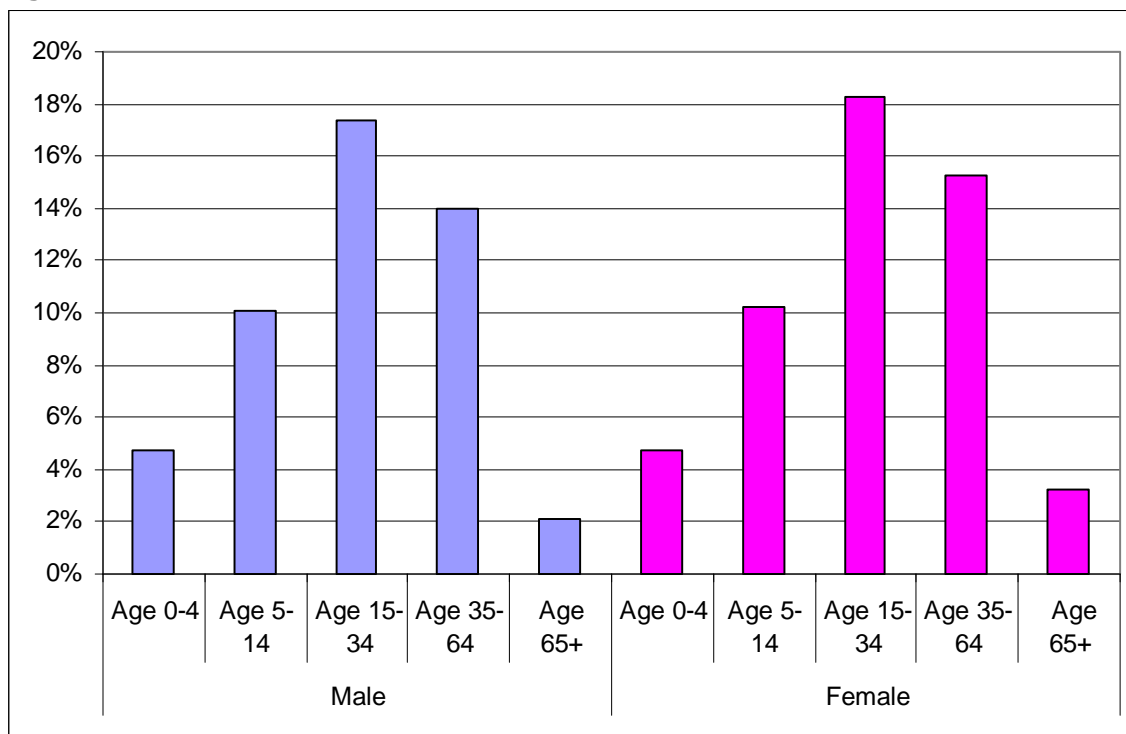
(Source: Quantec Research, 2005)

The smallest populations can be found in the Diamondfields area where 1.3% of the population is found.

The population of the Frances Baard District is expected to expand to approximately 310 734 people by the year 2006. However the specific impact of HIV/Aids is not clearly researched, it is anticipated that there will be a definite impact on the population of the region. As the fertility and mortality rates associated with the HIV/Aids pandemic, is influenced strongly by the age and gender structure of the population, these two indicators will be discussed in the subsequent paragraphs (**See section 4.3.2**)

4.3.2. AGE AND GENDER STRUCTURE

The age structure of the local population is an indicator of the distribution of the number of persons within a specific age category. This provides the opportunity to investigate the latent characteristics of the population such as the potential new entrants into the labour force.

Figure 4.1. POPULATION DISTRIBUTION, CENSUS 2001.

(Source: Quantec Research, 2005)

The age and gender structure is graphically illustrated in **Figure 4.1**. It can be observed in the figure that the ages between 15 - 34 years is the largest and constitutes about 35.7% of the population, followed by the ages between 35 – 64 years which constitutes about 29.3%. The category 65+ constitutes the smallest numbers (5.3%) of the population.

The first indication is that the population structure is very young with the concentration of people being between the ages of 0 – 34 years (65.5%). This implies that the new entrants to the labour pool are high each year. The reason for this is that a large portion of the population is currently too young to be employed.

It should be noted that the young population structures make the local populations relatively more vulnerable to HIV/Aids infections, as the young element of the population is generally more sexually active and a lower percentage are in stable long-term relationships. However, the infection rates, as well as other aspects of HIV/Aids and its influences on the local population, is discussed under the relative heading.

4.3.3. EMPLOYMENT STATUS

The employment rate refers to those economically active people who are unemployed and looking for work as well as persons who are unemployed and not looking for work but would accept work if it was offered to them. This category also includes the not economically active population, which are people who are not working, but are housewives, scholars/full-time students, pensioners, disabled people and people not wishing to work.

In order to view the utilization of the labour force by the aggregate economic activities, it is necessary to evaluate the employment status of the local population. **Table 4.3** presents the employment status of the local labour force per municipal area.

Table 4.3. EMPLOYMENT STATUS, CENSUS 2001.

Employment Status				
Municipality	Total	Employment Status		
		Employed	Unemployed	Not Economically Active
Sol Plaatje	133 560	46 411	32 928	54 221
Dikgatlong	22 752	5 921	5 578	11 253
Magareng	13 374	3 432	3 694	6 248
Phokwane	25 526	11 816	3 471	10 239
Diamondfields	3 027	2 098	206	723
Frances Baard District Municipality	198 239	69 678	45 877	82 684

(Source: Quantec Research, 2005)

The skills levels within an area are important to determine the levels of employment. **Table 4.3** illustrates that in 2001, Frances Baard's unemployment rate accounted for 23.1% and the not economically active rate accounted for 41.7%. Frances Baard provided for 35.1% of employment opportunities of the population.

In 2004 it provided 21.9% of the primary sector employment opportunities in South Africa. It provided 12.8% of all agricultural related opportunities and 9.1% of the mining and quarrying opportunities. The Province supplied 13.2% of the secondary sector employment opportunities. It provided 8.4% of the opportunities in the manufacturing sector, 0.8% of the energy sector and 4% of the construction sector's employment opportunities. The Province's contribution to the tertiary sector accounted for 65%. This includes 13.7% of the trade sector, 2.7% of transport, communication and storage, 10.8% of the financial sector and 37.8% of the services sector's employment opportunities.

Table 4.4. EDUCATION LEVELS

HIGHEST LEVEL	FRANCES BAARD DISTRICT	
No schooling	30 644	17.0%
Some primary	32 425	17.9%
Complete primary	12 911	7.1%
Some secondary	58 422	32.3%
Std 10/Grade 12	33 523	18.6%
Higher	12 720	7.0%
TOTAL	180 645	100%

(Source: Quantec Research, 2005)

Table 4.4 illustrates that according to the Census of 2001, only 25% of the labour force in the Frances Baard District had a Grade 12 or higher qualification and 17% of the Frances Baard's labour force had no formal schooling at all. This has serious implications for employment and income generating opportunities of the local population. In total, 75.9% of the Study Area's population has some form of schooling and can be regarded as literate.

4.3.4. HIV/AIDS

According to the Quantec Research data, approximately 47.2% of the Frances Baard District's population is HIV positive. This has serious implications for the district and the population. The Sol Plaatje municipal area is the area with the highest rate of HIV positive people (65.1%).

4.4. ECONOMIC OVERVIEW

The primary focus of this sub-section is on the current economic climate within the Frances Baard District so as to provide an accurate portrayal of the existing conditions. Each of the different sub-sections will be employed to provide a holistic and realistic perspective of the economic development climate within the Frances Baard District. Appropriate indicators for the various investigations are developed and utilised. Where applicable, the indicator that is utilised is explained. The primary indicator that is utilised is the **Gross Geographic Product (GGP)** and can be defined as follows:

“GGP¹ – As the total value of the final goods and services produced by its permanent residents during a given period before making provision for depreciation”

4.4.1. CURRENT REALITY

The preceding sub-section provides a broad overview of the demography within which the Frances Baard local economy functions. The next sub-section provides an investigation into the economic conditions within the Frances Baard District. This is done through the utilisation of a discussion of the different municipal economies within the Frances Baard District. A “Statistical Compendium” which contains the relevant information, that will be utilised to provide a meaningful and holistic overview, is employed to facilitate “reader-friendly” documentation of the current reality of the economic climate in the Frances Baard District.

The information contained in the “Statistical Compendium” is of such nature that the entire spectrum of economic indicators are incorporated and include among other:

- The “Production Profile” through the use of the proportional contribution of the generic economic sectors (SIC-Sectors – *Standard Industrial Classification*)
- GGP growth per sector
- Employment per sector and the identified trends
- Comparative advantages (locational quotients)

Where appropriate, the specific conditions, which influence the trends in the sectors, are identified and discussed.

4.4.1.1. Production Profile

Economic activity is generally measured in terms of production/output. As such, production is an indicator of the magnitude of economic activity at a given point in time. An analysis of time series data, i.e. economic activity over time, can provide information on structural changes that are taking place in the economy. This information is vital determining future economic growth potential and the strategic direction in the economy.

For analytic purposes, the Gross Geographic Product (GGP), as explained earlier, is utilised as an indicator of economic activity. The GGP is a measure of the value of economic size and nature of economic activities found in an area. The economy of an area can be divided into three main categories, namely primary, secondary and tertiary sectors. Each of these categories is further sub-divided into different economic sectors. These different sectors are defined as follows:

- Primary Sector
 - Agriculture
 - Mining
- Secondary Sector
 - Manufacturing
 - Electricity/Water/Gas
 - Construction
- Tertiary Sectors
 - Trade
 - Transport/Communication/ Storage
 - Financial & business services
 - Social services including Government Services.

As a point of departure, the GGP profile of the Frances Baard District area is provided in **Table 4.5**. Where necessary, the implied trends will be illustrated through the use of appropriate graphical format.

The production profile can be determined through an investigation of the **proportional contribution** of each sector towards the local economy. It is necessary to utilise **constant prices** to ensure that the effects of inflation does not adversely affect the accuracy of the production profile portrayal.

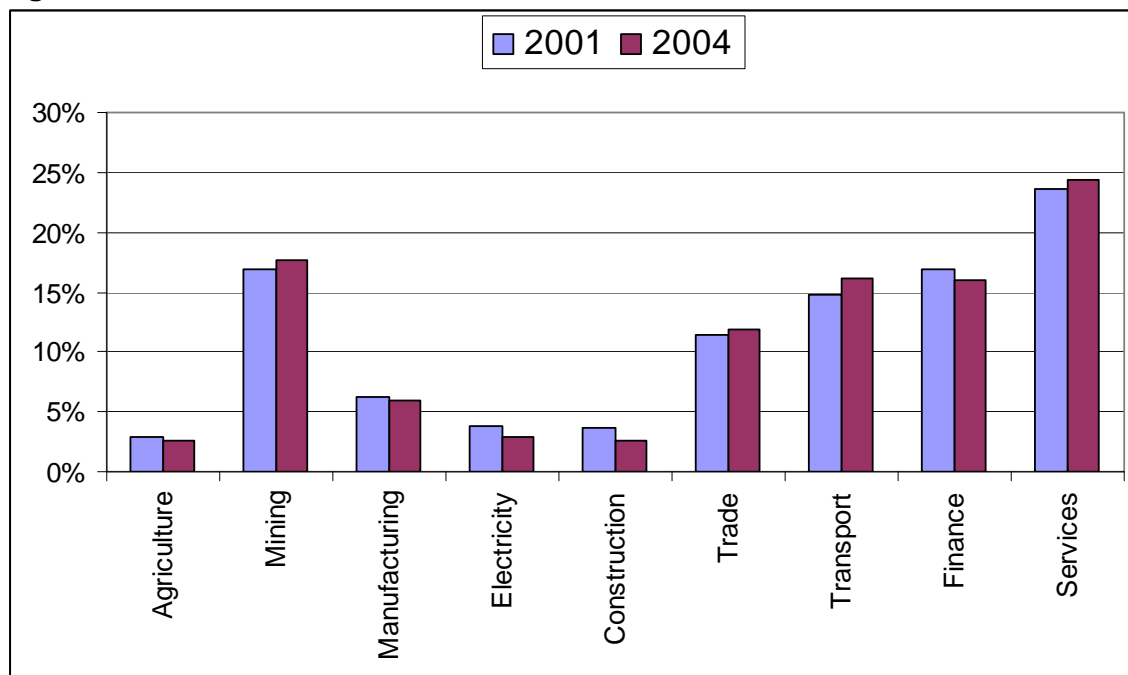
Table 4.5. THE ECONOMIC PROFILE OF FRANCES BAARD

Economic Profile of Frances Baard			
Sector	Percentage		Effect
	2001	2004	
Primary Sectors			
Agriculture	2.9%	2.6%	↓
Mining	17.0%	17.6%	↑
Sub Total	19.9	20.2	↑
Secondary Sectors			
Manufacturing	6.2%	6.0%	↓
Electricity	3.8%	2.9%	↓
Construction	3.6%	2.6%	↓
Sub Total	13.6	11.5	↓
Tertiary Sectors			
Trade	11.4%	11.8%	↑
Transport	14.7%	16.2%	↑
Finance	16.9%	16.0%	↓
Services	23.5%	24.2%	↑
Sub-Total	66.5	68.2	↑
TOTAL	100	100	

(Source: Quantec Research, 2005)

The information presented in **Table 4.5** is illustrated graphically in **Figure 4.2** Frances Baard Production Profile.

Figure 4.2. FRANCES BAARD PRODUCTION PROFILE



(Source: Quantec Research, 2005)

From the above table, the following is evident:

Primary activities:

The primary sector activities are the second smallest of the three categories. These economic activities contributed 20.2% (2004) towards the district GGP. Mining is the main primary activity with only limited agricultural activities taking place and contributing only 2.6% (2004) to the local economy. It should be noted that the contribution towards the district GGP of mining has increased by 0.6% between 2001 and 2004.

Secondary activities:

The secondary sector activities are the smallest of the three categories. The highest secondary activity is the manufacturing sector. This sector has contributed 6% (2004) to the regional economy of Frances Baard. The contribution of this sector to the regional economy is declining (down from 6.2% in 2001). The electricity sector has contributed 2.9% to the local economy and is followed by the construction sector which contributed only 2.6%. The Electricity and Construction sector also declined with 0.9% and 1% respectively, which is also a worrying factor. In totality the secondary activities contribute 11.5% (2004) to the regional economy and are experiencing a decline in the relevant importance of these activities, which is evident from the reduced contribution of 13.6% in 2001.

Tertiary activities:

The tertiary activities in the region are dominating the economy. These activities contributed 68.2% to the district economy in 2004 which was 1.7 percentage points higher than in 2001.

More specifically the Services sector is dominating the entire economy (as well as the tertiary economic activities) with a contribution of 24.2% (2004).

The transport sector is the second sector within the tertiary economic activity which has increased its relative contribution from 14.7% in 2001 to 16.2% in 2004.

Although the preceding discussions provide insight into the production profile of the Frances Baard District, it does not present the dynamics within the different sectors that must be highlighted. Additionally the relative importances of the local economies, which collectively, form the Frances Baard District, are not dealt with in the preceding paragraphs. The subsequent sub-section investigates the various local economies in a synoptic manner.

4.4.2. FRANCES BAARD DISTRICT – A MUNICIPAL ECONOMIC OVERVIEW

The four local municipalities within the Frances Baard District are discussed separately. However where possible, the data required to perform the discussion is presented in tabular format to facilitate ease of interpretation. As the production profile of the various local economies is similar to that of the Frances Baard District, they are not discussed again.

The growth rates of the different sectors within the local economies are presented in the following paragraphs. This is done against the background of the relative size of each of the local municipalities within the regional economy.

Table 4.6 presents firstly the relative size of the local economies within the Frances Baard District in terms of their *total contribution* to the aggregate economy. Additionally the sectoral importance within each local economy is indicated.

Table 4.6. SECTORAL GROWTH AND MUNICIPAL CONTRIBUTION

Sectoral Growth & Municipal Contribution												
Municipality	Municipal Contribution			Sectoral Growth (2001-2004)								
				Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Services
	1996	2001	2004									
Phokwane	11.8%	11.3%	10.8%	0.6%	6.2%	-1.1%	-8.5%	-9.1%	4.2%	5.2%	-0.1%	6.8%
Sol Plaatje	75%	75.7%	75.7%	-3.1%	2.4%	1.9%	-1.8%	-5.8%	2.9%	4.6%	1.3%	6.8%
Dikgatlong	10%	9.7%	10.1%	-1.4%	5.4%	1.9%	-7.8%	-3.7%	5.4%	6.9%	-2.0%	2.7%
Magareng	2.4%	2.4%	2.4%	0.8%	6.3%	2.1%	-4.0%	-4.4%	5.5%	3.2%	-1.2%	4.3%
Diamondfields	0.9%	1.0%	1.1%	1.2%	7.3%	0.3%	0.0%	-2.9%	4.3%	6.0%	-0.2%	9.8%
Frances Baard	100%	100%	100%	-0.2%	3.4%	1.5%	-4.0%	-6.0%	3.4%	4.9%	1.0%	6.5%

(Source: Quantec Research, 2005)

Table 4.6 provides a clear indication of the geographic distribution of the economic activities within the Frances Baard District. It is evident that the local economy of Sol Plaatje is the main economic region within the Frances Baard District and is also increasing its relative contribution to the regional economy. Its economic importance is evident from the fact that more than 75% of the economic activity is situated in the Sol Plaatje Local Municipality area.

The remaining 25% of the economic activity is also not distributed equally through the remaining local economies. The second most important economy is the Phokwane Municipality, which contributed 10.8% in 2004, and is followed by the Dikgatlong Municipal area with 10.1% in 2004. The Magareng economy is the second smallest of the municipal economies (2.4%) and the Diamondfields area is the smallest area which contributed 1.1% in 2004 to the regional economy.

It is evident that the geographical distribution of the economic activities is highly concentrated in the Sol Plaatje Municipal area and that the smaller economies do not contribute meaningfully to the regional economy. This implies that the district economy is highly dependable on the economic activities and the generated GGP originating in the Sol Plaatje Municipal area.

With regards to the sectoral growth being experienced within the various local economies, it should be noted the agriculture sector experienced a decline (-0.2%) during the 2001-2004 period. The Sol Plaatje local economy under-went the largest contraction of activities with a 3.1% decline in the agriculture sector, whereas the local economies of Magareng and Phokwane record a growth of 0.8% and 0.6% respectively during the period under discussion.

The Services sector recorded the highest growth within the Frances Baard District economy. The sector grew by 6.5% over the 2001-2004 periods.

When comparing growth rates of the different sectors, it must be interpreted with caution as it may create a false impression of the significance of the trend. As an example, a high rate achieved from a narrow base does not necessarily imply that the particular activity now contributes meaningfully to the local economy. It is therefore necessary that any growth rate be appreciate from the base it is derived from.

The Construction sector has contracted in all of the local economies and declined with 6% and the Electricity sector contracted in all of the local economies with 4%, except for the Diamondfields area, which grew at 0% over the 2001-2004 periods. The only other sectors, which recorded significant growth, are the transport sector (4.9%), the Trade sector which grew 3.4% and the Mining sector which grew also with 3.4%.

It is evident that the main economic sectors, which should be stimulated, are:

- The Agriculture sector, due to its links with especially food-security as well as the utilisation of the existing resource base.
- The stimulating of the Construction and Electricity sector must be directed at measures to interrupt the current decline in these sectors and subsequently reverse the trend.
- The utilisation of the Transport and Trade sector, which is growing, must be employed as a vehicle to support LED efforts.
- The Finance sector must be strengthened within the local economies.

4.4.3. COMPARATIVE ADVANTAGES

A product or service that has a more competitive function in a specific economy (regional or sub-regional), than in the aggregate economy (provincial or national), constitutes a comparative advantage in that economy. This is thus an indicator of whether a specific economy produces a product or renders a service more efficiently. One way to measure a comparative advantage that a specific sector has in that economy is through the calculation of a location quotient. A location quotient as a tool does not take into consideration external factors such as government policies, investment incentives and proximity to markets, etc., which can influence the comparative advantage of the area. If a specific economy has a location quotient larger than one (>1) particular sector or activity, per

interpretation, that economy enjoys a comparative advantage. **Table 4.7** presents the location quotients for the Frances Baard District as well as for the different municipalities.

Table 4.7. LOCATION QUOTIENTS

Location Quotients (2004)									
Municipality	Sectoral Growth								
	Agriculture	Mining	Manufacturing	Electricity	Construction	Trade	Transport	Finance	Service
Phokwane	5.2	0.2	1.0	1.8	1.1	1.9	0.7	0.7	1.0
Sol Plaatje	0.2	0.9	0.9	0.9	1.0	0.9	1.1	1.2	1.1
Dikgatlong	1.1	2.5	1.9	0.7	1.0	0.6	1.0	0.3	0.5
Magareng	3.1	1.0	0.3	0.9	0.9	1.6	0.8	0.5	1.0
Diamondfields	10.5	2.4	2.5	0.0	0.0	0.0	0.2	0.1	0.4

(Source: Quantec Research, 2005)

Table 4.7 illustrates that the main sector within the regional context, which has a comparative advantage, is the agricultural sector and only one municipal area has a comparative advantage with regards to finance. This is due to the fact that very little finance and business services are being done in the rest of the region and that the potential activities are geographically constrained to the Sol Plaatje area. Sol Plaatje also has very high urban populations, whereas the other local municipalities have large rural components, which rely on agricultural activities.

The Phokwane Municipal area has the highest comparative advantage with regards to the number of sectors, which have an advantage. However in terms of electricity and finance, the entire region has a low comparative advantage (disadvantage).

It can therefore be inferred that the main economic sector within the various local economies that have a comparative advantage is the agricultural sector. Additionally the remaining sectors that have a comparative advantage are primarily situated in the Phokwane, Dikgatlong and Sol Plaatje municipal areas. This implies that the existing agricultural comparative advantage in the municipal areas should be utilised to the benefit of the entire region and sectors.

4.4.4. EMPLOYMENT PER SECTOR AND MUNICIPAL AREA

The specific employment per sector needs to be highlighted in order to evaluate which of the existing sectors is the primary employment generator.

The first observation that is made regarding the employment per sector which illustrates that the main employment sector is the Services sector which provides approximately 37.8% of the employment opportunities within the local economies in 2004. This is followed by the Trade sector (13.7%) and Agricultural sector (12.8%). The remaining sectors contribute less than 40% of the formal employment opportunities. It should be noted that the Electricity sector provides only 8% of the total employment opportunities in the formal economy and the Transport sector provides only 2.7% of the total employment opportunities in the formal economy. However, it should be taken into consideration that the informal employment opportunities are not included in the above-mentioned figures.

Table 4.8 presents the proportional sectoral employment per municipal area for 2004.

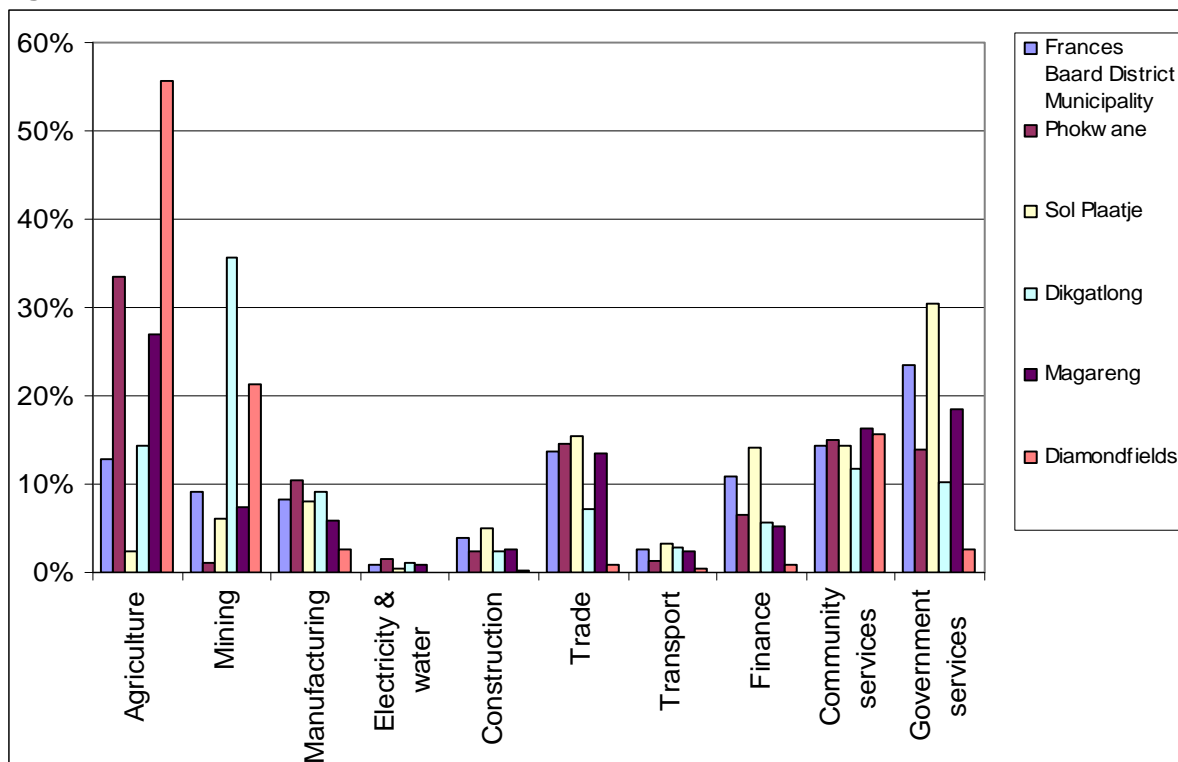
The Services sector provides (proportionally) more employment opportunities for its population than any of the other sectors.

Table 4.8. EMPLOYMENT PER SECTOR AND MUNICIPAL AREA, 2004

Employment per sector & Municipal area										
Municipality	Agri- culture	Mining	Manu- facture	Electricity	Construct	Trade	Transport	Finance	Community Service	Total
Phokwane	4 261	134	1 322	197	307	1 839	163	815	3 659	12 696
Sol Plaatje	958	2 410	3 137	208	1 990	6 011	1 271	5 509	17 501	38 994
Dikgatlong	1 041	2 605	663	77	173	523	202	415	1 598	7 298
Magareng	791	219	174	27	77	396	70	156	1 024	2 934
Diamondfields	1 096	422	51	0	2	16	9	16	362	1 973
Frances Baard	8 147	5 790	5 347	508	2 549	8 784	1 716	6 911	24 144	63 896

(Source: Quantec Research, 2005)

Figure 4.3. EMPLOYMENT PER SECTOR, 2004



(Source: Quantec Research, 2005)

The primary employment provision area within the Frances Baard District is the Sol Plaatje region. This is due to the fact that Sol Plaatje has the largest economy. It provides approximately

61% of the employment opportunities while the remaining municipal areas provide the remaining employment. The secondary employment areas are Phokwane (19.9%) and Dikgatlong (11.4%).

These three municipal areas provide 92.3% of the total employment in the Frances Baard District. The residual (7.7 %) is provided in the succeeding municipal areas, which are Magareng and Diamondfields.

4.4.5. DOMINATING SECTORS & DOMINATING LOCAL ECONOMIES

The aggregate economy of the Frances Baard District is being dominated by the different local (geographical) economies as well as the different sectors. It is therefore necessary to highlight these dominating sectors and economies in a manner that will illustrate the salient features and implications of these characteristics. Firstly the growth of the sectors together with their relative importance (regional contribution) is illustrated and secondly, growth of the various local economies is presented together with the regional importance. Refer to **Figures 4.4** and **Figure 4.5** respectively.

Firstly, **Figure 4.4** indicates that the local economy is dominated by a few sectors which are making the most contributions to the local economy. These sectors are:

- Services (24.2%)
- Mining (17.6%)
- Transport (16.2%)
- Finance (16%)

The sectors which are recording the highest levels of growth within the district economy are:

- Services
- Transport
- Mining
- Trade

It is important to note that the relative GGP contribution as well as the growth of the Agriculture sector, Electricity sector and the Construction sector is extremely low within the regional context. Secondly the contraction of these sectors is a major concern as a result of the main characteristics of these sectors. In other words, the employment opportunities provided by these sectors as well as the issues of food-security as well as the economic (and environmental) impact of low growth within the agriculture sector is some of the primary indicators which must be addressed if local economic development (LED) is being attempted.

With regards to the spatial concentration of the economic activities, the comparative size of the different economies is illustrated in **Figure 4.5**. Additionally the figure also provides an indication of the growth rates attained in the different local economies if they are compared to each other.

It is evident that the Sol Plaatje economy is the largest of the local economies. It is however not the fastest growing economy within the Frances Baard District, which expanded at just more than 1.9%.

Figure 4.5. MAGNITUDE OF LOCAL ECONOMIES AND GROWTH ATTAINED**INSERT FIGURE**

The only local economies which expanded faster than the district economy was:

- Dikgatlong
- Magareng
- Diamondfields

The local economies which expanded slower or the same than the aggregate economy was:

- Phokwane
- Sol Plaatje

4.4.6. INFERENCE

The different local economies within the Frances Baard District are the highest around the Services sector. The primary sector which can be stimulated to act as a driver of LED is the agriculture sector. It should be noted that tourism is not a standard economic sector but rather a cross-sectoral activity.

It should be noted that the preceding paragraphs dealt with the economic trends within the local economies. However, it is necessary to review the current planning framework of local economies to highlight the potential gaps in the current planning framework as well as to identify the key developmental short-comings.

4.5. CURRENT PLANNING FRAMEWORK

The Integrated Development Plans (IDP) informs planning at municipal level. It is therefore necessary to review the current planning framework as presented in the IDPs of the municipalities. It should be noted that the IDPs are reviewed and not evaluated at this stage. Planning for Local Economic Development is part of developing an Integrated Development Plan. When the Municipal councils adopt an IDP they formulate a vision, development objectives, and strategies aimed at realising these objectives. Municipal development objectives may include elements such as addressing unemployment in the local area, widening the local tax base, alleviating poverty, enhancing economic growth or redistributing wealth and opportunities. To realise these development objectives, municipalities will need to formulate strategies. These strategies should consist of LED programmes and projects.

If no clear objectives for an LED project exist, it will be difficult to determine how successful the project is. By setting clear objectives before the project is implemented, it is possible to measure the project against objective criteria. This process will provide valuable feedback to municipalities, and inform their future planning for LED. In other words, objectives and information regarding the LED performance will assist the municipalities to assess, which strategies and project are most successful and most appropriate to their particular context. This information regarding the impact of the past and current projects will enable the municipalities to direct their resources to projects, which are most likely to succeed in the future.

This subsection aims to provide an indication of the existing framework guiding the planning and delivery of LED within the different municipalities of the Frances Baard District. In other words, the IDPs of the municipalities are portrayed to highlight the specific areas with reference to their economic dimensions.

It is emphasized that the following information was gathered from various sources such as the IDP's, the LED's and interviews held with stakeholders.

4.5.1. PHOKWANE MUNICIPALITY

The Phokwane Municipal area is predominantly residential. Although there is evidence of a fair number of middle income households, e.g. in parts of Hartswater and Jan Kempdorp, the majority of people in Phokwane falls into the lower income brackets. Given the slow growth of the local economy and growing populations in some areas, the level of unemployment is set to grow. This could be further aggravated by the shortage of tertiary institutions, where school leavers can gain skills relevant to the job market.

Although a range of municipal and other services (infrastructure, schools, clinics, social services, etc.) are available in the Phokwane Municipal area, there is a general lack of sufficient facilities such as retail, commercial, industrial, etc. that could employ sufficient numbers of people and provide acceptable range, prices and quality to ensure that money is spent in the area. Furthermore, although there are sub-regional nodes, corner shops and spazas for the daily needs of local communities at various scales, there appears to still be a need for an industrial node where agricultural products can be processed and value added. This could provide for substantial employment opportunities and inflow of capital into the Phokwane Municipal area.

The scarcity of employment opportunities, higher order shopping and business facilities within the Phokwane area forces people to travel over long distances, paying well over R20 per trip to

places such as Kimberley. This has affordability implications in the context of pervasive low incomes.

Areas close to the major transport spines generally have access to the most engineering service infrastructure, e.g. telecommunication, electricity and water. It should be noted that although piped water (yard taps) is available to most households, the second most dominant form of sanitation is still pit latrines (34.6% in 2001). As one moves away from the major routes deeper into rural settlements the level of services gets lower (instead of taps on site, one starts coming across communal taps or boreholes). Thus the further one moves from the activity/ transport spines, the poorer the respective towns/settlement's economic growth prospects appear to become.

In the Phokwane Municipal area the predominant form of housing is a self-built mud, zinc or cement brick house. Most of the Phokwane Area generally appears to have adequate access to social services. However, substantial public investment is required to upgrade engineering services and transport infrastructure if the Phokwane Area's economic growth prospects are to improve.

The Phokwane Area does therefore not have the ability to provide in all the needs of its residents, which raises doubt about the future economic sustainability and viability of the local economy. The sheer numbers of the local population are not enough to drive the economy on a growth path simply because the surrounding local economies (Kimberley, Vryburg, etc.) are large enough and close enough to stifle any competition from within the Phokwane Area. Furthermore, there is a distinct lack of entrepreneurship, capital and other economic inputs that would be required to initiate economic development projects in the Phokwane Area.

Interviews held and surveys conducted indicates that in general people are positive about their area and do not have immediate plans to move elsewhere. The reason for this is that most people see their area as a place where they have a historical belonging. Furthermore, the area is seen as being non-violent with less crime than in other areas and people have a general liking of the local community and the proximity to friends and family.

Although unemployment rates are high and income levels are generally low, the standard of living is relatively high when compared to some informal townships in other parts of the country. Housing quality is relatively higher as well as local services in certain areas and consequently most residents in the Phokwane Area will probably stay where they are. Consequently it is believed that economic conditions could improve at a faster rate around the Hartswater and Jan Kempdorp regions than is the case in the rest of the Phokwane Area (A combination of the Phokwane LED Strategy of 2004 and interviews held by Urban-Econ on 2006).

The following opportunities and constraints have been identified in the Phokwane Area:

Table 4.9 – STUDY AREA OPPORTUNITIES AND CONSTRAINTS

Constraints	Opportunities
<ul style="list-style-type: none"> * The Phokwane Area produces only 10.8% of the total GDP in the Frances Baard Municipal area. However, this area is the second highest contributor to the GDP. * About 13.6% (Census 2001) of the labour force in the Phokwane Area is unemployed. * The Phokwane Area is heavily reliant on economic activities outside of its boundaries for, consumer products and 	<ul style="list-style-type: none"> * There are a range of government policies and acts that can have a positive impact on the future development of the Phokwane Area. * The comparison with the provincial economy shows that the Phokwane Area is relatively strong in its agriculture, trade and community services sectors. * Should the local economy be opened up and fully integrated with the wider sub region, the potential for future growth can

Constraints	Opportunities
<p>services.</p> <ul style="list-style-type: none"> * The sustainability of the local economy and the future viability of the Phokwane Area are in danger of stagnation, and should this situation not be reversed, general decline. * External intervention will be required to boost the Phokwane Area economy. This intervention can be in terms of investment in local economic infrastructure and the preparation and implementation of local development plans such as initiating self-help schemes, Local Economic Development (LED) plans, etc. * The Phokwane Area economy is dominated by the community services/ government, trade and agriculture sectors. This implies that the local economy is highly concentrated and consequently not well structured for sustainable economic growth. * The occupation of the labour force indicates that many workers are unskilled in the Phokwane Area. * Education levels are very low in the Phokwane Area, implying that local people have a poorer chance at obtaining higher-level job opportunities and consequently they have a lesser chance of earning higher-level incomes. * A dependency rate (2001) of 1.7 in the Phokwane Area means that every local person that earns an income has on average 2 people who are dependent on the same income. * The large available pool of labour makes the area attractive for industrialists but the physical location and lack of development incentives is keeping potential investors away. * There appears to be a need for an industrial node for manufacturing activities, which can provide the agricultural sector with beneficiation opportunities. * Urban development should be concentrated to limit the unnecessary expansion thereof into the adjacent agricultural areas. * The distribution of services and businesses throughout the Phokwane Area is not optimal. * No capital is available internally to activate economic development. * The population is heavily reliant on 	<p>be substantial.</p> <ul style="list-style-type: none"> * Investment in the agriculture sector makes significant improvements to food security, decreasing household expenditure; and decreased dependence on wage labour. * It is assumed that there is still room for improved effectiveness of the farmers and, given appropriate aid (funding, training for emerging farmers, etc.), the agricultural sector may grow in future. * There are well-serviced industrial sites available, and accompanying infrastructure is of a relatively good quality. * Limited construction activities are currently occurring in the Phokwane Area. This sector does however have the potential to be a major employer and catalyst for growth in the Phokwane Area. Given the large resident population and the need for housing and infrastructure, there is enormous potential for growth in construction activities. * The agricultural sector in the Phokwane Area (13.3% in 2004) is substantial. This sector has huge economic development opportunities. * The manufacturing sector is believed to have significant potential for expansion. * The trade sector is relatively active in the Phokwane Area and there is much potential for expansion of trade facilities. There are adequate schools, clinics and other social and community facilities situated throughout the Phokwane Area. * Opportunities for the future development of tourism in the Phokwane Area could possibly be found in the Wine cellars, the rose farm and the Vaalharts museum. In the remainder of the Phokwane Area there is tourism potential with regards to the future trend of group tours around the Vaalharts Irrigation Scheme with an educational basis. * Significant infrastructure is in place in the Phokwane Area and given sufficient proactive intervention, the local economy may grow in the medium to long term. * Although unemployment rates are high and income levels are generally low, the standard of living in the Phokwane Area is relatively high when compared to some other informal townships in South Africa. * There is growth potential in the

Constraints	Opportunities
primary sector work opportunities which fluctuate over time.	<p>developing and supporting of local entrepreneurs and local businesses rather than the development of large-scale office parks.</p> <ul style="list-style-type: none"> ★ Community agricultural activities such as community market gardens can and should be encouraged. ★ The construction of houses by households and communities can create employment opportunities. ★ The planning of rural and semi-urban areas should support commercial agriculture and emerging farmers. ★ The level of violence, crime and unrest is relatively low in the Phokwane Area indicating a calm and stable environment for economic investment. ★ A positive indication of unity, political consensus and community pride also contribute to a stable environment.

(Source: Combination of the Phokwane LED Strategy of 2004 and interviews held by Urban-Econ, 2006)

4.5.1.1. Summary of the IDP of Phokwane Municipality

Table 4.10. ASSESSMENT OF PRIORITY ISSUES OF PHOKWANE MUNICIPALITY.

PRIORITY ISSUES 2003-2004	PRIORITY ISSUES 2004-2005	PRIORITY ISSUES 2005-2006
<ul style="list-style-type: none"> • Land • Water and sanitation • Storm water • Roads and transport • Electricity • Service Delivery • Communication with Council • Housing • Education facilities • Sports and recreation facilities • Health services • Crime • HIV / AIDS • Poverty alleviation • LED • Commonage • Tourism development 	<ul style="list-style-type: none"> • Land • Water and sanitation • Storm water • Roads and transport • Electricity • Revenue expansion • HIV / AIDS • Environmental quality • Housing • Recreational facilities, arts and culture • Health services • Educational facilities • LED and poverty • Tourism development • Communication with community • Commonage 	<ul style="list-style-type: none"> • Water • Sanitation • Land • Electricity and lights • Storms water and roads • Health services • Improvement in service delivery • Housing • LED • Poverty alleviation and tourism • Educational and training facilities • Sports, recreational facilities arts and culture • HIV / AIDS • Safety and security • Environmental quality (waste Management) • Institutional development and democratic governance

(Source: Frances Baard District IDP Review, 2004-2005)

It is evident from the priority issues of the last three years that the most important priority issues of the municipality has been land and the five main infrastructural issues i.e. water, sanitation, storm water, roads, transport and electricity.

According to the above mentioned paragraphs and interviews held with various role-players, it has been identified that there are various focus areas for LED intervention that can be prioritised as the following:

- Agriculture
- Construction
- SMME
- Tourism and Skills Development
- Industry
- Manufacturing

Table 4.11. PRIORITY ISSUES AND OBJECTIVES OF THE PHOKWANE MUNICIPAL AREA.

Priority issues	Objectives
Agriculture	<ul style="list-style-type: none"> • Agricultural Processing • Agricultural Beneficiation • Community agricultural activities • Agri-BEE projects • New technologies: Hydroponics and Biotechnology
Construction	<ul style="list-style-type: none"> • Need for housing • Need for infrastructure in the area.
SMME	<ul style="list-style-type: none"> • Development of an SMME marketing strategy for the area • Develop a local SMME database • Demarcation of an SMME manufacturing cluster • Support from government • Beneficiation and value-adding SMME's
Tourism and skills development	<ul style="list-style-type: none"> • Real effective marketing • Eco-tourism development • Wine Tourism development • Educational tours to Vaalharts Irrigation Scheme • Vaalharts museum • Train and educate local people
Industry	<ul style="list-style-type: none"> • Need for an industrial node to help the agricultural sector with beneficiation opportunities.
Manufacturing	<ul style="list-style-type: none"> • Potential to expand this sector in terms of processing opportunities.

4.5.2. SOL PLAATJE MUNICIPALITY

Kimberley, although classified as a secondary/medium-sized city, is the economic hub of the Northern Cape Province in terms of GDP contribution and formal and informal employment. Sol Plaatje contributes approximately 75.7% to the total GDP in the Frances Baard Municipal district, which implies that its economy is very strong and that a lot of production that occurs in the province occurs within this municipal area.

According to the Sol Plaatje Municipal IDP 2002, the population figures for the Municipality were estimated at 231 000 persons. Of this figure there are significant population groupings in Ritchie ($\pm 11\ 000$), as well as in the rural farmland of which the population is estimated to be 8000 persons. The rest of the population (212 000 persons) reside in the city of Kimberley. This population figure of 231 000 constitutes 28% of the regional population for the Northern Cape Province which is estimated to be 822 727 persons (Quantec Research, Census 2001).

The Black community makes up the most significant part (51.1%) of the total population of the Sol Plaatje Municipal (SPM) area (231 000 persons in total) followed by the Coloured community which makes up 29% of the total population of the SPM. According to the IDP there has been stagnation in the population growth of the Municipality.

A number of factors have been suggested for the slow down in population growth in the Sol Plaatje Municipality. These include:

- Out migration of skilled workers in search of jobs outside the Province
- Out migration of students to universities who do not return to the area once their degrees are completed.
- Increasing death rate as a consequence of the spread of HIV/AIDS.
- Declining employment levels resulting in unskilled and semi-skilled to move to larger urban centres outside the Municipality/and or Province (SPM IDP, 2002).

The SPM area has a very young population/age profile with the highest figures (10.4% of males and females) being between the ages of 0-4 years, 9.9% of the population being between the ages of 5-9 years, 9.4% being between the ages of 10-14 years and 9.8% being between the ages of 15-19 years. This young structure constitutes infants, toddlers, children, adolescents and young adults who constitute a total of 39.5% of the total population of the SPM. The oldest part of the population between the ages of 70-74 makes up a mere 1.2% of the total population within the SPM. Although the figures for the age groups 20-24 (8.9% of the total population), age groups 25-29 (8.4% of the population) and age groups 30-34 (8.1% of the total population) is portrayed as quite significant (25.4% in total for all three age groups) it is estimated that this figure is much lower in reality, because of the out-migration of students (age groups 20-24, 25-29 and 30-34) to universities outside the Province who never return and reside in other provinces after their studies as well as due to the lack of job opportunities within the SPM and the Province as a whole.

Interviews with local stakeholders indicated the perception of an increased out-migration of post-graduates/professionals and school leavers to other countries (such as Britain, Australia, New-Zeeland and the USA) because of the lack of job opportunities within the country.

Another reason for the out-migration is also the lack of entertainment in the local area. Apart from the occasional Gariep Art Festival in August and the Flamingo Casino, entertainment (especially shoppertainment as stated in the assessment done on market trends within the Kimberley CBD) throughout the year is sorely lacking in Kimberley. Many inhabitants opt to spend a day or afternoon in Bloemfontein over a weekend, because of the variety of activities offered such as restaurants, the waterfront, arts and crafts market, cultural events such as theatre productions, etc. that results in a leakage of spending power out of the SPM. However people generally still do their monthly shopping in Kimberley, although they spend some of their income on entertainment in Bloemfontein. It has not been determined how much income outflow is spent on retail in Bloemfontein, if at all.

The young population profile for the SPM implies a higher dependency on government resources and the need for job creation because of the increased number of people entering the job market

within 5-15 years. This also implies that education facilities would be an essential need in the future as they will have to accommodate the large number of future primary and tertiary pupils in the Sol Plaatje Municipal area. Although this would have been a challenge for the Municipality, it must also be stated that the area has sufficient educational facilities (Northern Cape College and the Institute for Higher Learning in Kimberley) and infrastructure to meet the needs of the local community and surrounding towns.

The education levels of the population in Sol Plaatje, illustrates that the largest part of the community (31.2%) had Grades 7-9 in 2001. This implies that 31.2% of the community in Sol Plaatje is functionally literate. It is however important to note that this high percentage could be attributed to the young population profile of the SPM. The figure also illustrates that (5.3%) of members of the community had No schooling in 2001.

It is estimated that, as with the reasons for increased unemployment, the number of people in the SPM earning R0-R2400 per month has escalated since 2002 for a number of reasons such as:

- Lack of job opportunities within the SPM and the Province as a whole
- Lack of entrepreneurship for people to start up their own home-based enterprises
- Sense of fatality and disillusionment amongst those in extreme poverty
- Retrenchments of mine workers who return unemployed to their home bases such as the SPM
- HIV/Aids affecting and killing the economically active person (breadwinner) who leaves dependents behind. In some parts of the country, this scenario has escalated to the point where young mothers die of Aids and grandmothers become sole breadwinners of all her grandchildren (average 4-6 children) on a monthly pension of less than R300 (Interviews held with LED-unit and Galeshewe Urban Renewal Task Team, 2003).

Forty Percent of the total population in the SPM was living in poverty of which the African and Coloured population groupings had the highest poverty figures representing 57.1% and 28.5% respectively.

The assessment of the prevalence of HIV/Aids and related diseases in the Sol Plaatje Municipal Area is also imperative for future health and economic planning in the Sol Plaatje Municipal area.

The likely impact of HIV/Aids on labour and the economy as identified by the Municipal IDP 2002 and other data sources:

- Increased absenteeism; higher staff turnover
- Loss of key personnel to AIDS; emotional impact on staff because of loss of family, friends and colleagues
- Financial implications of additional recruitment, selection and training of new staff
- Increased need for special leave e.g. family leave, transfer to lighter duties, and
- Termination of employment
- Need for proper employee support programme
- It is estimated that the AIDS pandemic will take a dramatic toll on the most productive members of the population, those in their 20's, 30's and 40's.
- South Africa's economically active population would be 35% lower in 2015, than it would have been if South Africans remained Aids free
- Close to 30% of South Africa's labour force will be HIV positive in 2005 that is 2 years from now.
- AIDS would have far reaching socio-economic implications and organisations could expect to lose in excess of 4% of their workforces over the next ten years.

Implications for the SPM:

The estimated 35% lower economically active population in 2015 would have a direct impact on labour intensive economic sectors such as Agriculture and Mining, two of the pillars of the Northern Cape economy and the Sol Plaatje Municipality. It is therefore assumed that, because Aids kills the economically active persons, it is one of the factors responsible for increased poverty within the Municipality.

Aids will no doubt have tremendous effects on the population of the SPM if the current spread of the disease prevails and once those with dormant HIV start getting full-blown Aids. It is imperative that the SPM take cognisance of the need for statistical information on the prevalence of STI's, TB and HIV/AIDS in the Municipality as a whole. This would enable the Municipality to gear itself toward strategising preventative and coping measures for the foreseen impacts of the Aids pandemic.

The following opportunities and constraints have been identified in the Sol Plaatje Area:

Table 4.12 – STUDY AREA OPPORTUNITIES AND CONSTRAINTS

Constraints	Opportunities
<ul style="list-style-type: none"> ★ The Mining Sector is declining ★ The retail/trade sector is becoming saturated – when new shopping centres open, other ones stagnate or shops close down and/or move to the new centres due to limited buying power. ★ It is difficult to determine whether the economy has been stagnating, growing or declining – the amount of new investment is almost equal to the amount of disinvestments in the city ★ Prices on property have more than doubled in once affordable middle-class residential areas such as Beaconsfield. There are a lot of people in the SPM area with very low income levels, and this implies that these people will not be able to afford property at all. ★ There are perceptions that tariffs on municipal services such as water and sanitation have increased dramatically. 	<ul style="list-style-type: none"> ★ The Mining sector still offers huge potential in terms of the Combined Treatment Plant which optimally uses the last remains of dump material to recover diamonds. ★ Mining companies (NCMMA) in the Northern Cape Province are outsourcing procurement to BEE's in terms of legislation on Preferential Procurement. Procurement values in the Northern Province are thought to be more than R3 billion. ★ It is difficult to determine whether the economy has been stagnating, growing or declining – the amount of new investment is almost equal to the amount of disinvestments in the city ★ Prices on property have more than doubled in once affordable middle-class residential areas such as Beaconsfield. This results in a higher influx of foreign investors/currency into the local area. These areas are thus being established as more exclusive areas.

According to the analyses done on the local economy, the following has been found:

Sol Plaatje originated as a result of the Mining (diamond) Industry, which was for many years the mainstay of the local economy. However, in recent years, because of depleting resources, the Mining Sector has shown a decline in contribution to the local economy and in 2001 only contributed 5.6%. However, De Beers has in recent years invested millions in the Combined Treatment Plant, that seeks to prolong the lifespan of these mines based on millions of tons of dump material all around Kimberley. This has consequently caused a significant increase in the growth of the Mining Sector from 9.7% in 1999 to 45.3% in 2001. The recovery of diamonds from these dumpsites has also facilitated an opportunity for Small Scale mining operations within the SPM, which could facilitate the growth of the SMME sector.

4.5.2.1. Summary of the IDP of Sol Plaatje Municipality

Table 4.13. ASSESSMENT OF PRIORITY ISSUES OF SOL PLAATJE MUNICIPALITY.

PRIORITY ISSUES 2003-2004	PRIORITY ISSUES 2004-2005	PRIORITY ISSUES 2005-2006
<ul style="list-style-type: none"> • Water • Sanitation • Waste Management • Electricity and lights • Housing and land • Streets, storm water and transport • Cemeteries • Communication • LED • Health and welfare • Safety and security • Education and training • Sports, recreation arts and culture • Institutional Development 	<ul style="list-style-type: none"> • Water • Sanitation • Waste Management • Electricity and lights • Housing and land • Streets, storm water and transport • Cemeteries • Communication • LED • Health and welfare • Safety and security • Education and training • Sports, recreation arts and culture • Institutional Development 	<ul style="list-style-type: none"> • LED, food security and poverty alleviation • Housing • Water • Health and HIV/AIDS • Land • Electricity • Sanitation • Education and training • Roads and storm water • Safety and security • Social development and welfare services • Public transport and recreation • Waste management

(Source: Frances Baard District IDP Review, 2004-2005)

According to the above mentioned paragraphs and interviews held with various role-players, it has been identified that there are various focus areas for LED intervention that can be prioritised as the following:

- Agriculture
- Tourism
- Industry
- Mining
- Manufacturing

Table 4.14. PRIORITY ISSUES AND OBJECTIVES OF THE SOL PLAATJE MUNICIPAL AREA.

Priority issues	Objectives
Agriculture	<ul style="list-style-type: none"> • Agricultural Processing • Agricultural Beneficiation • Community agricultural activities • Agri-BEE projects (Organic Farming etc.) • New technologies: Hydroponics and Biotechnology
Tourism and skills development	<ul style="list-style-type: none"> • Real effective marketing • Eco-tourism development • New catalyst development • Art and craft development • Product and service development • Train and educate local people • Incubator development
Industry	<ul style="list-style-type: none"> • Industrial Beneficiation

	<ul style="list-style-type: none"> • Agro-Processing • Investment development and promotion • Introduction to renewable energy sources
Mining	<ul style="list-style-type: none"> • Mineral beneficiation and processing • Mining and Agricultural related industries
Manufacturing	<ul style="list-style-type: none"> • Develop leather tannery • Expand brick manufacturing industry • Expand small-scale jewellery manufacturing industry • Clothing and shoe factories that manufacture specific mining necessities and equipment

4.5.3. DIKGATLONG MUNICIPALITY

The Dikgatlong local municipality is made up of former disestablished municipalities of Barkly West, Windsorton & Delportshoop. The municipality derived its name from Setswana word meaning "confluence", and refers to the place where the Harts and Vaal rivers flow into each other in Delportshoop. It is situated 30km west of Kimberley the geographical area of the municipality is 2377.6 square kilometres or 19.2% of the district. The population density of the municipality is currently standing at 9.1 people per square kilometer.

The Dikgatlong Municipal Area produces 10.1% of the total GDP in the Frances Baard Municipal area which implies that its economy is relatively small.

The municipality is composed of 7 wards with ward 5 and 6 being the biggest in terms of geographical area coverage (1692.53km²) and population (6982 persons) respectively. Ward 1, the smallest ward, covers the geographical area of 0.7801km² and ward 3 has a population of 3582 persons.

The total population of Dikgatlong is estimated at 35765 people (Census, 2001). The estimate indicates that Dikgatlong is the second lowest municipality in the district in terms of the population size. The population represents 11% of the total population of the district which is approximately 324 798 persons and 4.4% of the province. The dominant population groups in Dikgatlong are Africans (60.2%) and Coloureds (32.5%). The other two groups share the remaining 7.3%, with Indians constituting only 0.1% and Whites 7.2%. The province, the district and the municipality have experienced a declining growth rate of -2.09%, -0.22% and - 3.21% respectively.

The population pyramid of Dikgatlong is distinctive to other municipalities. It indicates a significant number of the economically active group (15 to 64 years) at the top of the pyramid and pensioners (over 65) at the bottom. The economically active group and pensioners constitute 63.1% and 5.1% respectively. The remaining 31.8 % is comprised of pre-school and school going population.

The unemployment rate in Dikgatlong is lower than the province and country; it is currently estimate at 27.5% and 28.2% respectively. However, the statistics indicates that the unemployment in Dikgatlong has increased by 1.4% since 1996. Of the 22581 persons falling under the economically active group, only 26.2% are employed. This can be partly attributed to the lack of basic education and basic skills. A third/32.1% of the educable population (5 to 65 years) has no schooling or only some primary schooling.

Unlike Magareng and Frances Baard District Municipality, whereby community and social sectors provide work to more than a quarter of the currently employed people; in Dikgatlong 26.2% of the employed portion of the labour force is mainly employed by the Agriculture and Mining sectors.

Furthermore, over 60% (25 494) of the population of the area have no income and only 28.7% have income. Of the 28.7%, 9271 persons earn less than R3200 per month.

The population of the Dikgatlong municipal area lives in three different types of dwellings: formal, informal and traditional. The formal dwelling constitutes of 6793 households which is 71.9% of the total number of households in the area. This is slightly lower than the district and Magareng, which have 80% and 78.9% respectively. More than 12% of the households reside in informal and traditional houses. Each household has an average of 3.8 people. (Dikgatlong Review IDP, 2005-2006)

The following opportunities and constraints have been identified in the Sol Plaatje Area:

Table 4.15 – STUDY AREA OPPORTUNITIES AND CONSTRAINTS

Constraints	Opportunities
<ul style="list-style-type: none"> ★ Capacity of emerging contractors: In compliance with procurement policies, municipalities take cognisance of historically disadvantaged individuals when awarding tenders. However, some emerging contractors lack the capacity to efficiently execute projects. Some contractors have limited financial resources and others lack project management skills necessary to execute projects smoothly. These factors may negatively affect project output. ★ Quality control: Most housing projects undertaken in municipalities do not receive adequate technical supervision and monitoring. Insufficient quality control may result into the delivery of substandard housing units. Municipalities lack building inspectors. The Department of Housing and Local Development through which subsidised houses are built have inadequate building inspectors. Thus the likelihood of substandard structures being built is substantial 	<ul style="list-style-type: none"> ★ Bee Hive: Accommodation of SMME's: Small Entrepreneurs in Dikgatlong Area. ★ Marketing and Promotion of LED activities and Projects of LED: To produce a LED brochure for Dikgatlong Area ★ Promotion of Tourism: To attract potential investors and stimulation of LED activities in Dikgatlong ★ Market of attraction and relations building with tourist organizations ★ Provision of Infrastructure for informal trading - SMME Development ★ Social Upliftment of PDC's: Installation of Irrigation system for Food Gardens. ★ Development of the hawkers' centre in Barkly West.

4.5.3.1. Summary of the IDP of Dikgatlong Municipality

Table 4.16. ASSESSMENT OF PRIORITY ISSUES OF DIKGATLONG MUNICIPALITY.

PRIORITY ISSUES 2003-2004	PRIORITY ISSUES 2004-2005	PRIORITY ISSUES 2005-2006
<ul style="list-style-type: none"> • Water • Sanitation • Waste Management • Electricity and lights • Housing and land • Streets, storm water and transport • Cemeteries • Communication • LED 	<ul style="list-style-type: none"> • Water • Sanitation • Waste Management • Electricity and lights • Housing and land • Streets, storm water and transport • Cemeteries • Communication • LED 	<ul style="list-style-type: none"> • Water • Sanitation • Waste Management • Electricity and lights • Housing and land • Streets, storm water and transport • Cemeteries • LED • Health and welfare

<ul style="list-style-type: none"> • Health and welfare • Safety and security • Education and training • Sports, recreation arts and culture • Institutional Development 	<ul style="list-style-type: none"> • Health and welfare • Safety and security • Education and training • Sports, recreation arts and culture • Institutional Development 	<ul style="list-style-type: none"> • Safety and security • Education and training • Sports, recreation arts and culture • Institutional Development • Communication
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(Source: Frances Baard District IDP Review, 2004-2005)

According to the above mentioned paragraphs and interviews held with various role-players, it has been identified that there are various focus areas for LED intervention that can be prioritised as the following:

- Mining
- Agriculture
- Manufacturing
- Trade and Transport
- Tourism

Table 4.17. PRIORITY ISSUES AND OBJECTIVES OF THE DIKGATLONG MUNICIPAL AREA.

Priority issues	Objectives
Mining	<ul style="list-style-type: none"> • Local implementation of new mining charter • Attract investors • Establish associations • Network with larger mining companies • Closer interaction with DME • Mineral beneficiation and processing • Mining and Agricultural related industries
Agriculture	<ul style="list-style-type: none"> • Agricultural Processing • Agricultural Beneficiation • Community agricultural activities • Agri-BEE projects and value-adding (Organic Farming etc.) • New technologies: Hydroponics and Biotechnology • Skills development
Manufacturing	<ul style="list-style-type: none"> • Develop new markets • Develop leather tannery • Expand brick manufacturing industry • Expand small-scale jewellery manufacturing industry • Clothing and shoe factories that manufacture specific mining necessities and equipment • Product innovation • Skills development
Trade and Transport	<ul style="list-style-type: none"> • Proper utilisation of existing infrastructure and support systems • Develop Business and management skills • Improve accessibility of taxis and busses to key destinations • Develop proper trade control mechanisms
Tourism	<ul style="list-style-type: none"> • Real effective marketing (product specific and intensive marketing) • Partnership of tourism role-players

	<ul style="list-style-type: none"> • Eco- and adventure tourism development • Treasury of archeological relics to be developed • Product and service development • Provision of Conferencing facilities • Train and educate local people • Develop local skills
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4.5.4. MAGARENG MUNICIPALITY

The Magareng municipality is situated approximately 72km north of Kimberley. It shares boundaries with the Free State in the East and North West in the North West. The municipal areas comprises of urban nodes, villages and farms. The nodes consist of Warrenton, Warrenvale, Ikhuseng and small agricultural areas. The rest of the area comprises of mainly mixed farming farms.

There are five wards in the municipality covering the total area of approximately 1542 square kilometers. The sizes of the wards range from 0.3177km² and 1515.9km². The total surface area of Magareng accounts to 0.43% of the province and 12.5% of the district. The population of the municipal area of Magareng is estimated at 21734 persons in 2001. The population represents 6.7 % and 2.64% of the total population of the district and the province respectively. The largest population resides in ward 4, the ward has about 6320 persons of whom 54.1% are females and 45.9% are males. The smallest ward in terms of population size is ward 3 with only 1577 persons.

Magareng contributed only 2.4% in 2004 to the total GDP in the Frances Baard Municipal district, which implies that its economy is very small and that very little of the production that occurs in the province occurs within the Magareng municipal area.

More than three quarters (72%) of the population of Magareng is dominated by Africans. Coloureds (3801), Whites (2180) and Indians (105) share the remaining 28%. Like in the district, the most spoken languages are Setswana (63.9%) followed by the Afrikaans-speaking group and the Xhosa group.

More than half (61.1%) of the population of Magareng is made up of the economically active group, 15 to 34 and 35 to 64. Pensioners are estimated at only 1315 persons. Children and teenagers constitute a third of the total population.

The unemployed persons in Magareng amount to over 50% of the total labour force. The total labour force is approximately a third of the total population. Of the 38.8% only 3433 persons are employed. Furthermore, 71.3% of the total population does not have income and those with income (28.7%), 69.3% of them live below the poverty line, i.e. they earn R800 or below per month.

The sectors that provide most employment to the labour force are Agriculture and Community and Social services sectors. They provide over 48% of employment to the currently employed population of Magareng. A large number (1427) of people are in elementary positions, this can be attributed to the shortage of people with further and specialised education. Over a tenth (13.5%) of the population of Magareng has not attended school. However, about 3558 persons (16.4%) have attended school up to secondary level and only 338 persons have post matriculation education (Magareng Review IDP, 2004-2005).

The following opportunities and constraints have been identified in the Magareng Area:

Table 4.18 – STUDY AREA OPPORTUNITIES AND CONSTRAINTS

Constraints	Opportunities
<ul style="list-style-type: none"> ★ High unemployment rate and poverty: A great percentage of the residents of Magareng do not earn a proper income. This can be ascribed to the fact that there is a lack of job opportunities within the municipal area. The high number of retrenchments from farms and the mines also contributes to the ever-increasing demand for jobs. ★ Lack of investment: The small economy does not justify businesses or industries to invest in Magareng. The Magareng Municipality does not have a marketing plan to emphasise the potential of the area and this also contributes to the lack of investment. There are also no incentives for industries to encourage investment in the area. ★ Lack of entrepreneurship: A reason for this is the lack of business support, limited access to start-up capital and the lack of information about possible ventures. ★ Lack of business support: SMME's experience a great difficulty to have access to start-up capital or loans at banks. There is limited access to business support services. A lack of access to procurement opportunities for emerging entrepreneurs also hampers the development of this sector. ★ Lack of proper business centres: Most of the businesses are located in Warrenton. This increases the necessity of people to cross the N12 route from Ikhutseng or Warrenvale. A lot of business opportunities are also missed by not capitalising on the N12 route passing through the area. A business centre should thus be developed on the eastern side of the N12, which can focus on tourists and traffic visiting the area. ★ Lack of food security: People are living in poverty. Some need to do crime to ensure a living. The lack of food security in the area is a problem. ★ Low payment rate for services and lack of funding for development ★ Outflow of money to other areas ★ Poor soil condition around Warrenton ★ Duplication and lack of skills ★ HIV/AIDS 	<ul style="list-style-type: none"> ★ Draw investment to the area ★ Develop SMME's ★ Reduce retrenchments ★ Establish proper business centers. ★ Food security ★ Reduce poverty ★ Railway line – JHB, CPT, Mafeking, Botswana (Passenger services at Windsorton, Warrenton, 14 streams – B&B and Café and the utilising of the good shed) ★ Vaalriver: Water extraction ★ Mining: Diamonds (Including alluvial) – small miners ★ Commonage can also be used for mining ★ Agriculture: <ul style="list-style-type: none"> • Irrigation due to canal – also producing potatoes • Industrial area – 46 ha for citrus growing • Soil in the area poses problems for irrigation • Peanut oil factory, fruit processing and meat processing • Game farming, aloe farming – sisal production • Chicken farming, community bakery in Warrenton ★ N12 and N18 – centrality – B&B, Tourism centre with shopping complex and filling station ★ Weir: fishing, tourism, water sport ★ Transka Resort : Next to river host festivals, pleasure resort – swimming pool ★ Nazareth & 14 streams – rock engravings, battle grounds, churches, bungalows for overnight and weir – tourist attraction ★ Cultural resort: cultural event – hall, swimming pool with forts - conferences ★ Forts next to railway line and river – heritage sites ★ Spitskop dam: fishing with hotel – boat houses for entertainment ★ Bird park – new development to be used by community ★ Oupa's tavern onto old dam – B&B and restaurant

Constraints	Opportunities
<ul style="list-style-type: none"> * Dirt roads and single bridge * Illegal dumping * Crime * Overgrazing – soil erosion * Resource centres – lack information * Lack of management and technical skills in municipality 	

4.5.4.1. Summary of the IDP of Magareng Municipality

Table 4.19. ASSESSMENT OF PRIORITY ISSUES OF MAGARENG MUNICIPALITY.

PRIORITY ISSUES 2003-2004	PRIORITY ISSUES 2004-2005	PRIORITY ISSUES 2005-2006
<ul style="list-style-type: none"> • Access to job opportunities • Housing • Water connection • Food security • Upgrading of health facilities and services • Planning and surveying of sites • Electricity connection • Sewerage connection • HIV/AIDS • Construction of new schools • New library, library materials, further education training • Upgrading and development of roads, storm water • One-Stop centre • Addressing social abuse • Mobile police service • Street lights • Public transport • Development of programmes for the physically challenged and access to buildings • Upgrade of parks, recreational and sports facilities • Development of business complex • Upgrading of cemeteries • Old age home • Water management • Public phones and postal 	<ul style="list-style-type: none"> • Access to job opportunities • Housing • Water connection • Food security • Upgrading of health facilities and services • Planning and surveying of sites • Electricity construction • Sewerage connection • HIV/AIDS • Construction of new schools • New library and library materials • Further education and training • Upgrading and development of roads and storm water • One-Stop centre • Addressing social abuses • Mobile police services • Streets lights • Public transport • Development of programmes for the physically challenged • Upgrading of parks, recreational and sports facilities • Development of business complex • Upgrading of cemeteries • Old age home • Waste management • Public hones and postal 	<ul style="list-style-type: none"> • LED, food security and poverty alleviation • Housing • Water • Health and HIV/AIDS • Land • Electricity • Sanitation • Education and training • Roads and storm water • Safety and security • Social development and welfare services • Public transport and recreation • Waste management

services	<ul style="list-style-type: none"> • services • Taxi rank • Butchery/ Abattoir • Steel works • Tents, chairs and pots hiring services 	
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(Source: Frances Baard District IDP Review, 2004-2005)

According to the above mentioned paragraphs and interviews held with various role-players, it has been identified that there are various focus areas for LED intervention that can be prioritised as the following:

- Agriculture
- Mining
- Tourism

Table 4.17. PRIORITY ISSUES AND OBJECTIVES OF THE MAGARENG MUNICIPAL AREA.

Priority issues	Objectives
Agriculture	<ul style="list-style-type: none"> • Agricultural Processing • Agricultural Beneficiation • Community agricultural activities • Agri-BEE projects and value-adding (Organic Farming etc.) • New technologies: Hydroponics and Biotechnology • Skills development
Mining	<ul style="list-style-type: none"> • Local implementation of new mining charter • Attract investors • Establish associations • Network with larger mining companies • Closer interaction with DME • Mineral beneficiation and processing • Mining and Agricultural related industries
Tourism	<ul style="list-style-type: none"> • Develop a marketing strategy for the area • Development of a comprehensive tourism product • Focusing on a particular market segment • Maximises the unique features and resources of the region • Promote vertical and horizontal integration to build strong regional brand and create opportunities for BEE. • Establish a representative tourism forum • Establish a tourism information centre.

4.6. LOCAL DYNAMICS

As the formulation of the LED Sector Plan is part and parcel of the IDP review process, it was necessary to conduct numerous meetings throughout the Frances Baard District.

The subsequent discussions of each of the local municipalities provide local dynamics as identified and highlighted by the local communities. The primary focus of these discussions was related to:

- A general overview of the investment climate
- The barriers being experienced with regards to the initiation of LED-type projects
- The latent development opportunities within the local economies

The majority of the discussion was structured in a sectoral fashion. This structure is maintained to facilitate a clear understanding of the local dynamics from a sectoral perspective.

4.6.1. PHOKWANE MUNICIPALITY

The specific sectors that were identified for discussion for the Phokwane area were:

- Agriculture
- Construction
- SMME
- Tourism and skills development
- Industry and Manufacturing

A summary of the discussions is presented in the following paragraphs under the abovementioned headings.

Agriculture

The employment opportunities provided by the agriculture sector within this local economy is declining as a result of people migrating into urban areas in search of better employment opportunities. It could also be due to a shift in the focus of the agricultural activities. In other words, the shift in focus from conventional farming to for example game farming in the region is causing an increase in the number of retrenchments as a result of the conversions. It should be noted that game farming does not have employment characteristics of conventional farming. Conventional farming is more labour intensive and utilises a higher level of employment per hectare than game farming.

Conventional farming methods linked to the utilisation of technology is another reason for the decline in the employment being offered by the agriculture sector. In order to overcome the barriers relating to the transformation of emerging farming activities to commercial activities, a variety of issues need to be addressed. These barriers and issues relating to such transformation are:

- Land and tenure related issues
- Ownership and the responsibility of administration of land
- The lack of information
- Project plan formulation and implementation
- The conflicts between the different role-players associated with roles and responsibilities
- Management and business skills
- Limited access to markets and insufficient transportation to markets

Two major factors that also constrain the growth prospects in the agricultural sector, is firstly, the need to promote transformation so that new and emerging farmers can take their rightful place as equal members of the commercial agricultural fraternity and in so doing satisfy the need for redistributive justice through increased access by the previously disadvantaged to land and agricultural resources. Secondly, the need to achieve greater levels of diversification in irrigated agriculture, in order to spread risk and promote the development of crops, which have a high affinity for agro-processing.

These issues are accentuated by the lack of an organised farmers association that can act as a representative body that deals and communicates and coordinates the activities on behalf of the agriculture community.

Diversification of the Agricultural sector is seen as a method to cope with risk and crop vulnerability. It is seen as a livelihood coping strategy for the farmer; increasing profits through new products such as organic farming and essential oils, broadening of the local export base and the creation of additional employment opportunities. Agricultural diversification also has indirect spin-off effects on the secondary sector. Opportunities are now created in the agro-industrial sector in terms of packaging and value-adding, which creates even more employment opportunities.

The application of biotechnology in value-added agricultural production in Phokwane is therefore an important strategy to improve the output of the sector and to contribute towards the diversification of the economy.

A community like Phokwane who specialise in the extraction of primary products from agriculture as their main thrust of economic development would benefit greatly from agricultural beneficiation. In this regard LED strategies should focus on value-adding approaches such as processing, packaging, marketing and distributing farm produce. There is a need for an industrial node to help the agricultural sector with the beneficiation opportunities.

Construction

Basic infrastructure has an impact on the socio-economic conditions of an area. There is a definite opportunity for the development of the construction sector in the Phokwane area. There is a need for housing and infrastructure in the area. The provision of adequate infrastructure and services, especially in places such as Ganspan and Pampierstad, would positively contribute to the creation of an environment that is conducive to economic development and will thus enhance investors' confidence within the area.

The Northern Cape Expo has identified that the upgrading and provision of amenities and infrastructure in the province as one of the potential growth areas. It is important that Phokwane latches onto this potential development as services provider and skills developer.

SMME

Small, medium and micro enterprises are recognized worldwide for their potential to generate job opportunities, particularly when the economy is in a downward trend. The formal economy of Phokwane is simply not able to absorb all the newcomers to the labour market. It is furthermore highly unlikely that this trend in the local economy will be reversed, at least not in the short to medium term. This situation suggests strongly that SMME's provide one of the only possible ways to reduce the current high level of unemployment and poverty.

A critical prerequisite for successful SMME development is entrepreneurship. Entrepreneurship in this regard does not only refer to knowledge and experience in business administration, but most importantly, to a high level of motivation, drive and work ethics.

National Government has identified the significance of SMME's and supports it. Key elements of the SMME strategy include:

- Making finance available to entrepreneurs
- Development of human resources through the transfer of skills and knowledge.

Tourism and Skills development

The development of the Tourism industry has been identified as the sector with the most significant opportunity for development, growth and job creation in the country. Tourism, although not defined as an economic sector, is as important as one. However, it can be seen as a cross-sectoral industry because it includes the linkages with the retail, manufacturing, transport, electricity and financial sectors.

Tourism in the area could act as main component of a LED strategy for this area. However such a strategy should address the current concerns that were raised regarding the existing barriers and constraints being faced by this sector. In other words the following aspects should be addressed:

- The coordination of tourism projects (development and implementation)
- Development of recreational/tourism facilities to attract tourism
- Expansion and development of facilities/activities which can be undertaken in the interior of the area e.g. adventure tourism, eco tourism, wine tourism, Vaalharts museum etc.

The development of these activities should take the natural resources into consideration such as the waterfalls (Gansbaanpan tourism project), wine farms etc in the area. These activities must be linked with the various historical sites, for example, the Vaalharts museum etc. Wine tourism has a potential in the area if there could be a clear route to the tourism centers, joint tourism activities, calendar for tourism and a flexible land use management with appropriate incentives to attract investors and tourists.

The responsibility of the maintenance of these facilities must be assumed by the local communities and in so-doing, employment opportunities and ownership of the projects can be established.

Skills development is a need in the Phokwane area. People need training especially business training skills and management skills. Educational tours to the Vaalharts Irrigation Scheme are also an opportunity and local people should be trained in order to do this. The local people must be trained and educated in the Phokwane area.

Industry and Manufacturing

The manufacturing sector is believed to have significant potential for expansion. There is potential to expand this sector in terms of processing and beneficiation opportunities (As stated in the agricultural sector). The main goal is to encourage local industrial development and stimulate an increase in local beneficiation activities. The specific programmes that support this includes:

- Industrial support structures, such as the establishment of a Manufacturing Advice Centre (MAC)

- Agro-processing, such as the development of a meat processing plant, development of a leather tannery etc.
- Agriculture related industries, such as developing local manufacturing industries like a irrigation manufacturing plant etc.
- Investment development and promotion: This goal aims to develop a competitive investment incentive package that would attract foreign and local industrial and business concerns to locate within Phokwane.

4.6.2. SOL PLAATJE MUNICIPALITY

The specific sectors that were identified for discussion for the Phokwane area were:

- Agriculture
- Tourism
- Industry and Manufacturing
- Mining

A summary of the discussions is presented in the following paragraphs under the abovementioned headings.

Agriculture

Based on the analysis undertaken in the preceding sections of this document it was found that, although agriculture has contributed minimally to the local GDP, it has significant potential for future economic development.

Basic human needs, the development of new technologies and consumer trends have increased the significance of agricultural sector demand all over the world. It is also one of the pillars of the South African and Northern Cape economy and has started promoting export industries such as wine-industry, oranges, venison and paprika. The Sol Plaatje municipality should take cognisance of these trends and take advantage of the vast number of agricultural opportunities within the municipal area, especially in terms of livestock farming and agro-processing.

Viable agricultural crops and livestock, with clearly defined markets therefore need to be identified for newly available agricultural and planning programmes initiated within Sol Plaatje (also existing land reform agricultural projects). As part of these strategies, new and innovative agricultural practices and consumer trends need to be taken cognisance of. These include:

- Development of Organic farming practices
- Introduction of new technologies (Hydroponics and biotechnology)

Tourism

Although the Tourism industry in the Northern Cape is relatively small compared to other Provinces, it has much potential as the Province hosts a vast diversity of tourism resources. Francis Baard District estimates that the game-hunting industry has had nominal growth in the last few years, but that historical tourism has been experiencing a decline.

According to relevant stakeholders, the Industry has for many years only focused on certain resources such as the Mining History, which did not fully complement what the area had to offer. This was also due to the fact that neither, Provincial Government nor Sol Plaatje Municipality had a Tourism Strategy in place.

According to the Tourism Bureau, Kimberley is a value for money travel destination, which is aimed at family and educational tourists. The Tourism products offered in the study area are very diverse with a strong historical undertone. There are various services and products in the Sol Plaatje area such as, Museums and art galleries, Holiday resorts, Nature reserves, Casino, Cultural and historical tours, festivals, eco tourism etc.

Activities include tracing the origins of humankind by visiting important archaeological sites, visits to the diamond diggings or plunging almost a kilometre deep into the Earth through a working De Beers diamond mine. Archaeological sites also include the San rock art at Wildebeest Kuil or a tour to the Xun and the Xhwe San textile and ceramic shops. A visit to the Galeshewe Township explores everyday life in a township and the visitor can join the locals for some cultural and jazz music. The Anglo Boer War is a tour focused on Generals of the time and also includes influential personalities such as Solomon Plaatje and Cecil John Rhodes. Another attraction is the haunted corners of Kimberley that makes for one of the world's most exiting Ghost trails (Sol Plaatje Tourism Bureau, 2003).

According to the Bureau, it has not been determined which of these are the most visited, but they estimate that the Big Hole is more popular than the rest of the attractions in the area.

There are however a few constraints, such as:

- Kimberley is well positioned for growth in the conference market but currently lacks a dedicated conference and convention establishment to promote this industry
- According to the NC Tourism Sector Study the “negative image of Kimberley, the relative small size of the city and its distance from the main commercial centres of the country count against its likelihood of being considered by major investors”.
- Tourism products are not well packaged and therefore cannot be adequately marketed on the International arena
- There is no clear focus on where marketing should be pitched at, i.e. On tourism initiatives that are still in their conceptual phases such as the Galeshewe Tourism Route or either focus on tourism products that already exist such as Archaeological sites at Platfontein that can be upgraded and marketed to act as catalysts for the industry
- The cross-border (game-hunting) market is not fully exploited
- Poor Road infrastructure within the Province (especially through-route Gauteng via North West)
- There is also a need for more tour guides in Sol Plaatje

It can be assumed that the Tourism industry is one of the sectors with the largest growth potential in Sol Plaatje. Other potential initiatives within tourism are as follow:

- Using existing tourism products such as the De Beers Big Hole Development, Flamingo Casino & Platfontein archaeological site as catalysts in the industry
- Promotion of Heritage Tourism: Planned Galeshewe Tourism Route with spin-offs
- Effective packaging and marketing of tourism products regionally and globally
- Promotion and development of eco-tourism: expanding and clustering Game viewing/hunting/lodging
- Link up Agricultural practices such as farming and serenity of surroundings, horse back riding with tourism
- Capture declining transit-tourist market (Gauteng via North West) because of poor road conditions
- Kimberley is well situated to be developed as conference, exhibition and team building destination
- According to the Spatial Development Framework Status Quo Draft report, Kamfersdam Natural Heritage Site has been identified as a feature of primary importance.

Industry and Manufacturing

The main goal is to encourage local industrial development and stimulate an increase in local beneficiation activities. The specific programmes that support this includes:

- Industrial support structures: For industrial development and beneficiation to be successful and sustainable, it is necessary to have an overarching body giving advice, guiding development, helping in marketing the products, etc. The aim is to establish a local Manufacturing Advise Centre (MAC) within Sol Plaatje, as part of the Northern Cape Manufacturing Advice Centre (NCMAC) of NAMAC. This centre will help implement viable and sustainable industrial concerns and support their operations.
- Agro-processing: This aims at encouraging industrial development relating to the processing of agricultural products. These can include fruit and vegetable processing plants, livestock and meat processing plants, oil extraction plants, a leather tannery, and so forth.
- Introduction of Renewable Energy Sources
- Mineral beneficiation and processing: For industrial development to take place within Sol Plaatje, 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 or beneficiated overseas. By developing processing and beneficiation plants in the Municipality, numerous jobs could be created and value adding can take place locally, benefiting the local communities and local economy.
- Mining and agriculture related industries: By developing local manufacturing industries, the local economy and its people are likely to benefit on a large scale in terms of job creation, increase in the local value chain and lower transport costs.
- Investment development and promotion: The goal is to develop competitive investment incentive packages that would attract foreign and local industrial and business concerns to locate within the Municipality.

Mining

Sol Plaatje's economy was built on the foundation of a thriving diamond industry dating back to the days of Cecil John Rhodes out of the disparate diamond workings that sprung from the discovery of diamonds in the area.

The first diamonds were discovered on the Bultfontein farm in 1869, followed by Du Toitspan farm in 1870 and Wesselson in 1892. These deposits are still being mined today. In 1871 diamonds were also discovered at the future locations of the De Beers Mine and Kimberley Mine (the Big Hole). De Beers Consolidated Mines were formed in 1888.

There are various constraints that hamper development within the mining sector, such as:

- Illegal mining and diamond trading within the Sol Plaatje area
- Conflict diamond trading within the diamond industry
- The strengthening of the Rand against the Dollar has catapulted Export Mining (De Beers) and Car Manufacturing companies into despair and many are threatening job cuts of thousands of employees
- Perception from communities within Sol Plaatje that De Beers is not committed to the development of the area
- Lack of alignment and integration of De Beers and SPM initiatives
- Lack of communication between the SPM and De Beers
- Lack of coordinated, well-structured and practical economic strategies from the Northern Cape Government thereby not being able to inform actions of local government

Mining can be a powerful force in economic development and poverty reduction. However, mining has the potential either to contribute significantly to poverty reduction or to heighten risks to the lives of the very poorest of society. According to experts in the field, Mining in the SPM can help fight against poverty in a number of ways:

- It can provide government with budgetary resources, through fiscal receipts
- It can be a catalyst for further private sector development
- It creates jobs directly and indirectly as well as opportunities for growth for lateral or downstream businesses
- In addition to every job created directly, large mines also create between 2 and 25 other jobs in suppliers, vendors and contractors to the mines themselves and the miners and their families
- There are also indirect linkages through investments, which in turn enable better social services and catalyse improvements in physical infrastructure
- Large mining operations, such as De Beers in Sol Plaatje, often invest substantially in local economic development through training, social services, and public goods such as clean water, transport, energy and other.

The potential for SPM is as follows:

- Preferential Procurement Plan and Empowerment Charter will undoubtedly boost the development of the small-scale mining sector and other SMME's in terms of skills development and job creation.
- The Plan will also ensure black economic empowerment of historically disadvantaged South Africans within the mining sector of the SPM. It is therefore important that the SPM make use of this platform (SAMPPF) when initiating new mining related ventures or SMME's. It is also imperative that the SPM liaise with the Forum (i.e. De Beers) to ensure that these ventures are integrated and registered onto the National Procurement Database.
- There are many proposed tourism opportunities linked to the mining sector, which includes the new development at the Big Hole.
- Gypsum located to the north west of Roodepan, which presents possible opportunities for future exploration.
- Extensive clay deposits to the north of Kimberley are important for the brick industry.

4.6.3. DIKGATLONG MUNICIPALITY

The specific sectors that were identified for discussion for the Dikgatlong area were:

- Mining
- Agriculture
- Manufacturing
- Trade and Transport
- Tourism

A summary of the discussions is presented in the following paragraphs under the abovementioned headings.

Mining

The largest contributing sector in the Dikgatlong area still remains the mining sector. Productive sectors are found in more tertiary activities of manufacturing etc., although these are strongly dependent on the mining market.

Local opportunity for growth and economic stimulation might be found in the diversification of the local economy to more secondary and tertiary activities. This will ensure a more stable economy, more employment opportunities and might contribute to retaining income within the region. Efforts will however have to be focused on specific sectors with the highest probable contribution to the local economy.

The key issues affecting/threatening the development of the local mining sector can be summarised as follows:

- Lack of equipment and machinery
- High surface right costs
- High rehabilitation costs
- Delaying and insufficient control of mining permits
- Delay in surface right consent
- Lack on management skills
- General mistrust amongst different role-players
- Natural resources and income that leave the area.
- Established miners dominating resources
- Illegal mining activities
- General decline in natural resources

The Dikgatlong area does have various strengths and opportunities that can be implemented in the mining sector to broaden the local economy. These are as follows:

Various strengths such as:

- Land availability
- Vaal River (alluvial diamonds)
- Existing local skills
- Unity amongst small miners
- Railway line and other transport opportunities
- Support systems

There are also various opportunities for this sector:

- Local implementation of new mining charter
- Attract investors
- Establish associations
- Network with larger mining companies
- Closer interaction with DME
- Mineral beneficiation and processing
- Mining and Agricultural related industries
- BEE based opportunities
- De-proclamation of the Vaalbos National Park, will lead to further mining opportunities.
- Rehabilitation of mine dumps
- Development of tour guide for the mining industry

Agriculture

The agricultural sector makes a relatively small contribution to the GGP of the Dikgatlong area and it is showing a negative growth rate. The result is that this sector grows at a slower rate than the market demands for employment, leading to fewer job opportunities and even retrenchments. Farm labourers and miners start to migrate to the urban areas in search of employment opportunities and this increases the pressure on employers and services.

The key issues affecting/threatening the development of the local agricultural sector can be summarised as follows:

- Lack of ownership of land and unused commonage land
- Lack of training and Department of Agriculture support in certain areas (Delpportshoop).
- Transport of workers and products
- Lack of buildings and stores
- Insufficient infrastructure e.g. fencing
- Certain unproductive land areas due to rocks
- No value adding taking place
- Production is not demand driven
- Limited marketing mechanisms
- Land tax (Property tax)
- Diseases e.g. blue tongue and gull bladder
- Rapidly changing markets
- Loss of fertile soil

The Dikgatlong area does have various strengths and opportunities that can be implemented in the agricultural sector to broaden the local economy. These are as follows:

Various strengths such as:

- Available natural resources (land and water)
- Training through the Department of Labour
- Equipment and seeds from Department of Agriculture
- Agricultural extension officers to monitor projects
- Sufficient electrical infrastructure
- Hives area operating
- Incubators are running

There are also various opportunities for this sector:

- Local produce market
- Accessing external markets for export (onions and potatoes)
- Agricultural Processing
- Agricultural Beneficiation
- Community agricultural activities
- Unused commonage land that can be used for further development
- Agri-BEE projects and value-adding (Organic Farming, dairy and fruit products etc.)
- New technologies: Hydroponics and Biotechnology
- Skills development
- Promotion of small scale poultry farming
- Development and promotion of urban agriculture
- Preparation of a Conservation master plan
- Water harvesting and water reuse study
- The use of “invader plants” for fire wood
- Promotion of game farming and beneficiation of game related products

Manufacturing

The Manufacturing sector makes the third highest contribution to the GGP of the Dikgatlong area and it is showing a positive growth rate.

The key issues affecting/threatening the development of the local manufacturing sector can be summarised as follows:

- Current lack of skills
- Expensive overhead costs
- Geographic location to import/export markets
- Outflow of skills
- Low turnover
- Regulations
- Quality control
- Non-market related manufacturing
-

The Dikgatlong area does have various strengths and opportunities that can be implemented in the manufacturing sector to broaden the local economy. These are as follows:

Various strengths such as:

- It is a profitable sector
- Sustainable production
- Various growth potentials

There are also various opportunities for this sector:

- Develop new markets through local networking
- Develop leather tannery/ leather works industry
- Expand brick manufacturing industry
- Expand small-scale jewellery manufacturing industry
- Clothing and shoe factories that manufacture specific mining necessities and equipment
- Product innovation
- Skills development
- High employment potential

Trade and Transport

The key issues affecting/threatening the development of the local trade and transport sectors can be summarised as follows:

- Project driven rather than profit driven enterprises
- Lack of business and management skills
- Unsuitable routes and rough roads in certain areas
- Lack of accessibility of taxis and busses to key destinations
- Lack of proper trade control mechanisms
- Capacity of vehicles to safely carry passengers
- Potential short lifespan of certain SMME's
- Loss of capital investments and consumer expenditure from the area.

The Dikgatlong area does have various strengths and opportunities that can be implemented in the trade and transport sectors to broaden the local economy. These are as follows:

Various strengths such as:

- Diversity of SMME activity
- Access to local affordable transport
- Established transporting sector
- Locality in terms of Kimberley for import and export goods.

There are also various opportunities for this sector:

- Proper utilisation of existing infrastructure and support systems

- Develop Business and management skills
- Improve accessibility of taxis and busses to key destinations
- Develop proper trade control mechanisms

Tourism

The key issues affecting/threatening the development of the local tourism sector can be summarised as follows:

- Insufficient accommodation
- Need proper tourist indicators and infrastructure at tourism sites.
- General market unawareness of the area.
- There is a gravitational pull to Kimberley
- Degradation of the environment, e.g. field fires and pollution
- Improper management
- De-proclamation of Vaalbos National Park (environmental problems)

The Dikgatlong area does have various strengths and opportunities that can be implemented in the tourism sector to broaden the local economy. These are as follows:

Various strengths such as:

- Natural resources (e.g. Waterfall, fountain, converging of Vaal- and Harts river, natural areas and game)
- Vaalbos National Park is most significant eco-tourism destination
- Dedicated and positive attitude of the people
- Heritage sites
- Good accessibility
- Upgrading of the Barkly West Resort

There are also various opportunities for this sector:

- Real effective marketing (product specific and intensive marketing)
- Partnership of tourism role-players
- Eco- and adventure tourism development
- Treasury of archeological relics to be developed
- Product and service development
- Provision of Conferencing facilities
- Train and educate local people
- Develop local skills
- SMME development
- Promotion of joint venture in the B&B industry

4.6.4. MAGARENG MUNICIPALITY

The specific sectors that were identified for discussion for the Magareng area were:

- Agriculture
- Mining
- Tourism

A summary of the discussions is presented in the following paragraphs under the abovementioned headings.

Agriculture

The agricultural sector of Magareng makes a substantial contribution to the GGP in the region and it is showing a positive growth rate. The main sector in Magareng is agriculture.

The key issues affecting/threatening the development of the local agricultural sector can be summarised as follows:

- Expansion of urban area could have impact on agricultural land
- Unemployment and poverty
- Outflow of money to other areas
- Poor soil condition around Warrenton
- Dirt roads and single bridge
- Crime
- Overgrazing – soil erosion
- Resource centres – lack information
- People leave the area to do processing elsewhere.
- Sheep farming is declining due to regular stock theft
- Development of informal settlements next to farms
- Land is being bought for small-scale farming development, without adequate support for emerging farmers.
- Soil in the area poses problems for irrigation
- Limited access to resources
- Lack of support from local authority

The Magareng area does have various strengths and opportunities that can be implemented in the Agricultural sector to broaden the local economy. These are as follows:

Various strengths such as:

- The Vaal River – which provides water that, can be used for human consumption, agricultural and industrial purposes.
- Fertile soil – vegetables were produced as far back as 1878 to provide food to the mining community of Kimberley.
- Agricultural land for grazing and crop production
- Commonage: can be used for establishment of emerging farmers and mining
- Vaalharts water Scheme focused on irrigation
- Bull Hill, Hartswallei: Chicken broiler, irrigation farming, crop and vegetable farming
- Neighboring assets such as orange packing factory, Ganspan fishing resources etc.

There are also various opportunities for this sector:

- Majeng: Agricultural opportunity, 60 ha ploughed land (460 ha potential), grazing land, goats and cattle etc.
- Irrigation due to canal – also producing potatoes
- Industrial area – 46 ha for citrus growing
- Peanut oil factory, fruit processing and meat processing
- Game farming, aloe farming, chicken farming opportunities
- Vaalriver: Water extraction
- Agricultural Processing
- Agricultural Beneficiation
- Community agricultural activities
- Agri-BEE projects and value-adding (Organic Farming etc.)
- New technologies: Hydroponics and Biotechnology
- Skills development

- Promotion of small scale poultry farming
- Development and promotion of urban agriculture
- The use of “invader plants” for fire wood
- Promotion of game farming and beneficiation of game related products

Mining

The key issues affecting/threatening the development of the local mining sector can be summarised as follows:

- Outflow of money to other areas
- Lack of skills
- Illegal dumping
- Lack of management and technical skills
- Lack of revenue generated from mining

The Magareng area does have various strengths and opportunities that can be implemented in the Mining sector to broaden the local economy. These are as follows:

Various strengths such as:

- Vaal River: Water extraction and alluvial diamond mining
- Mining: Diamonds – can establish small miners
- Commonage: can also be used for mining
- Small Open cast mining in Warrenvale and Ikhutseng and along the river

There are also various opportunities for this sector:

- Draw investment to the area
- Local implementation of new mining charter
- Attract investors
- Establish associations
- Network with larger mining companies
- Closer interaction with DME
- Mineral beneficiation and processing
- Mining and Agricultural related industries
- Study on potential for precious stone mining
- Rehabilitation of mine dumps
- Development of tour guide for the mining industry

Tourism

The key issues affecting/threatening the development of the local tourism sector can be summarised as follows:

- Small town – few investments
- Not marketing the area properly
- Low payment rate for services and lack of funding for development
- Outflow of money to other areas
- Lack of skills
- Not using our resources to its fullest potential (N12)
- Dirt roads and single bridge poses problems to travelers
- Crime
- Lack of tourism information centre
- Development of new resort threat to the environment

- Lack of recreational facilities

The Magareng area does have various strengths and opportunities that can be implemented in the Tourism sector to broaden the local economy. These are as follows:

Various strengths such as:

- Railway line, which runs from JHB to Cape Town as well as from Mafeking and Botswana passenger services, are offered at Windsorton station, Warrenton station and 14 streams station. This offers opportunities for the development of B&B's and Cafés and the utilising of goods sheds at these localities for alternative uses.
- Transka Resort: Next to river host festivals, pleasure resort with swimming pool
- Nazareth & 14 streams: rock engravings, battle grounds, churches, bungalows for overnight
- Forts next to railway line and river – heritage sites
- Bird park – new development to be used by community
- Spitskop dam: fishing with hotel – boat houses for entertainment
- Oupa's tavern onto old dam – B&B and restaurant
- Warm spring, heritage resources like old graves, fort, water wheel, etc.

There are also various opportunities for this sector:

- Cultural resort: cultural events can be hosted there. Facilities offer a hall, swimming pool with forts; can also be used to host conferences
- N12 and N18: centrality – can encourage the development of B&B's, Tourism centre with shopping complex and filling station
- Weir can serve as tourist attraction: fishing, tourism, water sport
- Develop a marketing strategy for the area
- Development of a comprehensive tourism product
- Focusing on a particular market segment
- Maximises the unique features and resources of the region
- Promote vertical and horizontal integration to build strong regional brand and create opportunities for BEE.
- Establish a representative tourism forum
- Establish a tourism information centre.
- Promotion of partnership in resort development
- Promotion of joint venture in the B&B industry

SECTION FIVE: Strategy Guidelines and Framework

5.1. INTRODUCTION

The previous sections provided an assessment of the internal structure and the potential of the Frances Baard District area's local economy. The formulation of a strategic framework within which the economic conditions of the Frances Baard communities can be addressed is provided in this section. The identified priority issues from the preceding section are employed as the point of departure for this section. This section is outlined as follows:

Firstly, the best practice with regards to sectoral development approaches, both locally as well as internationally is highlighted in order to set the stage for the formulation of appropriate local economic development (LED) strategic guidelines.

These guidelines are translated into a strategy framework within which LED activities can be planned and managed for the Frances Baard District. The specific geographically different dynamics are taken into account. The framework consists of community level visions and objectives that are consolidated into the district wide strategy framework.

The various components of the strategy framework are discussed under the appropriate headings to clarify the specific manner in which the components can be "assembled" to form the strategic framework. Each component is explained separately to highlight inherent characteristics. Finally, the integrated framework is discussed.

5.2. DEVELOPMENT APPROACH AND STRATEGIC GUIDELINES

This subsection clarifies the development approach that is required to facilitate the integrated development within the Frances Baard District. This approach can be highlighted as follows:

Firstly, community participatory planning processes are employed to ensure that the vision, objectives and strategies developed are aligned with the priority needs of the communities. Therefore the incorporation of local level objectives is required. This incorporation is made possible by the consolidation of development issues raised by the respective communities into the analysis phase.

A local economic development "vision statement" was formulated for each of the local municipalities. It should be emphasised that these inputs provide valuable insight into the local dynamics of the local economies and strategically guided the formulation of the vision statements. These vision statements are employed in the subsequent sub-section to highlight cross-municipal issues that must be addressed by strategies for the district.

Secondly, the developmental issues are categorised into the primary categories which includes:

- Institutional demarcation and capacity building
- Adding value in the Mining sector
- Manufacturing and Industry Development

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- Emerging Agricultural Development (Agri-BEE)
- SMME's and Business Support
- Tourism development
- Human Resource Development

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These categories are translated in the subsequent development of the strategic framework to be reflected as "thrusts". These thrusts have been selected through the involvement of the communities through the facilitation of workshops with all the local municipalities and through interviews with all the stakeholders. 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 local economy."

Thirdly, the thrusts are employed as reference point in order to develop suitable strategies (for each respective thrust). These strategies are translated into workable programmes aimed at addressing the specifics of the different thrusts. Explicit activities are incorporated to support the implementation of the programmes and thrusts.

The visions of the respective local municipalities are employed in order to identify district wide elements that must be incorporated in the selected strategies. In other words, the local aspects affecting the economic development systems, on a local level, are included in a manner that will assist the local economies through intervention from a district level. **Table 5.1** provides the vision statements for the various local municipalities.

It is evident that various primary characteristics can be distilled from the various vision statements that should be incorporated into the overall strategic framework for the entire Frances Baard District. These characteristics are vitally important in order to facilitate and formulate the framework for the Frances Baard District.

The characteristics/elements are inter-related and affect the entire LED system through the interaction of the elements with the broader economic environment.

Table 5.1 VISION STATEMENTS OF LOCAL MUNICIPALITIES

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MUNICIPALITY	VISION STATEMENT
Sol Plaatje	"Working together for a better quality of life for all. A dynamic municipality that provides a comprehensive range of affordable services for all its citizens while ensuring an enabling environment for holistic and sustainable social and economic development through a transformed management service."
Phokwane	The Phokwane municipality poses to promote social and economic development, as well as job creation, in order to create an environment which is conducive to economic development.
Magareng	The municipality wants to commit itself to the economic challenges it faces and to stimulate economic growth to the benefit of all. They also want to draw investment to the area.
Dikgatlong	"To ensure a systematic and locally relevant set of mechanisms and measures to stimulate and promote viable local economic activities which in turn should address employment creation, income redistribution and poverty alleviation."

(Source: Various Local Municipalities' IDP's)

It must be emphasised that the efficient functioning of the respective elements is vitally important, not only to the LED system, but also to the functioning of the remaining elements.

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It is evident that the various local municipalities' vision statement informs the district level vision statement. It should be emphasised that the characteristics of the vision identified within the various local level visions should be duplicated in the district level vision. Additionally the formulation of the vision should be of such nature that the constraining elements within the local economy are addressed. However, the vision should not be confused with project-level focused interventions. The vision is a statement of the long-term direction of the local economy. This should also clarify the specific elements which are targeted for intervention and that will act as the vehicles for LED.

The vision statement of the Frances Baard District is:

"The Frances Baard District Municipality strives to be a municipality with a clear developmental focus, providing quality services to all its people."

The Frances Baard District Municipality is committed to provide and improve the quality of services and therefore improve the lives of all its communities by:

- Promoting Social and Economic Development
- Providing and maintaining affordable and optimal quality services
- The economic, efficient and effective utilisation of all its available resources, and
- Effective Stakeholders and Democratic Community Participation

(Frances Baard District IDP Review, 2004-2005)

It is against this background that the strategic district level objectives are formulated. These objectives are the overall LED objectives and guide the actual development of strategic thrusts in order to implement the necessary strategic programmes that will facilitate economic development of the region.

5.3. DEVELOPMENT GOALS

The economic development goals formulated for the Frances Baard District are directed by:

- The development vision of the Frances Baard District
- The strategy guidelines as provided in the preceding chapter
- Existing developmental issues that were identified through the workshop and interviews with stakeholders.

▲ These goals are district wide and should be viewed as the overall objectives of the LED Sector Plan within the Frances Baard District.

- To ensure the involvement and collaboration of all stakeholders in the local economic development process
- To re-align the efforts of the non-government entities active in LED into an shared direction of the LED drive
- Encourage government departments to utilise the LED network as a conduit for delivering development programmes and services
- To facilitate an improvement of the range of employment as well as the labour-force and income growth.
- To strengthen local government in order to mobilise and unlock the latent, but important leadership component in the LED process.
- Provide adequate and appropriate development support in order to address, not only the economic concerns, but also the allied social considerations such as: reducing poverty

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and unemployment, generate income equity, environmental enhancement and improve overall “quality of life”.

- Restructure the local economies to retain locally generated capital and increase the circulation of money.
- Facilitate institutional demarcation through the establishment of economic networks and linkages between entities to ensure the coordination of development activities.
- Increasing economic benefits from tourism through the promotion of sustainable livelihoods for local communities generated from addressing the needs of the tourism industry.
- Promotion of sustainable economic development in parallel with the maximisation of the comparative advantages of the local area.
- To guarantee the efficient and effective dissemination of information and the expansion of LED knowledge and know-how throughout the region.
- The stimulation of dialogue over issues and problems within specific sectors as well as multi-sectoral issues in a manner conducive to collective action. (Frances Baard District IDP Review, 2004-2005)

The allocation of the different goals to the individual thrusts will indicate that the key issues identified are being addressed. However, as mentioned previously, the above goals are for the economic development of the entire region. The thrusts for the Frances Baard District are supported by a variety of thrust specific-strategies.

5.4. STRATEGIC THRUSTS

The strategic thrusts which have been identified in consultation with the stakeholders, local communities, and guided by the key issues are defined in this sub-section. These strategic thrusts are:

- Institutional demarcation and capacity building
- Adding value in the Mining sector
- Manufacturing and Industry Development
- Emerging Agricultural Development (Agri-BEE)
- SMME's and Business Support
- Tourism development
- Human Resource Development

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Each of the strategic thrusts is of such nature that the future economic development of the Frances Baard District is performed in an integrated manner. These thrusts represent the building blocks on which the new economy of the Frances Baard District will be based while the development guidelines outline the specific requirements of the developments. The particular development programmes forms the “basket” containing the respective activities per development programme.

Practical considerations in terms of local economic development would, however, differ for each specific area according to its characteristics and elements, which can include elements such as population densities, income potential, existing and future LED opportunities, social needs etc.

These issues relate to the rational for clarifying each strategy in terms of the following:

- Development elements
- Development programmes
- Linkages with other thrusts

Additionally, a brief description of the thrust is provided and acts as a departure point for the discussions. Where appropriate, vital issues, as well as other dimensions, are included. It is necessary to emphasise that the specifics of the development programmes are dealt with in the remaining part of this section.

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5.4.1. THRUST 1: INSTITUTIONAL CAPACITY BUILDING (In-house Training)

Local government is tasked with the delivery of services to the local communities residing in its area of jurisdiction. Through the enactment of the Municipal Systems Act of 2000 and the Municipal Structures Act of 2000, local government was given a mandate to deliver apart from the traditional engineering services, economic development in the local area.

Currently, this mandate is proving to be extremely challenging to fulfill in the light of the structural adjustments in the local economy as a result of the shift in the national approach to economic development. It is noteworthy to emphasise that the existing institutional environment must be re-aligned and appropriately capacitated to execute its new mandate.

DEVELOPMENT ELEMENTS

The re-alignment and capacitation of the institutional structures, especially local government, can only be performed through a systematic approach to the problems being experienced. Central to this thrust is that the departments and/or institutions are adequately and appropriately staffed and trained. In-house training is very important for the Municipality and the LED unit in order to grow and attain certain skills. In-house training could be done through various programmes such as mentorship programmes, learnerships, training of students during holidays for future potential employment in the municipality, internal skills development etc. The specific job descriptions, of the employees of the municipality (LED unit), must be matched with their specific skills. A skills gap analysis must be done in order to place the best people in specific positions.

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It is important that continuity is maintained throughout the LED process with respect to the personnel performing the LED activities. Therefore, as this thrust is concerned with the overall improvement of the institutional mechanism, which delivers LED, efforts should be made to ensure that during the initial phases of the implementation of this thrust's development programmes, momentum must be attained in all the local municipalities.

The elements which are of priority relates to the efficiency of the implementation and management structures i.e. local government, that are addressed through the implementation of the development programmes revolves around the requirements to improve the delivery of LED-services, an improvement of the organisational culture as well as the integration of the various institutions active in LED. Therefore, it is also very important for the Frances Baard District to establish a LED forum, consisting of various stakeholders and LED Managers. A major constraint identified is the limited availability of appropriate funding for LED.

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DEVELOPMENT PROGRAMMES

In order to fast-track the re-alignment and capacitation of the institutional structures i.e. the local government departments active in LED throughout the district, it is necessary to depart on a comprehensive skills enhancement process. This process incorporates all aspects of the LED delivery system and is expanded to include the regulatory environment e.g. by-laws and organisational culture.

The specific development programmes prepared for this strategic thrust are:

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Development programme 1:**Roles & Responsibilities and Training & Capacitation****Development programme 2:****Culture of Service Excellence****Development programme 3:****Focused Marketing Strategy****Development programme 4:****Establish LED Forum****Development programme 5:****Business Retention and Facilitation of Investment Opportunities**

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Development programme 4: Regulatory Reform ¶

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The primary focus of this thrust is on the improvement of the local government in terms of their respective mandates to perform and deliver LED. It should be noted that although the focus of the thrust is on the local government i.e. the local municipalities as well as the district municipalities, where appropriate the other government and non-government departments and institutions are included.

5.4.1.1. Development programme 1: Roles & Responsibilities and Training & Capacitation

Each of the local government levels/departments has a different role in the LED-process. It is necessary to establish a framework according to which the required work can be allocated to the responsible entities. This is possible through the clarification of the roles and responsibilities of these entities in terms of LED.

The clarification of the roles and responsibilities of the various local government role-players must be work-shopped in order to obtain a holistic understanding of the functionalities of the various active parties as well as a common commitment to the delivery of the expected roles.

A reference framework for the determination of the specific roles and responsibilities is provided in the **Table 5.2**. The various activities within the framework are of such nature that the interaction of the two levels is vitally important.

Table 5.2. REFERENCE FRAMEWORK – ROLES AND RESPONSIBILITIES

DISTRICT	MUNICIPALITY
<ul style="list-style-type: none"> ▪ Maintain internal and external communication ▪ Capacity building ▪ LED planning (district and local) ▪ Manage LED initiatives ▪ Conduct LED audit ▪ Compile and assess feasibility of business plans ▪ Strategy development ▪ Identify and broker resources equitably ▪ Identify market and opportunities ▪ Provide financial resources ▪ Coordinate and align LED activities ▪ Establish and maintain partnership to facilitate LED activities ▪ Align municipal policy and practices ▪ Monitor and evaluate the impact of LED activities 	<ul style="list-style-type: none"> ▪ Policy and planning - strategic focus ▪ Research and development, assess need in strategic areas ▪ Develop/link to IDP ▪ Facilitate/ coordinate LED partners ▪ Marketing city/town ▪ Identify, development and manage data bank of stakeholders ▪ Support services - financial and non-financial ▪ Skills development - LED officials and community ▪ Regeneration studies ▪ Linking and access to funding ▪ Identify, prioritise and select projects ▪ Implement and manage projects ▪ Create conducive environment for LED and growth – support services incentives ▪ Job creation through capital projects ▪ Conflict resolution and management ▪ Identify strategic and high potential

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	<p>growth areas – geographic and functional</p> <ul style="list-style-type: none"> ▪ From and encourage linkages ▪ Sharing information – between local authorities, other partners and clients ▪ Facilitate and oversee partnership between big business and communities ▪ Job creation information, collation and report results
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(Source: LGWSETA, 2003)

The establishment of clear communication lines between the two pillars is central to the mechanism of roles and responsibilities. It is necessary to integrate the roles and responsibilities with the necessary skills and capacity to perform the functions.

A support programme for skills development that was conducted by LGWSETA indicated that the top five competencies required by the LED officers within the local government sphere (more specifically the municipality level) to successfully perform LED are:

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- Project management skills
- Facilitation and negotiation skills
- Conflict resolution
- Communication
- Report writing

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The development programme focuses on measures to ensure that these skills are attained in the local municipalities to enhance the capacity to propel the local areas onto a higher growth path.

CORE COMPONENTS

The core components of this development programme are strictly related to the capacity building mechanisms and measures related to the implementation of the capacity building and training programmes.

The implementation of this programme is vitally important for the successful deployment of the various thrusts. The reason for this is that the capacity required to implement the thrusts is fundamentally based on the availability of appropriate skills to drive the implementation process.

The skills required to initiate the LED process are multi-dimensional in nature but is predominately management related. It is therefore necessary to determine the profile of the skills in the local municipalities to determine the specific curricula which must be enhanced. In other words, a workplace skills plan (WSP) for the LED departments/units must be formulated to determine and specify a detailed skills development strategy within each local municipality as well as the district municipality.

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Subsequently skills development facilitators (SDFs) must be incorporated in to the strategy in order to act as mentors during the LED process. The existing PIMSS is a useful resource that should be accessed in this regard. (PIMSS="Planning & Implementation Support System"). The PIMMS could also be expanded and better marketed in the Frances Baard District Municipality. These SDFs should be structured in a fashion that is conducive to collective utilisation of the services, thereby maximising the impact as well as limiting the cost associated with programme implementation.

Electronic format training is recommended as the use of technology in the implementation process has the potential to reduce errors and streamline the planning process. The effective

use of electronic media in the planning process as well as the implementation process is highly preferable.

Apart from the workplace skills plan, the skills and competencies required to perform LED need to be directly enhanced. The five dimensions required to perform LED and its subordinate components are listed in **Table 5.3**.

Table 5.3. DIMENSIONS REQUIRED AND NQF LEVELS

DIMENSION	SUBORDINATE COMPONENTS	NQF LEVELS*
Managerial Skills	<ul style="list-style-type: none"> Planning & organising Problem solving Negotiation Communication Conflict resolution and management Computer literacy Change management Facilitation/coordinating Monitoring and evaluation 	5, 6 & 7
Project Management	<ul style="list-style-type: none"> Consultancy management Formulation of business plans 	6 & 7
Programme Management	<ul style="list-style-type: none"> Place marketing SMME promotion Business attraction/retention Human capital development and productivity enhancement Infrastructure provision Economic linkages development 	7
Financial Management	<ul style="list-style-type: none"> Budgeting Fundraising Financial reporting 	6 & 7
Research & Development	<ul style="list-style-type: none"> Review of policies, strategies etc. Economic research 	6, 7 & 8

(Source: LGWSETA)

* National Qualification Framework

It is evident that the primary component of this development programme is the identification and quantification of the existing skills and competencies within the local municipalities in terms of LED and the enhancement of these skills to comply with the NQF levels essential to perform the functions. A description of the relevant NQF Levels is presented in **Table 5.4**:

Table 5.4: NQF LEVELS

LEVEL	DESCRIPTION
Level 5	Diploma/Certificate/Degree
Level 6	Honours degree
Level 7	Masters degree
Level 8	Doctorate

PROJECT IMPORTANCE

The comprehensive capacitation and training of the individuals responsible for LED initiation and implementation in the Frances Baard District is critically important. Although the various thrusts and development programmes need to be viewed in an integrated manner, this programme is one of the highest ranking "critical success factor".

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The logic supporting this statement is based on the fact that this programme will address all of the necessities within the current institutional capacity framework. These elements are:

- LED Coordination
- Strategic management
- Financial coordination
- Information coordination
- Administration support
- Communication support
- Implementation management

KEY ROLE PLAYERS

The key role-players within this development programme rather the administration component of the programme. The rationale for this relates to the fact the aim is to extend the existing capacity and the trainees are targets of the programme and not the champions of the programme. Situations will arise in all probability where the champion should also attend the training sessions.

- SETAs (LGSETA)
- Frances Baard District Municipality
- Development Bank of Southern Africa
- Donor organisations e.g. European Union
- Local municipalities
- Skills Development Agencies

INSTITUTIONAL ASPECTS & FUNDING

LGSETA is a government authority that deals with capacitation of local government institutions. However, the initiation of the training and capacitation should be initiated by the FBDM in parallel with the various local municipalities.

LGSETA will be able to provide an inventory of the accredited centres within the Frances Baard District that can be employed for the training and capacitation of the local role players. It must be stated that the majority (a percentage) of the funds that will be utilised for the payment of the training courses for the local officials can be claimed back from LGSETA.

It is the responsibility of the local municipalities and in particular the Municipal Manager to ensure that the correct procedures are followed and that the formulation of a local WSP is initiated and completed.

MAIN FACILITATION / IMPLEMENTATION ACTIVITIES

The processes that must be followed in order to utilise the LGSETA programmes are:

- Establish "workplace skills plans" per municipality
- Identify local service providers that are accredited by the LGSETA
- Follow application guidelines
- Undergo the training courses (intensive training programmes)
- Run training workshops
- Complete claim-forms for training received and forward to LGSETA
- Receive disbursements from LGSETA.

5.4.1.2. Development programme 2: Culture of Service Excellence

A useful tool to directly improve the investment climate of a region is through the improvement of the services offered to investors. This includes all services ranging from basic enquiries to the provision of infrastructure and investment incentives.

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Although the regulatory environment is designed to guide development in the region, an unyielding approach to the implementation of these regulations can scare investors away. A balanced approach is required to maintain the development objectives of the regulations while being flexible to accommodate investors' needs.

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As this thrust deals with the institutional capacity and re-alignment, the focus of this particular development programme is on the provision of a usable vehicle through which a climate conducive to service excellence can be established.

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CORE COMPONENTS

It must be stressed that the creation of a culture of service excellence is rather an organisational issue than a LED-issue. However as a result of the direct implications of service delivery on the LED process and the low levels of service delivery throughout the Frances Baard District, it is included as a development programme.

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In order to adjust the existing organisational culture in a manner that would support the LED efforts being initiated within the region, it is essential to improve the overall efficiency and effectiveness of the local government processes. In other words, timeframes required performing tasks needs to be improved and the resources involved must be utilised optimally.

Through an aligned commitment of the resources (human and capital) an equitable distribution of the resources can be achieved i.e. allocation of the resources to the priority developments and in a time efficient manner.

The components mentioned above is directly dependent on the level of performance of the organisation as a whole which is supported by the skills and abilities of the employees. It is evident that the skills component is vitally important and continuous training and development is necessary to sustain service excellence.

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PROJECT IMPORTANCE

The importance of the project is vested in the improvement of the investment climate as a result of the aggregate improvement in the region as a result of the adjustment of the service delivery climate.

Sustainable local economic development does not necessarily result from fast track procedures. The retention, expansion and attraction of businesses and industries are one of the most productive ways of stimulating the local economy and creating new employment opportunities. For most industries, the decision to expand local operations or to re-locate to a new area is influenced by a number of factors. The attitude and efficiency of government towards the development decision-making process is an important factor influencing the decision making process of relocating to a specific region and sub-region.

In order to attract and promote investment in an area, the local authorities should seek to promote and maximise the area's competitive advantages and influence the locational decision making process. An effective mechanism that can be applied to assist in such influencing is a "fast track process unit" in local government for handling planning, information and regulatory activities. (Note that the fast track refers to the speed and efficiency of the process i.e. service excellence.)

KEY ROLE PLAYERS

As this development programme focuses on the service delivery component of local government i.e. the district and local municipalities, the persons responsible for the management of these institutions and the individuals responsible for LED are central to the theme.

- The municipal managers
- The LED Officers & LED Units

- The LED portfolio committees
- LGSETA

INSTITUTIONAL ASPECTS & FUNDING

As the implementation should occur from a top-level management, the municipal manager is primarily responsible for the implementation of this programme. Support should be obtained from the political leaders i.e. the mayor as well as the local opposition within the local economy.

The FBDM must assist in the transformation of the local working climate through the provision of appropriate assistance and resources where the local municipalities' financial resources are not adequate.

This development programme requires little funding but concerted efforts should be made to implement activities that can assist in the transformation process. Examples of such activities include team-building and breakaway exercises. These exercises can be integrated with strategic planning processes.

MAIN FACILITATION / IMPLEMENTATION ACTIVITIES

The implementation of this development programme cannot be undertaken in specific sequential manner. The process of improving the services delivery climate is an organisational adjustment. It is vitally important that the top-management within the local municipalities i.e. the municipal managers, the heads of departments, view this as a process that they themselves must implement.

In essence this development is good governance on a local level and therefore the top management primarily drives the implementation. The commitment of the councilors is also an essential ingredient and the mayors and all other political bodies must be incorporated in a manner that the decision-making processes does not interfere unjustly and/or in a time-inefficient fashion with LED efforts.

5.4.1.3. Development programme 3: Focused marketing strategy

The marketing of the Frances Baard District through a focused marketing strategy is therefore regarded as of paramount strategic importance for the future development of the Frances Baard District.

CORE COMPONENTS

The marketing strategy for the Frances Baard District should be based on at least two main elements, namely:

- **Firstly - a plan to market the Frances Baard District as an entity with its own identity and character.**

This means that the Frances Baard District should be known to everyone as the area of development opportunity in the wider region. The marketing effort should be directed towards the broader public and those who are new in the area, i.e. tourists, the national business community and international investors. Essentially the main aim of this plan should be to promote the District in such a way that it will attract people to live, shop, work and utilise the recreational and entertainment facilities in the area.

- **A focused plan to market the specific opportunities offered in the Frances Baard District.**

The sectors/aspects, on which the focus should be concentrated, are:

- Mining (Beneficiation and Mining Tourism)
- Manufacturing (Beneficiation and Processing such as small-scale jewellery etc.)
- Agriculture (Processing and Agri-BEE)
- Tourism (Marketing and Development)

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Development programme 3:
"Extraordinary Development
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A key constraint hampering the initiation and implementation of LED projects is the limited availability of funds. Additionally, the application procedures for funds from donor organisations are ... [12]

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- o Small business development and business support

PROJECT IMPORTANCE:

The importance of this project to the success of development initiatives in the Frances Baard District is obvious. The marketing strategy will promote all development projects, local activities, opportunities, etc. to a broad community in a positive and constructive manner. The development of the Frances Baard District should in the short term be seen as a critical project, mainly because various strategic projects need to be initiated, funded and implemented. Some of the problems that may be experienced by the implementation of this project include:

- The availability of specific information on new projects, development successes and planning proposals, and conflicting interest
- The marketing method and approach that will be followed
- The timing of marketing actions
- Crime, conflict and violence.

Proper marketing and publicity are ongoing processes which are expensive. The availability of funds can be regarded as the main constraining factor. However, the opportunities are numerous as there are various institutions that can become major role-players in the marketing strategy. The four Municipal Councils and provincial government will all benefit from the Frances Baard District and they can contribute to this project. The same applies to the private sector institutions, parastatal and NGO's.

Although the direct impact of this project is difficult to estimate, it is realistic to assume that if certain preconditions can be met, the impact of focused marketing of the Frances Baard District can be substantial. Some of the preconditions are:

- Initial investment in visible projects by the local public sector
- Reduction in crime and violence
- Improved regional/provincial economic performance
- An ongoing interface between development projects and the marketing process
- The implementation of the other Frances Baard strategic projects.

KEY ROLE-PLAYERS

The key role-players that should take the lead in this project are the following:

- Frances Baard District Municipality
- The four Local Municipalities
- Provincial Departments (Tourism, Education, Housing, etc.)
- National Departments
- Private companies
- Labour organisations
- Community organisations.

INSTITUTIONAL ASPECTS & FUNDING

The development programme implies a total commitment by all key role-players. This can be achieved through the establishment of a public/private sector partnership with the main responsibility to market the Frances Baard District. The membership may include a wide spectrum of organisations such as the public and private sectors, labour and community organisations. This partnership will probably employ staff for marketing research, building consensus around development goals and initiatives and the identification of the development needs of the Frances Baard District. All the members should be willing to commit resources on a continued basis to the partnership in order to ensure its future long-term sustainability.

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MAIN FACILITATION / IMPLEMENTATION ACTIVITIES

▲ The Frances Baard District Municipality should facilitate the implementation of the project. The key steps in the implementation of the Focused Marketing Strategy are:

- Introduce the relevant public sector institutions, private sector, community and labour organisations to the Frances Baard District and underline the need to market the development of the corridor.
- Formulate a framework for a Focused Marketing Strategy
- Establish a Public and Private Sector Partnership (PPSP) with the aim to take responsibility for this strategic project.
- Identify the target market(s) and marketing strategy
- Promote and market the Frances Baard District on an ongoing basis.

5.4.1.4. Development programme 4: Establish LED Forum

Establishing an Economic Development forum for the Frances Baard District Municipality is of utmost importance. One of the main issues that were identified in the area is that there is a lack of communication, especially between the District and Local Municipalities, as well as between Municipalities and sectoral stakeholders. This LED forum will contribute to narrowing the communication gap that currently exists.

This forum should have a representative from each of the different economic sectors and should work closely together with the LED Unit. This forum is also a necessary tool, in terms of giving advice, on decisions that was made in the Economic Development Forum (regarding the different sectors) through to the various sectoral forums, in order to avoid confusion.

Provincial and Local Government departments, the chamber of commerce (NAFCOC, NOCCI etc.), agencies and small- and large scale private sector participants, from each economic sector (such as De Beers, small miners, farmers, Tourism association etc.), need to consult on a regular basis with each other. This will encourage them to exchange ideas and thoughts on advancing opportunities and overcoming pressing developmental challenges. This will also make them aware of new opportunities and developments in each different economic sector.

This LED forum will identify and prioritise ideas and projects together with the community and sectoral stakeholders, in order to create the environment for economic growth and development. The LED forum should have various characteristics that will support its successful operation. The characteristics include:

- Have clarity on its purpose and function.
- Operate independently, but within agreed policies, principles and a mandate. The development forum should be guided from a common value orientation and vision.
- Have a clearly defined mandate.
- There should be regular report-backs on project progress and process. Monitoring mechanisms should be put in place.
- Be 'lean' and focused. The development forum should be structured with a small, but effective complement of dedicated and empowered staff.
- Be representative of core stakeholder groupings and function in a consultative manner. In this regard, members on the development forum should reflect perspectives as prevalent among their constituencies to ensure that diverse needs are met. The development forum should have the ability to co-opt other members if and when required.
- Be transparent in its dealings.
- Be a-political.
- Have a commercial/business approach with a strong project management and co-ordination function.
- Integrate and enhance existing and future business and social development processes.

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- Be as committed to the needs and growth of the grassroots entrepreneurs as it is to burgeoning large-scale enterprises.

5.4.1.5. Development Programme 5: Business Retention and Facilitation of Investment Opportunities

The Frances Baard District Municipality needs to play a facilitating role when it comes to the development and expansion of businesses in the area. In order for business retention to take place in the area, the municipality must do the following:

- Create an environment to ensure that businesses and organisations stay within the municipality.
- Provide adequate infrastructure and services in the area.
- Monitor needs and perceptions of SMME locally
- Comply with labour market demands
- Provide business infrastructure
- Provide financing
- Provide technical support
- Procurement (Supply chain management)
- Linkages with investors and businesses
- Networking between government and various sectors (especially when a LED forum is established)

The Frances Baard District Municipality can also assist in the facilitation of investment opportunities. When opportunities for investment is identified, the municipality can play a facilitating role in linking local businesses or potential entrepreneurs with external investors i.e. matchmaking. An inventory of potential investors, development opportunities and national incentives can also be established to help local businesses and potential entrepreneurs. A few investors were already identified at the LED workshop and are as follows:

- Ditsibi (Leather products)
- Lihp Design Cosmetics
- Solid Waste Technologies
- Companies from Belgium
- Danish Embassy – will assist small businesses for example shoe business. They will show the business how to make shoes and they will also train them etc.
- Construction Companies

IN CONCLUSION

The institutional thrust focused primarily on the improvement of the services being offered by the various local municipalities through the enhancement of the existing capacity of the respective officials who are responsible for LED. However, the thrust acknowledges the entire local government system as a vital link in the local economic development system that serves as the determinant of the local investment climate.

Therefore, the comprehensive strengthening of the local administrative and implementation capacity will necessarily contribute to an increased efficiency and effectiveness of firstly resource allocations and secondly implementation activities.

However, it must be emphasised that not only the LED components should be capacitated, but the entire municipal management system must be strengthened.

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5.4.2. THRUST 2: ADDING VALUE IN THE MINING SECTOR

Mining is the extraction of valuable minerals or other geological materials from the earth, usually (but not always) from an ore body, vein, or (coal) seam. Materials recovered by mining include bauxite, coal, diamonds, iron, precious metals, lead, limestone, nickel, phosphate, rock salt, tin, uranium, and molybdenum. Any material that cannot be grown from agricultural processes must be mined. Mining in a wider sense can also include extraction of petroleum, natural gas, and even water.

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Certain sub-sectors of the mining industry in the Northern Cape and Frances Baard region are approaching maturity with downscaling, already having commenced in the copper and diamond mining industries. This could pose serious socio-economic challenges in the affected areas and there is an urgent need to identify and promote alternative economic activities. Currently, minerals are only mined in the Frances Baard area and then transported to other areas where they are processed or beneficiated overseas (also as mentioned earlier in Section 4).

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DEVELOPMENT ELEMENTS

This thrust includes the extracting and beneficiating of minerals in the Frances Baard District. It also includes underground and surface mines, quarries and the operation of oil and gas wells as well as all supplemental activities for dressing and beneficiating of ores and other crude materials.

The elements of this thrust aims to improve the mining utilisation within the Frances Baard District. The various development programmes address the issues identified through the interviews and the workshop that was held. It is important to differentiate between different sets of obstacles to mining development.

If local conditions are not conducive to development, they contribute to an overall syndrome of poverty and backwardness. Against all the odds of these structural constraints and local obstacles there are many examples of human ingenuity and creativity, which have created the conditions for survival and even enrichment. Therefore conditions conducive to such entrepreneurial development must be created.

DEVELOPMENT PROGRAMMES

A number of development programmes are included in this thrust and include the following:

Development programme 1	Processing and Beneficiation
Development programme 2	Opportunities for Mining-Tourism

Each development programme is discussed in the following paragraphs under the appropriate headings.

5.4.2.1. Development programme 1: Processing and Beneficiation

Mining can be a powerful force in economic development and poverty reduction. However, mining has the potential either to contribute significantly to poverty reduction or to heighten risks to the lives of the very poorest of society. Mining in the Frances Baard District can help fight against poverty in a number of ways, especially through processing and beneficiation.

CORE COMPONENTS

Although Mining is in long-term decline it still remained the most important sector in the provincial economy and will remain so for many years to come. However, minerals are exhaustible and all mines have a limited life span.

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Although the Northern Cape and the Frances Baard District is well endowed with mineral resources, there are some problems and constraints. For example the diamond sector is probably in the early stages of decline. Mining is concentrated on the production of ores, 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 also increasing competition from other mines in other countries and from new products. This can significantly reduce the viability of some mines and even induce closure.

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Environmental regulations in South Africa and abroad have become more stringent in recent years. Under these circumstances, the lack of baseline information on environmental conditions for the province inhibits new investment because potential environmental liabilities cannot be rapidly assessed. Current laws regulating the mining sector are complex, bureaucratic and restrictive to prospecting and mining. In the Frances Baard District the main constraints restricting the expansion of current production is inadequate transport capacity and the high costs associated with the transporting of products to the coast or local markets.

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However, Mining in the Frances Baard District can help fight against poverty in a number of ways:

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- It creates jobs directly and indirectly as well as opportunities for growth for lateral or downstream businesses.
- In addition to every job created directly, large mines also create between 2 and 25 other jobs in suppliers, vendors and contractors to the mines themselves and the miners and their families.
- There are also indirect linkages through investments, which in turn enable better social services and catalyse improvements in physical infrastructure.
- Large mining operations, often invest in local economic development through training, social services, and public goods such as clean water, transport, energy and other infrastructure. The mining houses furthermore have various forms of study loans and bursaries for qualifying employees.
- There are many proposed tourism opportunities linked to the mining sector, which includes the manufacturing of jewellery, arts and crafts, and group tours.
- It can be a catalyst for further private sector development.

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PROGRAMME IMPORTANCE

There is an importance for mineral beneficiation and processing in the Frances Baard District. For this industrial development to take place, within the Frances Baard District, 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 or beneficiated overseas. By developing processing and beneficiation plants in the District, numerous jobs could be created and value adding can take place locally, benefiting the local communities and local economy. This can also be an opportunity for a BEE company. This will also attract further investors to the Frances Baard area. Mineral based projects will also benefit industrial and economic sectors such as transport, construction, tourism etc.

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KEY ROLE PLAYERS

The specific role-players are as follows:

- Frances Baard District Municipality and the four local municipalities
- Department of Minerals and Energy
- Department of Environmental Affairs and Tourism
- Financial Organisations (e.g. DBSA, IDC, New Africa Mining Fund etc.)
- Mining associations
- Mining Companies
- NSC (National Steering Committee of Service Providers to Small Scale Miners)
- Parastatal Bodies (e.g. Mintek, SA Diamond Board etc.)
- NGO's (e.g. Ntsika, Khula etc.)

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INSTITUTIONAL ASPECTS & FUNDING

The Department Minerals and Energy is the main driving force behind the implementation of the mechanisms and measures to improve the mining sector. However, the Frances Baard District Municipality (FBDM), as well as the local municipalities should act as drivers of the project on a local level. This championing should be conducted in close consultation with the representatives of the Department of Minerals and Energy. The private sector and the local community must also be involved in this project.

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MAIN FACILITATION / IMPLEMENTATION ACTIVITIES

The Frances Baard District Municipality and the four local municipalities will have to create the right environment in the Frances Baard District, in order to attract investors to the area to come and build these processing and beneficiation plants. Various other things should also be implemented in order to start the process, such as:

- Establish a Minerals Development Centre in the Frances Baard District
- Marketing mining and mineral investment opportunities
- Establish junior mining chambers
- Implementation of the new mining charter
- Attract investors
- Establish mining associations
- Network with larger mining companies
- Closer interaction with Department of Minerals and Energy
- Establish suitable Transport Infrastructure to develop new mineral operations
- Upgrading of roads
- Develop skills (management and technical skills)
- Provide expert training and equipment to small local entrepreneurs (in order to expand local expertise and support local beneficiation).

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5.4.2.2. Development programme 2: Opportunities for Mining-Tourism

Mining in the Frances Baard District can help fight against poverty in a number of ways, especially through tourism opportunities.

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CORE COMPONENTS

The mining sector in the Frances Baard District is declining. There are a high number of retrenchments from mines and farms and this also contributes to the ever-increasing demand for jobs in the Frances Baard area. In order for these people to secure jobs in the local area, they need to be trained further. There is a great lack of skills in the area. These mine workers already have the knowledge of the mines and the minerals, and should therefore be trained as tour guides for the mining industry.

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PROGRAMME IMPORTANCE

There are many proposed tourism opportunities linked to the mining sector, which includes the new development at the Big Hole. Tour guides will be needed for this new development. Various tours can also be taken to the different mining industries, main mines, museums and historical sites in the area. These can also consist of educational tours for schools and students.

This programme can lead to job creation and skills development in the Frances Baard area. This will also contribute to the expansion of the tourism sector and lead to the attraction of more tourists to the area.

KEY ROLE PLAYERS

The specific role-players are as follows:

- Frances Baard District Municipality and the four local municipalities
- Department of Minerals and Energy
- Department of Environmental Affairs and Tourism
- Development Bank of Southern Africa
- Mining associations
- Mining Companies
- Northern Cape Tourism Association

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INSTITUTIONAL ASPECTS & FUNDING

The Department of Tourism and the Department of Minerals and Energy is the main driving force behind the implementation of this programme. However, the mine workers and the community of the Frances Baard District must also be part of this project. This championing should be conducted in close consultation with the representatives of the Northern Cape Tourism Association.

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MAIN FACILITATION / IMPLEMENTATION ACTIVITIES

Local people will have to be trained in order to gain the skills to become tour guides. There must be close interaction with the tourism sector and the Department of Minerals and Energy.

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5.4.3. THRUST 3: DEVELOP MANUFACTURING SECTOR/ INDUSTRY

Manufacturing is defined as the physical or chemical transformation of materials or compounds into new products. This section explores the future possibilities for this sector, in terms of economic development within the Frances Baard District.

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DEVELOPMENT ELEMENTS

Industrial development and manufacturing have always been regarded as the mainstay of economic development. The reason can be found in the fact that the sector has a significant multiplier effect due to its backward linkages with the Primary sectors of Agriculture and Mining, and secondly its forward linkages with the Tertiary sectors such as Trade, Transport and Communication. This multiplier effect is not limited to the value added in respect of the downstream processing of raw materials, but includes the direct and indirect job opportunities created. In this regard, it has been calculated that for every job opportunity generated in the manufacturing sector, between three to four jobs are generated in the economy at large.

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DEVELOPMENT PROGRAMMES

The development programme included in this thrust is the following:

Development programme 1 Processing and Beneficiation

The development programme is discussed in the following paragraphs under the appropriate headings.

5.4.3.1. Development programme 1: Processing and Beneficiation

CORE COMPONENTS

The manufacturing sector is believed to have significant potential for expansion. There is potential to expand this sector in terms of processing and beneficiation opportunities (As stated in the agricultural and mining sector). The main goal is to encourage local industrial development and stimulate an increase in local beneficiation activities. The specific programmes that support this includes:

- Agro-processing, such as the development of a meat processing plant, development of a leather tannery etc.
- Agriculture related industries, such as developing local manufacturing industries like an irrigation manufacturing plant etc.
- Development of other manufacturing related industries, such as brick manufacturing industry (for housing purposes especially), small scale jewellery manufacturing industry and shoe, clothing and equipment factories for manufacturing/mining necessities that can also be manufactured locally.
- Investment development and promotion: This goal aims to develop a competitive investment incentive package that would attract foreign and local industrial and business concerns to locate within the Frances Baard District.

PROGRAMME IMPORTANCE

There is much potential for smaller industries in the Frances Baard District, especially SMMEs and with proper planning this may become a thriving industry with the potential to create many employment opportunities. This potential will however, need pro-active intervention from both the public and private sector in order to encourage industrialists and entrepreneurs to invest in the area. There is thus a need for a dedicated industrial retention and regeneration strategy.

Theory has it that industrial growth and the development of a local economy can be achieved by way of one or a combination of the following strategies:

- an increase in downstream processing and the export of such products
- import replacement
- maintaining the market share (goods manufactured locally)

When considering the first point, the potential exists for the Frances Baard District to stimulate the Manufacturing sector by adding value (processing) to raw products produced in the Agriculture and Mining sectors. Good examples would include the production of peanuts (peanut oil), olives, fruit, meat and jewellery manufacturing.

The mining of diamonds and other minerals further presents manufacturing possibilities. These minerals are currently sold in raw form and manufacturing opportunities exists in terms of beneficiation or value addition. These are only a few examples of potential areas that could provide major job opportunities in the manufacturing sector.

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Other manufacturing opportunities that have been identified in the Frances Baard District include:

- Expansion of Agro-processing activities and the export market
- Expansion of agro-tourism products (arts and crafts)
- Beneficiation of locally mined minerals
- Biotechnology: manufacturing of micro-organisms
- Value adding and packaging
- Establishment of leather tannery/ leather works industry
- Leather tannery (opportunity for possible linkages with motor manufacturing industries in Gauteng etc.)
- Develop new markets through local networking
- Expand brick manufacturing industry
- Expand small-scale jewellery manufacturing industry
- Clothing and shoe factories that manufacture specific mining necessities and equipment
- Product innovation
- Skills development
- High employment potential

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KEY ROLE PLAYERS

The specific role-players are as follows:

- Frances Baard District Municipality and the four local municipalities
- Manufacturing Role-players
- Department of Trade and Industry
- Department of Environmental Affairs and Tourism
- Development Bank of Southern Africa
- SMME Development Trust
- IDC
- NCMAC

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INSTITUTIONAL ASPECTS & FUNDING

Manufacturing technology should be advanced and competitive in order to become a world-class economic manufacturer. There is a need to broaden the existing manufacturing base to increase the level of output in the Frances Baard District's economy, enable the region to become more globally competitive and to broaden the ownership of the economy. The aim of this strategy is to further develop new activities and technologies within the Manufacturing Sectors as well as to increase SMME development. If the manufacturing sector develops further, this holds also growth potential in the down-stream steel manufacturing sector, as well as development in the tourism sector, which can lead to job creation and further development of the area.

MAIN FACILITATION / IMPLEMENTATION ACTIVITIES

The main goal is to encourage local industrial development and stimulate an increase in local beneficiation activities. The specific programmes that support this includes:

- Industrial support structures: For industrial development and beneficiation to be successful and sustainable, it is necessary to have an overarching body giving advice, guiding development, helping in marketing the products, etc.
- Agro-processing: This aims at encouraging industrial development relating to the processing of agricultural products. These can include fruit and vegetable processing plants, livestock and meat processing plants, oil extraction plants, a leather tannery, and so forth.
- Introduction of Renewable Energy Sources

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- Mineral beneficiation and processing: For industrial development to take place within the Frances Baard District, 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 or beneficiated overseas. By developing processing and beneficiation plants in the district, numerous jobs could be created and value adding can take place locally, benefiting the local communities and local economy.
- Mining and agriculture related industries: By developing local manufacturing industries, the local economy and its people are likely to benefit on a large scale in terms of job creation, increase in the local value chain and lower transport costs.
- Investment development and promotion: The goal is to develop competitive investment incentive packages that would attract foreign and local industrial and business concerns to locate within the Frances Baard District.

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Focusing, stabilising and developing the manufacturing sector is the main goal, but given that there are limited resources both in private, public and parastatal sectors, it would be better to augment the strongest manufacturing areas. These are mining and agricultural-related industries like metal, agro-processing, clothing and textiles. But there is also a need to de-concentrate manufacturing from just Kimberley and Upington and their surrounds. What need to be implemented in the Frances Baard District is the following:

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- Establishing a manufacturing forum: the forum would bring together all stakeholders in manufacturing. They could share information keep lines of communication open, define responsibilities (of government departments) and develop broad manufacturing policy. To ensure that the forum is more than a talk-shop it required certain action from government, such as senior officials to be assigned to the forum and that decisions emanating from the forum be promulgated.
- Establishing a government manufacturing task team. This task team would include all representatives of provincial departments involved in some way or other with manufacturing.
- Facilitating the restructuring of business associations. Government should convene discussions on whether it is time to start an association for manufacturers or whether as a first step, the various associations should start special sub-groups from manufacturers in their ranks. To encourage business associations to begin offering services to their members. These can include: learning networks, training and technology information, legal services, quality checks and joint marketing exercises.
- Establishing a Marketing Authority and Export Promotion Centre: Kimberley and Upington as manufacturing centres are not marketing themselves effectively in any way. Potential investors need guidance. A provincial marketing authority could fill the capacity gap.
- Explore feasibility of a Manufacturing Development Agency. This Agency could act as the bridge between manufacturers and parastatals. It could help build capacity and would work closely with business associations and trade unions. Both this Agency and the Marketing Authority suggested above would not be solely manufacturing focused.
- Develop a detailed manufacturing strategy. It is essential for government to develop a manufacturing strategy encapsulating both an assessment of the current of the sector as well as government's plans to improve the sector. When this has been done, all partners in a provincial manufacturing conference should thrash it out.
- Develop a manufacturing hub. This is for manufacturers of diamonds, gemstones and semi-precious stones with strong bias towards the jewellery sector (especially diamonds).

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5.4.4. THRUST 4: EMERGING AGRICULTURE AND AGRO-PROCESSING

The history of colonialism and apartheid lie at the heart of the agriculture development problem. A multi-pronged strategy involving a thorough-going transformation of the rural areas that would allow for their re-integration into regional economy is required. The existing production relations as well as the backward and forward economic linkages in the region is weakly developed as a whole, and the developmental priorities for economic growth are intimately connected with the need to sustain livelihoods and eradicate poverty.

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The Frances Baard District Municipality, together with the private sector in agriculture, faces the challenge of growing the agricultural sector and increasing its contribution to GDP, employment and income generation, while at the same time increasing access to agricultural resources.

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In the Frances Baard District the agricultural economy should be expanded in terms of the following: through the promotion of new investments, more efficient use of water resources, by promoting crop diversification, the reduction of levels of risk in agriculture, the development of agro-processing and by stimulating increased export of high value agricultural produce, land reform, skills and knowledge development. The existing support services should also be expanded and improved in terms of research, technology, access to markets and training. This information should also be shared with new and emerging farmers.

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DEVELOPMENT ELEMENTS

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The elements of this thrust aims to improve the agriculture utilisation within the Frances Baard District. The various development programmes address the issues identified through the interviews and the workshop that was held. It is important to differentiate between different sets of obstacles to agricultural development. On the one hand there are structural constraints determined by the legacies of colonialism and apartheid. These concern the manner in which territorial segregation structured the regions to be suppliers of labour rather than areas for agricultural production.

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Similarly, if local conditions are not conducive to development, they contribute to an overall syndrome of poverty and backwardness. Against all the odds of these structural constraints and local obstacles, there are many examples of human ingenuity and creativity, which have created the conditions for survival and even enrichment. Therefore conditions conducive to such entrepreneurial development must be created.

In terms of the Agricultural thrust, the District Municipality should play a facilitating role. The Municipality will identify programmes and projects and assist with information and advice, but the private sector will have the responsibility to take these projects forward. Various opportunities were identified for the Frances Baard District such as:

- SAB identified the Vaalharts area as an area to plough barley. This can lead to various opportunities in the agricultural sector.
- SA Peanut could expand in terms of a peanut oil factory, by-products (peanut butter) etc.
- SA Olives can expand in terms of establishing a BEE company.
- Olives can also be processed into olive oil, soap etc.
- Fishing: There are huge opportunities for this in the area. A dam can be created for fresh fish. There are lots of water (Vaalriver and Orange River) that are not being utilised.

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- Various opportunities for the wine industry in the Hartswater area, such as youth projects etc.
- About 80% of SA carrots come from the Northern Cape area. This can be an opportunity for processing in terms of carrot juice.
- Potatoes: The best potato farmer in the country is from the Frances Baard District. There is also an opportunity to open a chips factory (such as Simba) in the area.
- Lucern is doing well in the area. There are various opportunities in terms of processing such as lucern oil. The lucern can also be combined with feeds (maize and sunflower seeds) to create pellets.
- Weeds and invader plants should be controlled in the district. The municipality should get teams of local people to do this. This will create further job creation in the area.
- In Dikgatlong there are unused commonage lands (60Ha), that can be used for agricultural potential opportunities.
- Expansion of logistical infrastructure such as transport infrastructure etc.
- Expert training and equipment should be provided to small local entrepreneurs in order to expand local expertise and support local beneficiation.

DEVELOPMENT PROGRAMMES

A number of development programmes are included in this thrust and include the following:

Development programme 1
Development programme 2

Supporting emerging farmers and Agri-BEE
Opportunities for agro-processing

Each development programme is discussed in the following paragraphs under the appropriate headings.

5.4.4.1. **Development programme 1: Support Emerging Farmers and Agri-BEE**

The development of the emerging farming sector is vitally important to diversify the local economies and to contribute to the food security in the region.

The primary implications of this, is that the resources available to be utilised for agriculture development, of specifically the emerging farmers and Agri-BEE, must be employed in an increasingly efficient manner. Therefore the level of efficiency with which the emerging farmers are supported should be refocused on the following dimensions; the expansion of the skills of the emerging farmers, the proliferation of support programmes aiming at the skills expansion, the organisation of the agriculture communities to participate in economic (agricultural) activities) and to strengthen the bargaining power of the emerging farmers.

The provision of support for the emerging farmers should be closely linked to the existing needs of the farming community while being sensitive to the market related products/produce required. In other words, guidance should be provided to the emerging farmers relating to the market dynamics and how to exploit it without the creation of a “dependency syndrome” in the emerging farmers.

This development programme cannot be viewed in isolation from the subsequent development programmes.

CORE COMPONENTS

The provision of appropriate support for the emerging farmers is vitally important to the success of the agriculture development throughout the Frances Baard District. Such support is focused on a variety of activities. Firstly the improvement of the extensions services offered must be

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facilitated. Secondly, a variety of demonstration plots must be incorporated throughout the region and thirdly access to markets must be improved.

▪ **Extension services:**

The extension services are provided by the Department of Agriculture. These services need to be completely re-evaluated in terms of the functions being fulfilled. Additionally, the level of service delivery should be examined and the reasons for the poor service levels must be addressed. Sensitivity should be employed, as it is likely that resistance to the investigation will be experienced. It is vitally important that these improvements to the extension services be facilitated as a catalytic process that will be able to generate momentum in the other development programmes

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▪ **Development of demonstration plots:**

As the majority of the existing emerging farmers are employing relatively "old" technology and techniques, the establishment of a mechanism through which these entrepreneurs can be empowered must be included. The development of demonstration plots throughout the region is an appropriate mechanism that can be applied with immediate effect. The provision of information and technical know-how on farming methods, market trends and production opportunities are undertaken from these demonstration plots. An added benefit is that close linkages can be developed between the existing research farms and the demonstration plots. However, as a result of the characteristics of these demonstration farms, access to the information and support from the demonstration plots is more readily due to its "open nature".

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▪ The **access to markets** is currently a major barrier to the optimal functioning and development of the emerging farmers sector. Therefore the facilitation of access to the markets by the emerging farmers is vitally important. In other words, this core component aims to address the issues related to the access to the markets by emerging farmers. These issues are connected to the distances from the markets, limited market penetration and small market share, non-diversified/homogenous products being offered. In order to overcome these issues, the preceding mechanisms i.e. the improvement of the extension services and the development of demonstration plots must be implemented, to act as primary drivers to point the efforts in the right direction.

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▪ A critical consideration in the provision of support for the emerging farmers is the delivery, where required and justified of **special infrastructure**. This will facilitate and coordinate the immediate delivery of bulk services and infrastructure on the request of investors.

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PROGRAMME IMPORTANCE

At present the agriculture activities in the region are under-utilised. Given the high unemployment rates, the associated poverty levels and therefore the limited levels of food-security, the emerging farmers who are currently producing agricultural produce (primarily for increased livelihoods and income supplementation) should be targeted in order to include this portion of the community into the formal economy.

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This will contribute positively to the internal capital flows and therefore assist in the creation of wealth throughout the region. Efforts should embark in order to facilitate the initiation of the improvement of the community through inward- focused development activities.

KEY ROLE PLAYERS

The restructuring of the support provision to the emerging farmer fraternity is a catalyst programme and should be fast-tracked to ensure that the development process is initiated and

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gains momentum. The specific role-players in the restructuring of the extension services are as follows:

- Agriculture Research Council
- Frances Baard District Municipality and the local municipalities
- National African Farmers Union
- Commercial Farmers Association
- Emerging Farmers
- Department of Agriculture & Land Affairs
- Department of Environmental Affairs and Tourism
- Development Bank of Southern Africa

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INSTITUTIONAL ASPECTS & FUNDING

The Department of Agriculture is a main driving force behind the implementation of the mechanisms and measures to improve the support to the emerging farmers. However, the Frances Baard District Municipality (FBDM), as well as the local municipalities should act as drivers of the project on a local level. This championing should be conducted in close consultation with the representatives of the Department of Agriculture.

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The scope of the project will have a direct impact on the budget allocations of the project. It is currently not possible to estimate the value of the project. However, on a district level, the aggregate budget should not exceed R8 million. This translates in to R2 million per municipality per annum. Where possible this project must be closely coordinated with other developments in the agriculture sector. The local municipalities should be responsible for such coordination.

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MAIN FACILITATION / IMPLEMENTATION ACTIVITIES

The first step in the improvement of the emerging farmer support is the enhancement of the existing agriculture extension services. Although this process falls beyond the ambit of the Frances Baard District Municipality, active lobbying of the responsible department to restructure the delivery mechanism must be undertaken.

Through such lobbying the specific requirements, within the FBDM can be communicated to the Department of Agriculture, and the restructuring can be of such nature that the productivity of the extension officers in the Frances Baard District activities align with the efforts of the FBDM.

With respect to the development of demonstration plots, the following steps are required:

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- Identification of appropriate land
- Sourcing of funds to develop infrastructure
- Development of infrastructure
- Alignment of the developmental activities to assist the demonstration plots' activities
- Create awareness of demonstration plots and attract local emerging farmers to attend demonstrations
- Constantly review activities being undertaken in terms of knowledge gained by the emerging farmers and the effective utilisation of the knowledge gained.

The steps associated with the access to markets that must be performed are:

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- Formalisation and establishment of local market areas.
- Formulation of an informal trading policy as well as the actual enforcement of the policy
- Alignment and utilisation of the SBSC development programme to develop independent agro-produce entrepreneurs.
- Expansion of logistical infrastructure such as transport infrastructure etc.

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5.4.4.2. Development programme 2: Provide opportunities for agro-processing

The development of the agro-processing sector is an important focus of the entire agriculture thrust. The rationale is that the critical mass of locally produced agri-produce must be sufficiently boosted to guarantee the sustainability of the agro-industries. Agro-industries include the production, storage, processing as well as the distribution of agro-based products. Therefore this development programme focuses on the stimulation of these activities in the local economies.

The improvement of the market focus and orientation is imperative for the successful implementation of the development programme. Such improvements can only be achieved through the organisation of the producing communities and the launching of linkages/networks between the producers and the agro-businesses. However, various opportunities exist for the establishment of agro-businesses that will be able to exploit the local opportunities throughout the region.

CORE COMPONENTS

In order to successfully develop and exploit agro-business throughout the Frances Baard District, the various agriculture products produced must be clustered. This clustering employs the outputs of the local activities as a base in order to undertake the local beneficiation of the goods before exportation. This leads to an increased circulation of the locally generated capital, which can be interpreted as local employment creation and poverty alleviation. The following production bases have been identified to act as foundation of the clustering processes:

- Viticulture (grapes and wine)
- Cattle, Game farming/hunting etc.
- Fishing
- Olives
- Peanuts
- Vegetables (Carrots, potatoes etc.)

PROGRAMME IMPORTANCE

This approach is in accordance with the emphasis being placed on delivery – thereby moving away from pure analysis and embracing the action-orientated concept of creating development opportunities based on agglomeration advantages. The cluster methodology can be applied as a tool to increase competitiveness, but the economy must be able to attract new investment. This necessitates that the most recent technological improvements and techniques need to be taken cognisance of and facilitated within the cluster network.

The principle of networking is becoming increasingly important in the move towards increased competitiveness in the economy. In this regard clustering initiatives can be regarded as a tool to set up local networks within specific sub-sectors. Clusters are formed by various organisations to form quality relationships and networks in a specific industry. This networking approach represents one of the latest trends in cluster analysis and is at the forefront of international cluster developments. The central theme is one of cooperation. The growing trend appears to be an increasing openness between industries in a cluster and between the cluster and the public sector. The emphasis has therefore moved from competition to cooperation with industries creating joint forums from where they share information.

Lastly, a critical element of this action is to initiate the process of investment brokerage, by a development agency, including the interpretation and the translation of marketable projects in implementable action plans. The process of project brokerage can be described where business plans are prioritised for implementation on an ongoing basis, therefore ensuring a continuous flow of investment information on bankable opportunities in the area.

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The process of clustering is
characterised by the following
core components. The
components are briefly
discussed and the
interrelatedness is graphically
illustrated in **Figure 6.1.**¶
<sp>Figure 6.1. CORE
COMPONENTS¶

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The cluster concept is an
internationally acclaimed
approach to development. A
cluster has at its core a sector
(or material), but what is drawn
into the cluster is everything
that impacts on the
competitiveness of that cluster.
The latter refers to the forward,
as well as backward linkages
to integrate the total value
chain. The viability of the
formed cluster is dependent on
several elements, including the
number of linkages, availability
of raw materials, marketing
and supporting services.¶

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<sp>New facilitation
techniques are increasingly
required to enable the
development of clusters
towards increased
competitiveness. A ... [53]

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TOOLS AND INSTRUMENTS OF IMPORTANCE

Tools and instruments are defined as something that gives the ability, capacity, responsibility and accountability to achieve the desired goals and objectives. Efficient tools and instruments in key interventions are needed in the Frances Baard District's Agricultural sector, to facilitate the cost-effective delivery of agricultural services to the community. Some of the most important instruments that can be utilised for the capacitation of communities relates to the transfer of knowledge in terms of the following:

- HIV/AIDS and its influence on productivity. This instrument is best implemented and utilised if the coordination of the relevant (health) authorities with the rural development initiatives is viewed as a priority. The influence of HIV/Aids should be anticipated / viewed as a long term.
- Knowledge management is a relatively new instrument to agriculture LED. This instrument entails the improvement and optimal utilisation of tacit knowledge within the communities. However this also includes the transfer of explicit knowledge to the communities within the local area. Usually this instrument is placed under the ambit of the "human resources development programme".
- The use of appropriate agricultural technologies and techniques is a major element that requires attention. The rational behind the utilisation of appropriate technologies and techniques will increase the agricultural yields in addition to the protection of the environmental resources. This increased productivity can be viewed as the relationship between the input and output ratios. The following prerequisites need to be in place before such activities can be successfully implemented:
 - Better and more effective co-ordination between government agencies.
 - More effective communication of agriculture policies and application procedures to front line staff.
 - Practical training, education and awareness building.
 - Technology demonstrations.

- The improved communication between all the local role-players and stakeholders are required as the primary element that influences the implementability of the agriculture expansion initiatives. This should also be strengthened through the formalisation of collaboration between the agriculture and other sectoral activities.

These above mentioned approaches to the agriculture services are by no means exhausted, but provide a clear indication of the specifics required in order to utilise LED as a vehicle to improve the "wealth situation" of especially the rural and poor communities.

Ongoing policy developments should anticipate/consider the long-term impact of development activities and therefore strive to continuously "update" the information database of the economic situation within the Frances Baard District. This should be done through ongoing research which should inform the implementation strategy of the initiatives.

It is vital that poverty reduction objectives are translated into straightforward operational guidance for programme preparation, implementation and monitoring. Therefore it must be set out how poverty reduction approaches at all stages of sectoral programming, must be introduced into Agricultural sector approaches.

The following guidelines should be incorporated to facilitate the utilisation of agriculture development in order to reduce poverty in the Frances Baard District:

- Coherent Pro-Poor Agricultural Sector Policy Framework:

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- Increase agricultural productivity; lower transport costs; increase rural employment and food security; and integrate remote and lower potential areas into the growth strategy.
- Use appropriate institutional structures to encourage the private sector and civil society (e.g. decentralized services).
- Encourage the private sector and enhance market reforms (increase competition between traders).
- Public and Private sector institutions.
 - Define the roles and responsibilities of the public and private sectors, taking account of local situations.
 - Build institutional capacity to manage the programme, and to provide rural services, especially at the local level
 - Introduce new management practices to tackle biases against poor farmers, fishers and women.
- Improve the target resources.
 - Increase funding of agricultural activities.
 - Target a greater proportion of funds, directly at groups of poor farmers, fishers and women.
 - Increase investment in lower potential areas, and develop services for the poor and women, to integrate them into the growth process.
- Ensure the participation of the poor and women in programme preparation and services.
 - Organisations representing poor farmers, fishers and women must be consulted in programme preparation reviews.
 - Donors and governments may need to encourage the development of institutions that represent the poor and women.
 - Invest in information systems to allow effective programme design and evaluation.
 - Establish systems for evaluating the impact of measures on poverty.

Agriculture plays an important role in determining the livelihoods and standards of living of the poor in the region, particularly when the poor are asked to pay for their use of basic social services. Increasing agricultural productivity is therefore, a key area in the fight against poverty. For the poorest, whose only asset is their labour, returns are vital.

There is an urgent need to ensure that poverty objectives of the Frances Baard District are better integrated into a strategy for growth promotion, and reflected in the programme design and operational guidelines. This integrated framework should address the aspects of the Frances Baard District that is reflected in Table 5.5.

Table 5.5 INTEGRATED FRAMEWORK – ISSUES TO BE ADDRESSED

ISSUES	
• Marketing	• Expansion
• Land	• Labour (skills and training)
• Agricultural inputs	• BEE

KEY ROLE PLAYERS

As this development programme is based on the facilitation of agro-business, it is underscored by the necessity to include all the agricultural stakeholders in the process. Such inclusion will ensure that all the necessary inputs are captured and that additional opportunities and constraints are timeously identified and exploited and overcome or removed. Therefore key role players are:

- Agriculture Research Council

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- Frances Baard District Municipality
- National African Farmers Union
- Commercial Farmers Association
- Department of Agriculture
- Local municipalities
- Emerging Farmers
- Department of Agriculture & Land Affairs
- Department of Environmental Affairs and Tourism

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However, as the establishment of agro-business is beyond pure agriculture development, other role players should also be included. These are:

- Department of Trade & Industry
- Department of Economic Affairs, Environmental and Tourism
- Department of Transport
- Chamber of Commerce
- Non-government Organisations
- Etc.

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INSTITUTIONAL ASPECTS & FUNDING

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The formation of clusters throughout the Frances Baard District is an ongoing process that must be championed by appropriate business leaders from the region. The formation of localised cluster formation task teams is central to the successful implementation of the clustering process. These task teams should focus on local opportunities with direct bearings on the linkages that can be created in terms of the forward and backward links that can be exploited. These identified opportunities should be communicated with the FBDM by the relevant local municipality. Efforts to develop the opportunities must be coordinated with the appropriate development bodies. Additionally, the FBDM must coordinate the developmental activities of the other development programmes to ensure that a critical mass is generated in all aspects that is required, successfully initiated and sustainably implemented in the LED project.

MAIN FACILITATION / IMPLEMENTATION ACTIVITIES

In order to fast-track the identification and implementation of the various linkage-opportunities within the Frances Baard District, the foundation of a reference group to drive the processes involved is vitally important. Subsequently to the foundation of this reference group, the following activities should be undertaken:

- Discussions with local business to identify potential linkages and to determine which inputs can will be obtained locally is available
- Identify outputs that are currently being discarded and assess development opportunities and potential products
- Communicate opportunities and development requirements to SBSC in order to adapt the local communities to be able to increase probability of local entrepreneurs to develop these opportunities
- Establish strategic linkages within the local communities in order to facilitate sharing of cost drivers e.g. transportation, infrastructure etc.
- Constantly monitor and evaluate the establishment of strategic alliances as well as the functioning of the linkages and new ventures.

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5.4.5. THRUST 5: SMME DEVELOPMENT AND BUSINESS SUPPORT

The National Government has identified SMMEs as a vehicle to drive employment creation throughout the country. It is acknowledged that SMMEs have high employment creation characteristics and measured against these criteria, this business model is appropriate, to address the high unemployment in the Frances Baard District.

DEVELOPMENT ELEMENTS

The support for SMMEs can be classified into two primary pillars, firstly the support provided to the existing SMMEs and secondly the support provided to the emerging entrepreneur in the start-up or initial phases of the business cycle.

Inefficient communication between entrepreneurs and activity focal points is a major constraint to SMME development. However, the entrepreneur rarely bridges constraints limiting such communications. This translates into a lack of innovation due to the limited demand orientation of promotional programmes, insufficient change of experiences as well as a complete lack of innovative impulses. This implies that the elements of this thrust, through the implementation of the various development programmes the activities of SMMEs will be supported and encouraged to expand i.e. create employment.

This support and encouragement should be aimed at the existing SMMEs within the local economies as well as the start-ups or new ventures within the local economy. The support should be provided to these entities by the local municipalities in conjunction with the district municipality and other government and non-government institutions.

DEVELOPMENT PROGRAMMES

The development programmes with clusters in this thrust are of such nature that the holistic implementation of the thrust and all the programmes are necessary to validate a successful implementation process. A number of tactical development programmes are incorporated and these include:

Development programme 1: Form business support networks

Development programme 2: SMME Policy

Development programme 3: Database formulation

Each programme is investigated in the subsequent paragraphs to highlight critical components.

5.4.5.1. Development programme 1: Form business support networks

The function and role of the Small Business Support Centres (SBSC) is to provide comprehensive support to the developing SMME and business sector throughout the Frances Baard District. The focus is to address the business needs of the small and micro-enterprises (formal and informal) and to stimulate the transformation from informal/subsistence to formal and expanding business enterprises. These business needs can be a wide, ranging and including aspects such as financing options, organisational skills development, marketing and staffing.

In the Frances Baard District 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 Frances Baard, such as the Department of Trade and Industry, SEDA, Khula Finance, IDC, NAFCOC, NOCCI, Ntsika, NCMAC, NCEDA, SMME Development Trust, Cedar Investments and

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Umsobomvu etc. These are all organisations that help SMME's in terms of support, advice, marketing and some also support them financially.

A major constraint to economic development throughout the Frances Baard District, which was identified through various interviews with stakeholders and the workshop, is the lack of cooperation between the various business support organisations, the business support centre and the municipalities, because of insufficient communication and information of new opportunities and developments that is happening in the area. Additionally a lack of information at grass-roots level is marginalizing the success rate of the SMMEs (as well as other development sectors). The provision of reliable and accurate information to these organisations is a vital pre-requisite for the effective and efficient economic development and SMME expansion activities.

In order to support the SMME's and local business in the Frances Baard area in a sustainable manner, the business support centre should be expanded and linked with the other business support organisations. In order to do this, the business support centre and the other support institutions should form a business support network.

CORE COMPONENTS

The core component of the Business Support Network is to link the various business support organisations and to have clear communication between them. Each of them must be informed exactly of what the role of the other is. People, that want to start their own business, should not be turned away, but must be steered in the right direction towards one of the other support organisations, depending on the need of the person. If the support that the person requires is in terms of Agriculture, Tourism or Mining, then NCEDA will be able to assist him. If it is in terms of manufacturing, then NCMAC will be able to assist that person. The support organisations must be aware of what role and functions the other support organisations play in terms of SMME development.

PROJECT IMPORTANCE

The importance of this project is underlined by the following:

- **Unemployment** - The high unemployment rate in the Frances Baard District is a primary implication of the importance of this project. Indications are that many of the unemployed people possess important skills that could be utilised in the development of the small business sector of the Frances Baard District. People are not aware of business support organisations in the area. These should be well marketed in the area.
- **Informal sector** - Estimates show that a relatively large percentage of the labour base is involved in the informal sector economic activities. Although these activities do not contribute directly to the Frances Baard District tax base, they utilise all the services, facilities and space that are available. Furthermore, with proper support programmes, a substantial number of these businesses have the potential to become viable formal business enterprises.
- **Migration trends** - the Frances Baard District is experiencing an out migration of people. Through economic development, this loss of skills could be reversed through effective economic development and business support.
- **Business development** - The importance for small business development as a strategy to generate new growth opportunities are well documented. The Frances Baard District has the opportunity to support its small and developing businesses through a Small Business Support Programme.

KEY STAKE HOLDERS

The key stakeholders that will play an important role in this programme are:

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- SEDA
- Khula Finance
- IDC
- NAFCOC
- NOCCI
- Ntsika
- NCMAC
- NCEDA
- SMME Development Trust
- Cedar Investments
- Umsobomvu
- Frances Baard District Municipality

INSTITUTIONAL ASPECTS & FUNDING

Although a wide spectrum of key role players are identified in the preceding sub-section, it must be emphasised that a driver for the initial establishment of this business support network is required. The Frances Baard District Municipality should through its LED Unit drive the initiation of the project. However it is not envisaged that the FBDM should be the actual implementing agency.

MAIN FACILITATION / IMPLEMENTATION ACTIVITIES

The main activities associated with the establishment of the business support network:

- Identify all the stakeholders to become directly involved in the business support network
- Determine the organisational format and institute the business support network
- Develop a database of business development and support opportunities, needs and constraints
- Establish specific support functions, procedures and actions to support the development of small businesses in the Frances Baard District
- Market the business support network through a focused marketing strategy

Disseminate information about the business support network in the different information centres of the Frances Baard District.

5.4.5.2. Development programme 2: SMME POLICY

The promotion of SMMEs entails the marketing of the services provided by the SMMEs, exposing the SMMEs within the region to the support and advice services offered as well as matchmaking of opportunities available to SMMEs with the local entrepreneurs with the developmental support services i.e. the SBSC.

The promotion of SMME-activities in the existing business environment evidently relates to development services such as access to information about markets, technologies or quality standards. SMME promotion provides the necessary framework within which to enter and expand within the competitive environment

CORE COMPONENTS

This programme primarily targets the formulation of appropriate SMME targeted policies. There are subtle differences between the various policy instruments that strive to improve the economic efficiencies of SMMEs. Various beliefs exist regarding the justification of interventions based on the removal or compensation of perceived market imperfection. The provision of the policy instruments must be based on the political system within the region. As the national system is

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focusing, in short, on the creation of employment and alleviation of poverty any policy framework for SMME development and support must also focus on same objectives.

Through a centrally directed policy framework i.e. district level that is supported by local decentralised interventions, the promotion of regional economic convergence can be obtained. Therefore the components of the SMME promotion programme are the appropriate policy framework that supports the activities of the local-level municipalities and guides these activities for the entire district.

It must be emphasised that the policy framework needs to incorporate all elements and activities of the municipality in fashion that opportunities for the utilisation of "alternative service delivery" (ASD) is addressed. Through the utilisation of such opportunities, the local authorities have a mandate to create employment directly, in a manner that will bolster the visibility of LED activities in throughout the entire Frances Baard District.

The policy framework must spell out the details of the activities that must be undertaken by the various government institutions and spheres. With reference to the local government institution in the Frances Baard District, the policy should focus on the following three elements:

- Supporting the SMME Place
- Supporting the SMME Enterprise
- Supporting the human resources

Each of these critical elements is briefly clarified in the subsequent paragraphs.

- **Supporting the SMME Place:** The use of the policy framework should indicate the specific types of infrastructure that will be provided for utilisation of SMMEs. In addition, the provision of supporting infrastructure such as "incubators, local business support centres (LBSC), entrepreneurial support centres as well as "bee-hives" must be indicated.
- **Supporting the SMME Enterprise:** As already mentioned, alternative service delivery mechanisms are a useful tool that the local municipalities can employ to stimulate local economic activities. The fulfillment of the local municipality's role in terms of facilitating LED through these tools is vitally important.

On a district level, the district municipality should raise revenue and expenditure and carry through their own budget with, in principle, their own developmental SMME programmes (the programmes contained in this document). The employment of policy documents such as "procurement policies" is central to this component.

- **Supporting the human resources:** Limited scope exists for the local government to partake directly in the development of the human resources within the region. Through the policy framework, active lobbying of training institutions is set in perspective. The lobbying needs to be focused on the measures to attract private and public service providers to the region in order to specifically focus the services being offered within the region.

The promotion of SMMEs in this instance relate to the provision of the appropriate regulatory framework that is required to support the development of the SMMEs throughout the region. This regulatory reform is closely associated with the core components of the "Development Programme 4: Regulatory Reform" in Thrust 1": Institutional re-demarcation, re-alignment and capacity building" and is comprehensively dealt with in the mentioned section.

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PROJECT IMPORTANCE

The importance of this development project revolves around the institutional problems being faced regarding the implementation of a coherent SMME development approach within the Frances Baard District. Although SMME development is only one of the key thrust that have been identified, the institutional requirements to drive such an approach is vitally important. Through the formulation of an appropriate SMME development policy, the efforts of the numerous entities involved in the field can be massed to form a critical mass.

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The synchronization of the private sectors and the public sector in terms of the opportunities is vitally important as this synchronisation will lead to targeted, informed and aligned decision-making from especially the public sector. The decision making process of the private sector is primarily influenced by market conditions, and it is the mandate of local government to adjust the conditions being experienced within the market to facilitate SMME development. Therefore a policy framework is required that will aim interventions at the suitable sections with the local economies.

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KEY ROLE-PLAYERS

As the identification of key focus activities with reference to potential SMME development opportunities, in terms of alternative service delivery alternatives, must be adequately researched in order to develop a policy framework, a service provider should guide the role-players. These role players are:

- All four local municipalities
- Frances Baard District Municipality
- Municipal Service Providers active in the region
- Local Chamber of Business/Commerce
- Department of Public Works
- Department of Economic Affairs, Environment and Tourism
- Department of Agriculture Land Affairs
- Business support centre and organisations

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INSTITUTIONAL ASPECTS & FUNDING

As the formulation of specific SMME policies are related to a revision of the existing frameworks, all the entities that review their policies should act as respective drivers. However, the FBDM must review the SMME policy (not the procurement policy that forms only one component) in order to ensure that local SMMEs benefit is maximised. However, the review as well as the formulation of the appropriate documentation should be undertaken by a service provider if the FBDM anticipates that a higher quality product, with improved guidelines can be yielded if the revision process is place out on tender.

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MAIN FACILITATION / IMPLEMENTATION ACTIVITIES

The revision/formulation of a district level SMME Policy is vitally important to guide future development throughout the Frances Baard District. The steps in this development programme relate primarily to the investigation into the existing planning approach to the stimulation and utilisation of the FBDM resources and the amendment and re-adjustment of the focus areas relating to SMME support. These are as follows:

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- Determine which of the policies of the FBDM must be used as instruments for LED/SMME support.

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- Overall development policy
- Procurement policy
- Approach to alternative service delivery
- Investment incentives
- Outsourcing alternatives
- Privatisation alternatives
- Etc.

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- Establish specific objectives for each dimension and mechanisms to achieve
- Formulate revised policy frameworks
- Publish for public comment
- Include comments
- Adoption by Council
- Implementation of the revised policy frameworks

Development Programme 3: DATABASE FORMULATION

This development programme strives to facilitate the creation of such strategic alliances on the one hand and to provide the local municipality and entrepreneurs the necessary information that can be turned into business/LED value.

CORE COMPONENTS

This database is based on three target functionalities.

- Firstly to provide the local municipal officials with development information.
- Secondly, to provide an accessible database to local entrepreneurs and business regarding the local network points, promotional programmes, etc.
- To access to the cooperation possibilities and the related contact details of all local economic activities.

Against the basic functionality issues that must be addressed by the database is that it is necessary to provide the necessary framework for the information dissemination activities. The first dimension of the database is centered on a web page-based/electronic interface. The web page must provide access to a LED-portal through which appropriate LED information can be sourced.

This database must include information sources that provide information such as:

- Population growth and total figures
- Economic sector indicators i.e. growth, total, percentage growth, etc.
- Inventory of economic activities within the different sub-regions
- Database of service providers & services offered
- Database of funding organisations with relevant contact details
- Indications of land available for development
- Database of investors and opportunities in the region
- By-laws and regulations guiding LED in the region

It is evident that the management of the LED-portal will be a vitally important activity. However, Internet service providers (ISP) currently offer services through which the database establishment and management as well as operation is undertaken by the ISP.

The web page interface must have links to, especially PIMSS, as well as other national departments such as the Department of Trade & Industry (DTI), Department of Environmental Affairs and Tourism (DEAT) as well as the Department of Agriculture. As the area is characterised by land issues, that directly affects LED, a link to the Department of Land Affairs should be installed.

Apart from the database, the organisation of the economic activities in terms of enhanced communication between the stakeholders is a core component of this development programme. The underlying rationale for this enhanced communication is that the learning experience and learning curve can be accelerated. Through such networks, relationships between organisations

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can be utilised to leverage potential benefits and increase the competitiveness of the local economic entities.

Networks are fast becoming a key success factor for SMMEs and other businesses to work together and to boost the bottom line. Also known as strategic alliances, these associations can take on many forms and are used to achieve, more specifically, short to medium term business objectives.

Strategic alliance formation is a form of collective and collaborative activity and involves the formation of contracts, collaboration agreements, clustering and twinning arrangements. Information sharing is essential and includes the sharing of collective innovation, collaborative marketing and a variety of collaborative activities. The strategic alliances can be vertical or horizontal. Vertical alliances relate to alliances between small firms and large firms while horizontal alliances relate to similar size organisations forming alliances.

PROGRAMME IMPORTANCE

During the discussions with the local role-players, the access to information was indicated as a main concern that confines the LED efforts being undertaken in the region. The need for a central database that can be accessed in order to obtain and extract area specific information with relevance to development potentials as well as the steps/guidelines required in specific situations was indicated.

Additionally the database implies the establishment of a vehicle through which the activities of the various sub-regions can be communicated to facilitate a reduction of un-coordinated. This has the added benefit of linking the opportunities for strategic alliances with each other and facilitating matchmaking throughout the Frances Baard District.

KEY ROLE PLAYERS

The establishment of strategic alliances throughout the Frances Baard District needs to include all the major role-players and stakeholders. More specifically:

- Frances Baard District Municipality
- All four local municipalities
- Local business representatives
- Chamber of Commerce (where existing)
- Business Referral and Information Network (BRAIN)
- Franchise Referral and Information Network
- Business support centre and organisations

With regards to the establishment of a database, the following key role-players should be included:

- Frances Baard District Municipality
- All four local municipalities
- Local business representatives
- Chamber of Commerce (where existing)
- PIMSS
- CSIR
- Service providers
- Business support centres and organisations

INSTITUTIONAL ASPECTS & FUNDING

As the limited access to information is a major constraining aspect, the development and management of a vehicle that facilitates LED activities throughout the region must be fast-tracked. As the primary users of this interface will be the local municipalities, the FBDM should

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develop this portal through the appointment of a service provider. As it is envisaged that the FBDM will not have the necessary resources to actively manage the portal, an appropriate ISP (internet service provider) should be appointed to develop and manage the portal. Additionally the ISP will employ the required hardware i.e. servers etc. and software, e.g. DB++ as well as the necessary human resources (systems analysis etc) to perform the required activities associated with a portal such as this.

MAIN FACILITATION / IMPLEMENTATION ACTIVITIES

The process that needs to be followed in order to establish a database is relatively simple. Firstly it must be ensured that the necessary hardware is in place i.e. the actual computer. Secondly the software that must be able to support the use of the LED-information portal should be installed. As it is pre-supposed that the information is in electronic format, and distributed over the Internet, software packages such as Internet Explorer 4.0 or Netscape 4.0 is necessary.

Although these software packages are relatively user-friendly, it must be ensured that the actual LED-information portal is easy to use and understandable. It will also be necessary to provide skills development of the LED officers that will utilise the database.

The first step in the establishment of the database is the identification of the local concerns, which must be included. Through such identification, a survey is undertaken and the elements in the local business environment are probed in order to determine potential linkages with other entities. Associated with this, is the determination of the current problems/needs being experienced within the local economy, in an in-depth analysis.

The second major activity is to identify groups of SMMEs (and other businesses) that could be convinced to participate in the formation of strategic alliances in the local economy. Information that is required relates to the specific nature of the businesses, what they have to offer and what services are required. It is critically important to identify a champion or a business group to drive and coordinate the deployment of the strategic alliance.

It must be emphasised that the size and nature of the strategic alliance will depend on the local business-, market- and economic dynamics. As emphasised in Phase One, the local dynamics are severely influenced by political undercurrents. Therefore continuous lobbying with the business sector is crucial for the initial success and to gain momentum in the strategic alliance as well as to ensure the sustainability of the alliances.

A vital issue is the commitment that is required by the stakeholders in the various strategic alliances. A clear mandate or agreement on participation will ensure that trust is built between the alliance partners.

Liaison with selected large firms in the region must be undertaken in order to establish whether opportunities for outsourcing exists and to determine who can champion the strategic alliance. Such activities should include capacity building and an advice component through which the larger firms can transfer expertise to the participating alliances. Where outsourcing is anticipated and undertaken, it is vitally important that appropriate mentoring and assistance is given to the alliance participants to guarantee quality standards of products and reliability of delivery to the larger firms.

Best practice indicates that strategic alliances, as intended in this development programme, should be kept small and organised around practical goals. Additionally SMMEs tend to be resistant to strategic alliances due to perceived competition, loss of independence, trade secrets and market share. For this reason a champion or broker should be involved in the process.

This development programme has direct linkages with the actual activities of economic development as well as with other development activities. Examples of such activities include the

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expansion of SMMEs to be focused on the provision of non-core municipal services. In other words, not only the SMMEs are assisted, but also black economic empowerment (BEE) is facilitated through the use of the local municipality's procurement procedures and policies.

5.4.6. THRUST 6: TOURISM DEVELOPMENT

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There are many definitions and descriptions of tourism. While some specialists restrict tourism to trip distances (i.e. over 50 or 100 km from home), others require that a person stay overnight to be counted as a tourist. More traditional definitions include only vacations or pleasure trips. Today, however, the trend is to use tourism and travel as synonymous terms. According to Gunn (1994) probably the best working definition is:

"Tourism is the temporary movement of people to destinations outside their normal places of work and residence, the activities undertaken during their stay in those destinations and the facilities created to cater to their needs."

Tourism is a broad-scoped socio-economic sector that includes all the activities, attractions, facilities, services and infrastructure related to people who travel away from their homes on long trips or for overstay. During numerous meetings conducted in the Frances Baard District, tourism was identified as a sector, which must be embraced as a viable economic development option that can contribute to the region's economic characteristics.

Therefore, tourism must be recognised as a (potential) generator of wealth and jobs, if the Frances Baard District is to reach its full potential at both local and national levels in the country. Tourism has the potential to contribute to the development of local infrastructure, creating and supporting amenities and facilities that benefit local residents and business. Tourism's potential to enhance both the natural and built environment must be recognised.

CRITICAL SUCCESS FACTORS

The Frances Baard District must firstly undertake a number of preliminary actions in order to successfully implement tourism activities that will act as a driver of LED in the Frances Baard District. These requirements determine the success and implementability of tourism and are dependant on the enhancement of:

a) Working Partnerships Integration

This aim of these working partnerships must be to maximise the benefit that tourism generates and is based on forging stronger links between tourism and the other economic sectors such as retail and transport. The working partnerships should be forged between the following entities:

- Business with business (B2B)
- Business with support agencies
- Support agencies with each other
- Communities with business and support agencies

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It is important that the needs of both residents and visitors are balanced throughout the development of appropriate policies and planning. The decision makers should be convinced in the other sectors that their interests are interdependent with tourism. It is also essential that the agencies, who are involved in protecting and restoring the built environment, and managing the natural environment, implement policies that will support the development of sustainable tourism.

b) Marketing of tourism

Tourism is vital to the economy and this need to be demonstrated. It has important economic value, and benefits both rural and urban communities. It also enhances the value of culture,

heritage and the natural environment. The entire community has a vitally important role to play if tourism is to become more successful, for example by welcoming and helping visitors ensuring the maintenance of a litter-free environment, and involving visitors in national and local events and festivals.

Worldwide tourism is growing. There are thousands of travel options available to the consumer. Therefore the Frances Baard District must market itself aggressively and consistently to ensure that it remains at the forefront of the potential visitors mind, as it jostles for attention with an increasing number of alternatives.

The challenge should be to develop a distinctive market position that competes with many other destinations, some of which will be offering similar experiences and packages. There must be an understanding of how people perceive the Frances Baard District area as a destination, including its natural and built environment, culture, its quality of service and value for money.

Suitable markets must be identified and targeted by segments, using strong branding and a clear message about what is offered. The key should be to identify the most likely customer leads, and convert more of them into firm bookings. These markets must be developed in a manner that is suitable to the position that the area envisages itself in, in relation to the strategic market position. For a region to position itself as a tourist leader in the key market, it requires:

- High brand awareness-amongst target market groups
- Increased conversion from awareness to sales in the target market
- Increased direct access opportunities from the target markets

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These requirements should be supported by the following guidelines that will ensure that the place marketing of the region keeps constant alignment with the trends within the target market, as well as the industry as a whole.

- Keep marketing under consistent review, adapting it as customers change and new cost-effective techniques evolve.
- Identify key products and assess their scale of opportunity and the resource requirements needed to exploit the potential, in order to develop the product portfolio.
- Provide support to tourism business with reference to the development of marketing skills, marketing opportunities and effective use of the internet for marketing.
- Identify target markets and consumer segments that will offer best return on investment and use appropriate media to maximise return on investment.
- Lobby as a group to increase the number of direct access routes.
- Undertake joint marketing with appropriate direct access transport operations. Inform customers of their direct access options.

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Additionally the success of the entire region is based on the following key support factors:

- Successful business leadership
- Enhanced product and service
- Invest in people and skills
- Promote sustainability and activities in an environmentally friendly manner
- Promote community based approaches and capacity building
- Maximise geographic comparative advantage in tourism development
- The promotion of cost sharing

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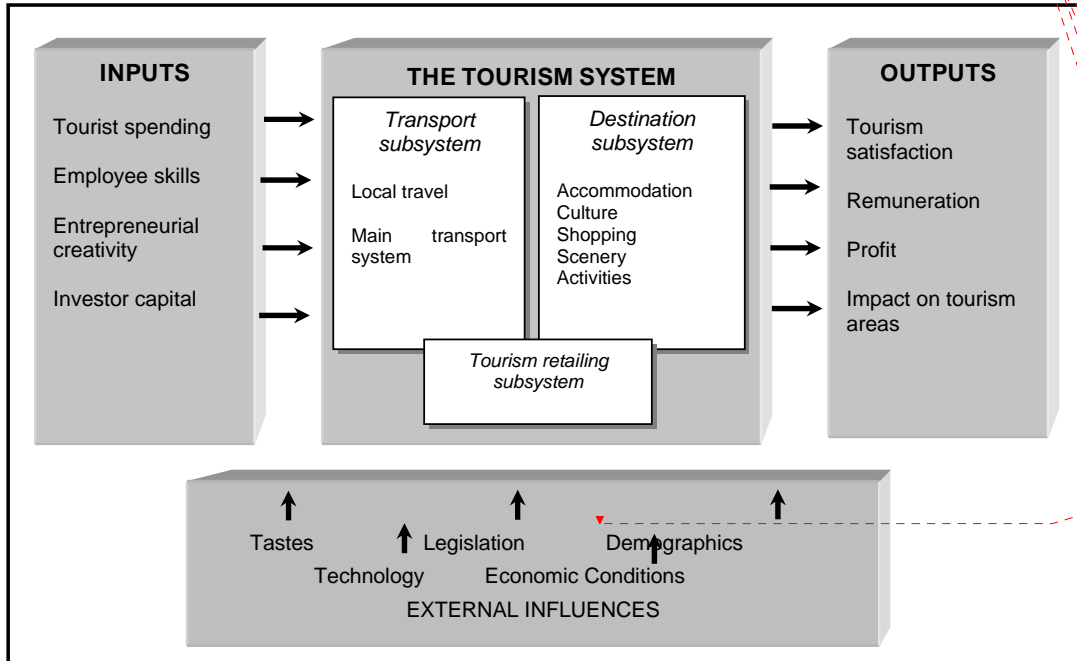
DEVELOPMENT ELEMENTS

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Tourism products and their foundations are far more perishable than manufactured products. For example, if a manufacturer of gearboxes discovered that the demand for the product has increased in a certain region the manufacturer can supply products to these areas. However,

when a new hotel is developed in a region and a large capital investment was made and the travel market decides to go elsewhere, it is costly if not impossible to move the physical plan. In order to understand the tourism dynamics, **Figure 5.1** is used to describe tourism and to assist in the identification of the various components within the tourism system.

Figure 5.1 The Tourism System Logic



(Source: Urban-Econ, 2005)

The tourism system logic was adapted from Gunn's function tourism model, which has the underlying rationale that tourism is rather a system of major components linked together in an intimate and interdependent relationship.

According to the figure, the tourism system logic is divided into three subsystems, which serve to transform the inputs into the tourism industry into the desired outputs. The three subsystems include the following:

The transport subsystem, which includes local travel at destinations, the terminals (gateways) that facilitates travel- (e.g. airports, seaports, etc.) and transport infrastructure that link attractions and gateways. The tourist journey takes the visitor through a series of gateways or entry points, routes, staging posts, distribution points or springboards to various destinations and attractions. Consequently, the visitors utilise several modes of transport on one trip e.g. air, automobile, taxi, cable car and horse carriage (at a historic district). Passenger transportation a vital component of the tourism system and provides the critical linkage between market source and destination.

The destination subsystem: A destination is an area with a concentration of tourism products (normally branded) in a broadly defined spatial region, which may include one or more tourism clusters. The quality of the experience is weighed against the effort, cost, safety and convenience of the tourists.

The tourism retailing subsystem, also known as the distribution system consists of travel agencies and intermediaries, who facilitate travel. Many visitors make use of the in-country or

onshore distribution system that composed of tour operators, travel agents, consolidators and wholesales.

Although the external factors are crucially important, the only factor that can be directly affected is the efforts of the local government structures are the economic conditions. The related interventions that will impact (positively) on this dimension are addressed in through the overall strategic framework.

DEVELOPMENT PROGRAMMES

The development programmes are clustered together in a manner that clarifies the specific sub-system within the tourism system as a whole. Therefore the development programmes are discussed in the follow sequence:

Development Programme 1: ENVIRONMENTAL CONSERVATION

Environmental Conservation addresses the maintenance of the scenic environment in a manner that ensures sustainability of tourism activities.

Development Programme 2: TOURISM MARKETING

The entire destination sub-system is discussed in a fashion that the improvement of the profile of the region is validated in terms of tourism development activities.

Development Programme 3: WORKING PARTNERSHIPS

In order to facilitate a cross-pollination of the activities throughout the entire Frances Baard District, the formation of working partnerships is investigated. This is done to maximise the benefits of the tourism throughout the Frances Baard District. This implies that the time spent in the region (by tourists) must be extended.

Against the preceding structure, each development programme is discussed.

5.4.6.1. Development programme 1: Environmental Conservation

The Frances Baard District incorporates a very important natural environment conducive for various tourism categories, including eco, adventure and wine tourism. These systems are unique to each of the specific areas in the Frances Baard District and should act as important stimuli for a sustainable tourism industry.

The sustainability of these systems and their future survival are often threatened and policies to enhance their function and protection should be established. The open space system should also be utilised to act as a container against urban sprawl while at the same time produce possible economics spin-offs.

The entire system to be considered must take cognisance of the broader environmental system and provide linkages where possible.

CORE COMPONENTS

Sustainable Development can be defined as achieving improvement of the urban environment and the quality of life where the natural and man-made resources are used in such a way that present needs are met without compromising the ability of future generations to meet their own needs. The concept of sustainable development has multiple interrelated dimensions - economic, environmental and social. Environmental sustainability is the primary objective of this specific development programme, thus emphasis will be given to this particular component of the notion of sustainability. The underlying principles of sustainable ecological development include:

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- Sustainable use of natural resources - ecosystems, fresh water sources and species:
- Sustainable development must embrace nature as integral to the area itself – tourism developments must become much less disruptive of the workings of the natural ecosystem - its climate, its hydrology and its ecology. Tourism development need not produce serious environmental problems if needs are met in an integrated manner including conservation and enhancement of the natural resource base.
- Keeping with the carrying capacity of local systems, carrying capacity is interpreted as the maximum rate of resource consumption and waste discharge that can be sustained indefinitely in a given region without adverse effects on the functional integrity and productivity of relevant ecosystems. New policies in urban development must adopt the following criteria:

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PROGRAMME IMPORTANCE

Sustainable development in the broader sense of the word can provide jobs and economic opportunity as a contribution to the economy, i.e. base of the Frances Baard District, and;

- Create employment and entrepreneurial opportunities for the communities
- Subsidize the cost associated with the open space system.

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KEY ROLE-PLAYERS

As the project involves the whole Frances Baard District, the Frances Baard District Municipality should be a major role-player, especially in initiating, facilitating and coordinating this project. The other role-players are:

- Department of Environmental Affairs
- As provincial authorities and their control mechanisms are involved, they should be consulted.
- As each local municipal area, policy and control mechanisms are involved; the four Local Municipalities should be directly involved, and could take ownership of the projects in their respective areas.
- The respective communities should be directly involved in the designing of the criteria and mechanisms for a sustainable open space system.
- To ensure the implementability thereof, the land owners should be directly involved and the result marketed to potential developers.
- Local business chambers should also be involved.

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INSTITUTIONAL ASPECTS & FUNDING

The project, by its nature, implies policy and administrative implications for institutions on various levels. The environmental protection policy and diversification of activities and uses are supported by the principles set out in both the Rural Development Strategy and the Development Facilitation Act, and thus in compliance with national policies and guidelines.

The development programme, however, implies the drafting of specific criteria to protect and enhance the sensitivity of specific areas in relation to adjoining land-uses within the Frances Baard District, as well as mechanisms in implementing these developments. This will have an impact on current land-use control measures and restrictions of Local Municipalities - restricting the implementation of some of these concepts in the Frances Baard District. The purpose of the project is to remove restrictions where necessary but at the same time to develop controls to prevent abuse, which should be contained in the policy guidelines to be developed.

The project would have to be funded by the Frances Baard District Municipality and if phased due to available funds should focus on certain critical areas where pressure for development is experienced.

MAIN FACILITATION / IMPLEMENTATION ACTIVITIES

The Frances Baard District Municipality should take responsibility to facilitate and co-ordinate the proposed project, involving all four Local Municipalities its area of jurisdiction. The designing of criteria and mechanisms for the promotion and implementation of a sustainable and supportive environmental development policy in the Frances Baard District with unique guidelines for each specific area, should be done in collaboration with the relevant communities, and furthermore:

- Establish local policy and land-use control constraints
- Identify specific criteria for each geographical areas
- Draft mechanisms to facilitate the implementation of these criteria
- Amend the necessary town planning control measures, such as town planning schemes, and policies and implement the drafted mechanisms
- Market the area's potential to owners and potential developers.

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5.4.6.2. Development programme 2: Tourism Marketing

As stated earlier in the first thrust (Thrust 1: Institutional demarcation and capacity building) the profile of the region must be improved to ensure that the Frances Baard District is not seen as just a region through which the traveller should pass in order to get to the final destination. The transformation of the entire region will ensure that tourists spend longer periods in the region and therefore spend larger amounts of funds in the region. As tourism spending is primarily seen as an injection of funds into the region it will benefit through the economic multiplier effect. Therefore this development programme deals with the marketing of tourism in the Frances Baard region.

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CORE COMPONENTS

The core components of the development programme are:

- The establishment of a large-scale investor such as an international group e.g. Sun international. Such an investment will act as a catalyst for the improvement of the profile. In order to implement this project, sufficient land must be allocated to a potential investor (e.g. an international group such as Sun International) to develop the resort. Given the natural Frances Baard environment, the demand for the proposed resort will increase if it is linked to or established in the form of a game farm with sufficient numbers of wildlife populations. Seasonal hunting activities can also be promoted at the resort, which will ensure that the hotel provides for this selected market segment. This resort can furthermore be linked to the cultural village etc.
- The marketing of the region. The marketing of the unique selling points (USP) of the Frances Baard District should receive high priority in the implementation of the development programme.
- The creation of other tourist destinations throughout the Frances Baard District will support the improvement of the tourism profile and should be marketed. The core of tourism development in the area lies in the creation and strengthening of tourist destinations. The perception of the Frances Baard District, specifically as a holiday destination should gradually be created.

PROJECT IMPORTANCE

A variety of studies have identified tourism as a sustainable economic alternative for development of the region. Additionally a number of tourism institutions exist in the Frances Baard District. These institutions, which are concerned with the marketing as well as the development of the region, must be aligned with to create a critical mass for tourism initiatives to be successfully implemented. Tourism has the potential for generating employment opportunities and income especially for more remote and under-developed rural communities.

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As the greater Frances Baard areas is presently under-utilising the tourism potentials, the marketing of tourism will serve the function of “opening up” the region for the development tourism activities and therefore to a large portion of potential tourists, it can be foreseen that these areas will in future experience an increase in the number of visitors. This will, however, only happen if the quality of sufficient services is developed in order to ensure tourist convenience and satisfaction.

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In short, the project impact will be as follows:

- **Spatial Impact:** The specialisation of certain nodes in tourism activities will result in concentration of economic activities, as well as population;
- The provision of overnight facilities, truck-inns and other supporting services at regular intervals will also ensure traveler convenience.
- **Social Impact:** Unemployment can be addressed by training community residents to respond to tourism needs and additional employment opportunities are created by the tourism industry. The attraction of tourist buying power will strengthen the economic and social base of communities.
- **Economic Impact:** The various segments of this strategy will not only result in the broadening of the economic base of the Frances Baard District, but also create economies of scale in which several backward and forward linkages will be created.

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KEY ROLE PLAYERS

This project must be implemented as a joint venture between the following role-players:

- The Frances Baard District Municipality
- The four local municipalities
- Northern Cape Tourism Board
- Northern Cape Tourism Associations
- Local Tourism Associations
- Department of Economic Affairs, Environment & Tourism
- Potential investors (such as an international hotel group, etc)
- Relevant parastatals, NGO's and private sector role-players and investors.

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INSTITUTIONAL ASPECTS & FUNDING

The improvement of the tourism profile is an undertaking that must have to political commitment and buy-in from all the participants. A specific champion is required to perform the various steps and to facilitate coordination of the different activities. The role of the FBDM is parallel to that of the existing tourism marketing institutions. Therefore, as far as practically possible, the FBDM should facilitate the matchmaking of development opportunities with the identified investors in order to implement the activities required to improve the tourism profile of the region.

MAIN FACILITATION / IMPLEMENTATION ACTIVITIES

The following steps can be taken for the implementation of the project:

- Seek potential investors for the establishment of a holiday resort and provide sufficient assistance to the investors.
- Solicit community input, especially at nodes where extensive tourism-related projects are planned
- Develop and refine the concept of a cultural village (including financial requirements, administrative and institutional measures, planning requirements, etc.).
- Establish Public-Private Partnerships amongst role-players to secure funding and effective implementation of the project.
- Link this development programme with an aggressive marketing campaign for the areas.

- Coordinate this development programme with current planning initiatives and projects for the tourism industry on national and local level.
- Initialise planning and implementation of infrastructure provision.
- Compile an inventory on the available tour packages, facilities, services and operators in the area and review current services offered.
- Involve relevant organisations in order to compile a strategy for business and educational tourism.

5.4.6.3. Development programme 3: Working Partnership Integration

There is a need to combine the efforts undertaken to develop the tourism industry into a unique and dynamic plan in which the tourism facilities can be marketed as one route. As part of these partnerships, the several assets of the area will be marketed, i.e. hiking trails, hiking activities throughout the region, cultural activities, horseback activities, the game reserves, eco-tourism, adventure tourism and wine tourism opportunities. The combinations of these initiatives will not only ensure that information is efficiently distributed amongst tourists and communities, but will also prevent duplication of projects.

CORE COMPONENTS

The development programme implies the formation of a “Collaborative Action Group” in order to drive tourism. The aim of this collaborative action is to facilitate the cooperation of the private and public sector to develop the potential of Frances Baard District tourism, and thereby impact positively on the regional economy.

The core components are the formation of a framework that can be used by the various marketing agencies throughout the region that highlights the “clustering” of the various tourism activities. However, before such a framework can be determined, all the activities must be in place. This implies that concerted efforts should be made to implement the preceding development programme and ensure that a parallel process occurs through which the working partnerships are established.

The specific communication channels through which the networks are created is vital to the efficient functioning of collaborative planning and implementation. High levels of commitment from all the stakeholders are required. This implies that the services being offered at the various tourism activities must be of a high quality, as the weak performance of one activity will have a detrimental effect on the entire networked partnership.

Peer review of the activities is a mechanism that should be utilised during the planning and implementation of the activities to ensure that trust is built between the entities. This is necessary to ensure that the aggregate regional tourism activities are aligned with each other and operates as a whole. Through such alignment of activities towards achieving a common goal, a formal as well as an informal “tourism route” can be identified, designed and marketed.

The development programme further implies a broader focus than just developing the tourism industry. Although tourism poses a large number of opportunities which can be developed, there are other elements to tourism which can be developed with great success in an integrated manner to cater for different purposes and tastes. Examples include the following:

- Agro Tourism, in which experimental farms (demonstration plots) can be utilised to accommodate school trips, etc. These farms can also be utilised for research purposes for university students, incubator students, etc.
- Business-related tourism, where conference centres, exhibition halls, etc. are provided to accommodate the local and international business corps. These can be linked with proposed hotel and lodge development.

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- Educational tourism, in which establishments in the Study Area are utilised for educational purposes (e.g. fieldtrips, courses undertaken in holidays, etc.).
- Wine Tourism, where tourists can visit the wine farms and wine cellar and do wine tasting.
- Adventure Tourism such as quad biking etc. can also be established.

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PROJECT IMPORTANCE

Numerous opportunities exist throughout the Frances Baard District for the exploitation of the scenic environment in a sustainable manner. It is however necessary to ensure that a critical mass of activities is generated that can be applied to over-arching activities in order to share costs. Marketing and administrative costs are examples of such over-arching activities.

Additionally the creation of a critical mass will support the attraction of tourist to the region through the improved profile. More specifically, the clustering of the activities throughout the Frances Baard District will assist in the creation of a route that will slow the movement of the tourists throughout the entire region. This prolonged periods spent in the area translates in to higher revenues from the tourism activities.

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KEY ROLE PLAYERS

The facilitation of the working partnerships in parallel to the formation of tourism routes should be driven by the public sector in close consultation. Therefore the following key role players should be included in the process.

- All local tour operators
- Potential tour operators/activities' management
- Department of Economic Affairs, Environment & Tourism
- Frances Baard District Municipality
- Northern Cape Tourism Board
- Northern Cape Tourism Authorities
- Local Tourism Authorities
- Department of Education

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INSTITUTIONAL ASPECTS & FUNDING

Institutional aspects are a central aspect of this development programme as it involves the coordination of the development of the tourism activities throughout the Frances Baard District. A vital link is the establishments of the Local Tourism Organisations (LTO). The LTOs are the grass-roots level tier of establishment of a district wide communication network through which the activities can be aligned and holistic development facilitated.

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The FBDM must assist the local municipalities to establish the LTOs and where necessary take over the guidance of these entities where the local municipality does not have the capacity. Other institutions that must be involved in the processes relating to the formation of working partnerships should have a willingness to contribute positively to the development process.

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MAIN FACILITATION / IMPLEMENTATION ACTIVITIES

Various activities should be facilitated to plan and develop the working partnerships and the linking of tourism activities. These activities include:

- Establishment of LTOs and assist during implementation
- Identification and development of tourism opportunities in each local municipality that can be linked to a wider tourism theme
- Initiate communication channels between activities
- Investigate methods to link activities through tourism travel
- Approach local tour-operators to expand activities offered to include new tourism developments

- Market the consolidated tourism activities i.e. tourism route
- Constantly monitor the performance of the various activities to guarantee quality of the entire route.

5.4.7. **THRUST 7: HUMAN RESOURCE DEVELOPMENT**

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Human resources is viewed as (one of) the key resource(s) or potential strength(s) within the region and as such specific guidelines need to be determined to guide the formulation of specific strategies and objectives for the optimal development of this resource (i.e. goals and objectives to develop and optimise the education and training systems and infrastructure within the study area as a primary function and outcome to be achieved by the integrated development strategy).

A critical issue that is affecting the economic development system in the Frances Baard District is the narrow skills base. More specifically the focus of human resource development in this project is on skills development which is about the process of deepening individuals' specialised capabilities in order that they are able to access incomes through formal sector employment, through small micro enterprises (SMEs) or community projects which in turn positively contribute to the economic success and social development of a region. This learning process must also enable people to continue learning and adapting to the constantly changing environment.

The Green Paper (Skills Development Strategy, Department of Labour, 1997) proposes a new approach to skills development, which compliments the formal education system. It links skill formation to the requirements of a growing economy and extends education and training to people both within and outside formal employment. It is primarily concerned with industry-based training, improving the intermediate level skills base of the country and labour market training for target groups (including the unemployed, retrenched workers, youth, women, people with disabilities and people in rural areas).

The Skills Development Strategy makes provision for a new system of learning, referred to as learnerships, for young and unemployed people wishing to join the labour market. Learnerships combine structured learning and work experience and culminate in nationally recognised qualifications, which signify job readiness. While the initial focus will be on intermediate level skills development, integration with the education reforms driven by the Minister of Education will promote coherence between intermediate and higher-level skills development. A new approach to Employment Services will ensure that beneficiaries are informed of these and other opportunities.

The strategic approach to skills development within the broader context must be guided by development priorities. This relates to macro-economic, industrial, labour market, and SMME development priorities throughout the region. Implementation of the strategy should be supported by proposals for effective coordination at provincial level as well as a consolidated set of sectoral training intermediaries that supports enterprise, pre-employment and target group education and training.

The overall approach is of such a nature that the skills development system should be integrative in nature in order to effectively support economic growth and employment absorption throughout the economy. Such focus will facilitate social development through appropriate training, education and support services. The human resource development strategy must form an integral part of the local authority's commitment to overall human resource development, which includes education reform, and the transformation of health and welfare services.

The six core components of a human resource development strategy should include at least the following:

- Information for Strategic Planning

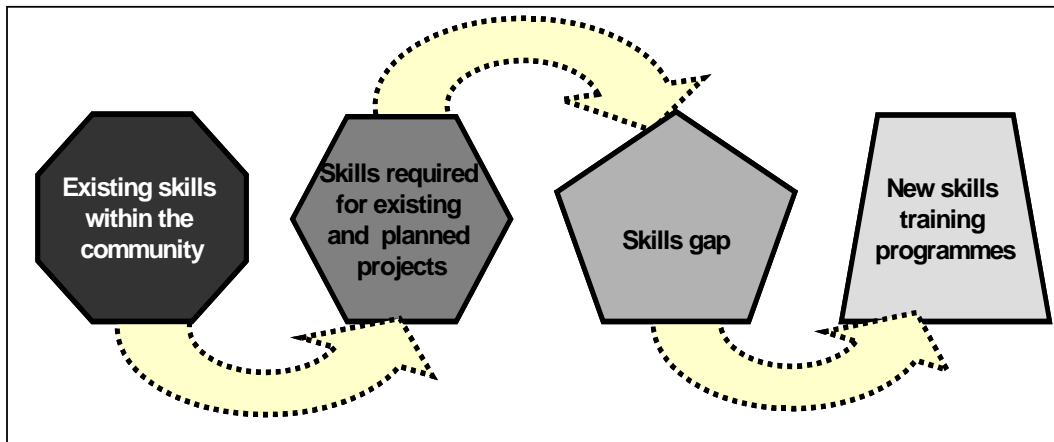
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- A System of Learnerships
- Employment Services
- Enhancing Provision
- Skills Development Intermediaries and Provincial Coordination
- The Funding of Skills Development

The inclusion of these six core components into the human resource development strategy will ensure that an investor friendly environment is established. Targeting the appropriate local industries, government officials and local communities can also facilitate this.

The relevant individuals and communities should be capacitated with the necessary skills and abilities to adapt to changes in the local economic environment. The skills should be addressed and any existing or future skills required should be identified and addressed through the provision of appropriate new skills development programmes. Adjustments to the existing development system should be informed by the skills gap. This implies that the continuous identification of the required skills for the existing and planned initiatives is critically important and informs the magnitude of the skills gap. Figure 5.2 illustrates this process.

Figure 5.2 HUMAN RESOURCE DEVELOPMENTS



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The assessment of the skills gap is extremely information sensitive. This emphasises the importance of launching a human resource development programme to adequately train and provide the local communities with the necessary skills. These human resources can be developed through:

- Identifying educational programmes that are applicable to the different niche markets
- Establishing a standard entrepreneur support programme facilitating appropriate skills, education and training
- Promoting and managing the support functions
- Supporting the development and promotion of locally aimed training and development
- Encourage involvement with the learnership programmes, managed by the various Sector Education and Training Authorities (SETAs).

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The socio-economic conditions throughout the Frances Baard District are thus not optimal for full participation in the LED system. This is particularly true for the skills and literacy levels. Therefore a focused approach is required that will address the structural problems being caused by the inappropriate and limited skills base. This implies that the labour forces' quality should receive attention i.e. improvement. The only approach that can be followed to facilitate this

revolves around the provision of opportunities for the local communities to participate in skills enhancement and development programmes.

The main aim of this thrust is to facilitate an improvement of the accessibility of skills development programmes for the communities in a manner that is conducive to an improved availability of skilled labour.

DEVELOPMENT ELEMENTS

The improvement of the labour force is integrated with the improvement of the skills and literacy levels of the aggregate community. These skills levels include all related aspects being:

- Academic knowledge
- Technical knowledge
- Technical know-how
- Technical experience
- General life skills
- Entrepreneurial knowledge

Although it is not always possible to address all the various aspects of human resource development, it is important to emphasise that aspects such as HIV/Aids and health are related.

The approach to this developmental problem (as proposed in this development thrust) can be described as “state-led intervention” with the marginalised groups being the primary focus of assistance. The identification of needs within the business environment is pre-supposed as is the focus of the training programmes. The financial viability of the development programmes is strongly linked to the self-sustainability of the development programmes.

DEVELOPMENT PROGRAMMES

The development programmes associated with this thrust are:

Development programme 1:	Vocational training
Development programme 2:	Skills development training
Development programme 3:	Identify opportunities

The specifics relating to each development programme are highlighted in the subsequent paragraphs.

5.4.7.1. Development programme 1: Vocational Training

The aim of this development programme is to institute a range of Vocational Education and Training (VET) and Entrepreneurial Training Programmes at key locations throughout the Frances Baard District. Empowerment of the people within the Frances Baard District (especially the large number of unemployed and poorly educated) to become economically active and to participate and contribute to the development of the area is the central philosophy of the programme.

This is to be achieved through providing such people with a wide range of technical, vocational and entrepreneurial training programmes and courses which will help develop those skills and knowledge required for securing employment and/or the creation of own employment opportunities.

CORE COMPONENTS

Use will be made of existing VET institutions to offer such training and the programme entails the expansion and upgrading of these institutions to offer better, more and a wider range of technical, vocational and entrepreneurial training services. Additional ability and capacity to be created will entail the following core components:

- Additional facilities (practical technical training workshops)
- New and additional technical training equipment and machinery
- Additional training courses and training staff to be instituted and appointed at the institutions.

A key problem or constraint within the Frances Baard District is that a large proportion of the population is unemployed – partly because people do not have the required knowledge and skills to either compete for employment within the Frances Baard District or to create own employment opportunities. Whilst there is thus an over-supply of labour, there is simultaneously a shortage of skills needed for the development of the area. In this regard large numbers of skilled people will be needed for the implementation of many of the proposed projects for the economic regeneration of the Frances Baard District.

There is presently insufficient training facilities and capacity within the area to meet the demand for technical and vocational training. Communication and linkages between all interest groups also do not exist and there is not a joint and coordinated effort to meet needs in an efficient and effective manner. In some areas institutional weaknesses within supplier institutions also result in under-utilised capacity.

There are various vocational training courses that are very important for the Frances Baard district. They include the following: building and construction training, training in mining related jobs (such as jewellery work, souvenirs etc.), entrepreneurial and business management training (for SMME development such as leather works etc. and also for tourism related businesses), community development training, industrial/ manufacturing training (for brick manufacturing and various processing projects which were identified earlier), Hospitality training (for chefs and restaurants etc.), Computer and administration skills training, Arts and crafts training etc.

PROGRAMME IMPORTANCE

Education and training projects is not an end in itself but human resource development will be undertaken in support of, and will have a direct bearing on, many of the other development programmes to be undertaken towards the development of the Frances Baard District. The impact and linkages of human resource development programmes are further not confined to the geographical area of the Frances Baard District only, but will also impact on the wider Northern Cape since the mobility of labour will ensure that such new found skills could also be applied elsewhere in the province and the country.

Human resource development has a very high priority, role and status within the development process since it is people who initiate development and who utilise and manage the other resources towards achieving development. Within the national policy context Human Development thus enjoys high priority and status.

It is important to establish technical and vocational training projects (increasing ability and capacity at the identified VET institutions), and to establish a co-operation process as a means of utilising spare capacity at other training provider institutions. Whilst return on investment in human resource development programmes is difficult to cost (due to the long term nature and impact of education and training), research undertaken by the United Nations (UNESCO) has however established that investment in technical and vocational education projects yields higher returns than other forms of education.

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KEY ROLE-PLAYERS

The key role-players to be involved in the implementation of the project are:

- The Department of Labour and the Department of Trade and Industry
- NAFCOC (as the owners of proposed VET Centres)
- The Department of Education (to utilise and optimise schools and colleges on an after-hours basis to increase and expand capacity)
- The Frances Baard District Council
- External donor/funder organisations
- A VET consultancy firm to assist in the detailed planning of the projects.
- Department of Welfare
- Department of Economic Affairs.

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INSTITUTIONAL ASPECTS & FUNDING

Entrepreneurial and vocational training is receiving high priority by national government and as such there is a wide range of enabling legislation, policies and initiatives to promote and facilitate the proposed vocational education and training services. The core institutional capacity vested in the suggested VET institutions should be developed further towards creating the required implementation ability and capacity.

Funds will be needed for the undertaking of a detailed needs analysis study and a Business Plan with detailed proposals for implementation. Potential sources of funding are the Department of Labour, Department of Trade and Industry, Department of Housing and Local Government, foreign donor organisations.

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MAIN FACILITATION / IMPLEMENTATION ACTIVITIES

The following key steps are proposed towards planning and implementing the proposals:

- Submit and approve the project as a priority strategic project to be implemented by the Frances Baard District Municipality
- Develop a brief for consultants to undertake a detailed training and institutional needs analysis study and to develop detailed proposals and an implementation plan for the launching of the project
- Establish an human resource development programmes or project Task team to guide and oversee the project
- Appoint consultants to undertake the planning study
- Use the results and proposals developed through the study to obtain funding for implementation of the project (from the potential funder institutions indicated above).
- Appoint contractors and commence with the implementation of the proposals:
 - Establish required physical infrastructure
 - Develop institutional ability and capacity
 - Obtain required new and additional training programmes and courses
 - Obtain required operational funding.

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5.4.7.2. Development programme 2: Skills Development, Training and Information Centres.

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This development programme entails the establishment of a number of Information Provider (IP) and Resource/Support Centres at strategic locations throughout the Frances Baard District. The project aims to give opportunities to the people of the Frances Baard District by giving anybody who needs information, easy access to quality information which will help facilitate them with a variety of planning and decision-making processes, and thus help to improve their quality of life and standard of living.

The development programme entails the upgrading of existing Resource Centres and IP's as well as the establishment of new and additional Providers/Centres throughout the Frances Baard District. These IP's should be within easy access of all (on major routes and within walking distance), and it is envisaged that optimum use will be made of existing public amenities and other suitable venues to house and accommodate such information and resource services.

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CORE COMPONENTS

Towards providing more resource centres and to improve, expand and upgrade the service rendering at such centres, it is envisaged that the development programme will consist of the following core components:

- The establishment of new physical facilities and/or the upgrading and refurbishment of existing facilities from where information and other support services will be rendered
- Creating and/or improving the ability and capacity to gather, manage and disseminate information
- The establishment of electronic infrastructure (including internet) to facilitate and enhance the above processes
- The training of staff to provide a professional service
- Establishing linkages with other key interest groups (both users and providers).

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PROGRAMME IMPORTANCE

It is difficult to quantify the development impact of the proposed IP's and Resource Centres to be established. It should, however, be noted that the lack of information is presently one of the largest constraints in the development process. The high priority and status which the communities within the Frances Baard District assigned to the establishment of such Resource and Information Centres, further serve as an indication of the potential contribution which it could make towards improving the standard of living within especially the disadvantaged communities. These centres could perform a key role to create a link between the unemployed (job-seekers) and job opportunities. The issues that will be addressed by this development programme are:

- Insufficient number of facilities from where services can be rendered
- Insufficient staff to offer services and insufficient trained staff to provide the necessary developmental needs of the community
- Insufficient electronic infrastructure with resultant problems to access and gather data and to manage the data
- Insufficient communication and co-operation between existing IP's and other key role-players.

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There is a desire and willingness amongst interest groups to work together and to share information in an attempt to help and assist people who have a need for information and other support services. Internet has further revolutionised information sharing and has created enormous opportunities to assist and facilitate Information Providers.

This development programme will support and link closely with the efforts of the Frances Baard District to create the LED information portal and Strategic Alliances. Via the Internet the project will also link these IP Centres (and the communities to be served) both nationally and internationally. The type and range of services to be offered will also support and link with other social and public upliftment programmes on offer via a variety of Government and Local Government Departments and Agencies (e.g. pensions, social welfare, labour, education, etc.).

KEY ROLE-PLAYERS

Key role-players who should be consulted and involved in the planning and establishment of the project are the following:

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- The Frances Baard District Municipality
- Existing public libraries and resource centres and educational institution libraries
- Key provincial and national government departments who could possibly utilise such resource centres to disseminate and/or deliver services (i.e. Health, Pensions, Labour, Education, etc.).
- Local Municipalities

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INSTITUTIONAL ASPECTS & FUNDING

There are no policies or procedures which are placing limitations or constraints on the project and which need to be changed. The size and scope of the project and the exact needs and requirements for implementation will, however, have to be established by means of a detailed needs analysis and planning study.

As indicated above, the needs and requirements for implementation will first have to be established by means of a needs analysis and feasibility study.

Whilst income could be generated in the form of advertisements which are offered and available on the information network to be created and minimal fees could also be charged for services rendered, it is envisaged that the major funding will have to be provided by the Frances Baard District Council, Provincial and National Departments.

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MAIN FACILITATION/IMPLEMENTATION ACTIVITIES

The following key steps are needed to implement the project:

- Submit and approve the project as a priority strategic project to be implemented by the Frances Baard District Municipality and obtain funding for a detailed planning assignment.
- Develop a brief for consultants to undertake the needs analysis and planning study and to develop detailed proposals and implementation plans for the implementation of the project.
- Appoint consultants to undertake the planning study.
- Use the results and proposals developed through the study to obtain support and funding for implementation of the project (from the potential funder institutions indicated above).
- Appoint contractors and commence with:
 - Stabilising new resource centres and/or upgrading and refurbishing existing infrastructure to be utilised as resource centres
 - Developing institutional ability and capacity (appoint and train IP staff)
 - Obtaining required electronic infrastructure and other information material which will be required to render services
 - Operationalising the resource centres in order to render services.

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A component of the decision-making processes during the locational evaluation by investors is related to the skills available in the region. Not only is the availability of labour reviewed but also the quality of the labour i.e. the skills level. It is therefore evident that this thrust aims to improve this component of the investment climate.

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Care should be taken not to confuse the "small business development centre" (SBDC) with the "skills development centres". Whereas the SBDC focuses on the businesses and the improvement of their capacity to compete in the business environment, the skills development centres aim to augment the aggregate skills of the labour force. A definite need has been identified throughout the Frances Baard District. Various skills are needed in the Frances Baard District, such as Agricultural skills (in terms of new machinery, technology and farming techniques etc.), Mining skills (skills in terms of beneficiation and processing methods etc.), Tourism skills

(such as skills to be trained as a tour guide or to start a touring company etc.), Educational skills (such as proper schooling etc.), just to mention a few.

These skills development centres are viewed a vital component of the overall strategy to address the inefficiencies in the existing LED system in the various local municipalities as well as the Frances Baard District as a whole.

5.4.7.3. Development programme 1: Identify opportunities

In order for the Frances Baard District to identify development opportunities, they must first understand the local skills base and shortcomings thereof in the district. The Frances Baard District should determine the local skills base, by conducting an efficient skills audit in the district. They must appoint consultants to conduct the audit. Once the audit is done, skills should then be developed according to the need of the local people and local businesses. Training should then be given to these people.

An audit of the various business needs should also be undertaken, by appointed consultants. The various training that will then be given to the local people and potential entrepreneurs should then be matched with the identified business needs. Efficient and effective training and education should be given to the local people and entrepreneurs, in order to start employment as soon as possible and to start their own businesses locally. Specialist services and skills should also be offered in order to attract investment to the area. Skills, such as technical skills, ICT skills, business skills etc., should be developed in the Frances Baard District. The development of a work placement centre is also needed for future growth of the Frances Baard area. Partnership with schools will also be an important tool in the future.

The inclusion of the following components into this programme will also ensure that an investor friendly environment is established. Targeting the appropriate local industries, government officials and local communities can also facilitate this. Human resources can further be developed through:

- Identifying educational programmes that are applicable to the different niche markets.
- Establishing a standard entrepreneur support programme facilitating appropriate skills, education and training.
- Promoting and managing the support functions.
- Supporting the development and promotion of locally aimed training and development.
- Encourage involvement with the learnership programmes, managed by the various Sector Education and Training Authorities (SETAs).

5.4.8. CONCLUSION

The seven thrusts that form the strategic framework for the intervention into the LED system in the Frances Baard District are inter-related. The nucleus of the underlying principles guiding the future direction of the Frances Baard District is based on the implementation of anchor projects that emanate from these thrusts. The anchor projects that must be implemented to "kick-start" the transformation of the local economies, in terms of the strategic thrusts, are:

- Institutional capacitation
- Skills Development and Training
- SMME Development

Although the thrust related to the institutional strengthening is cross-sectoral, it must be viewed as central to the successful implementation of the other thrusts. It is necessary to consider the implications of the institutional [capacitation](#) in terms of the thrust and development programmes in terms of the institutional option that will be best suited to implement and manage the LED process transformation that will be initiated once these anchor projects are implemented.

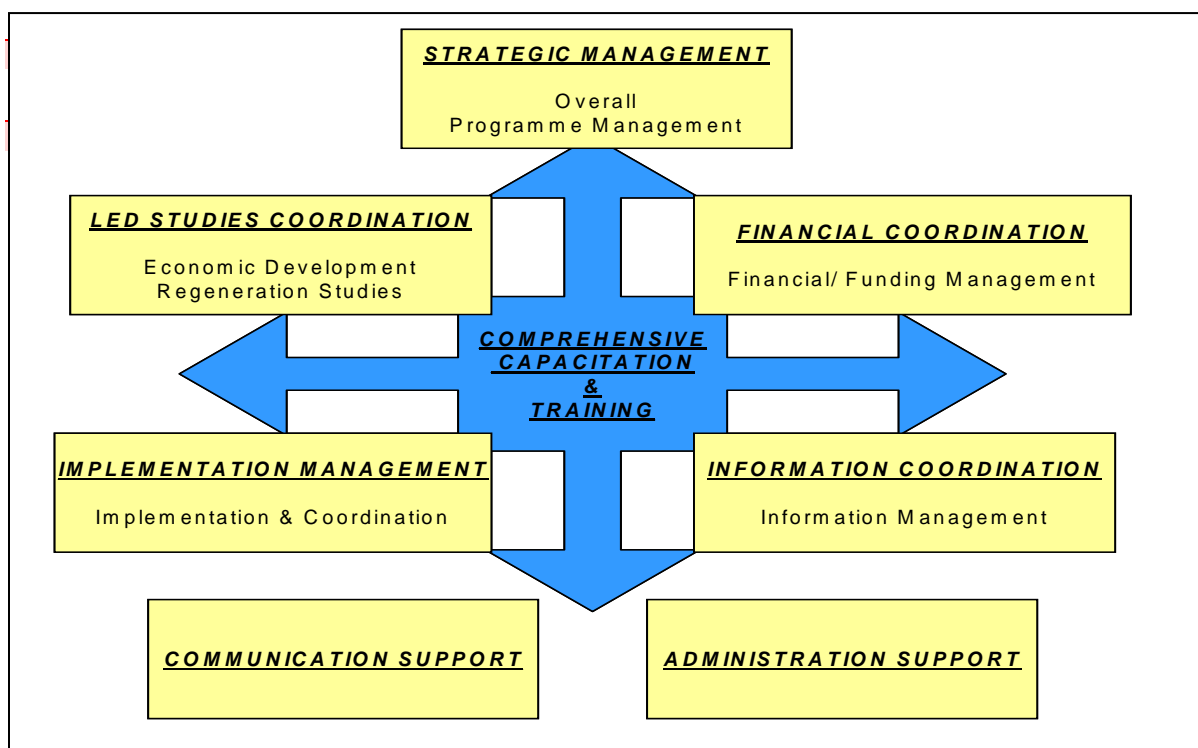
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Such structural adjustment should take into consideration the current planning framework as well as the local dynamics. Additionally the influences of the anchor projects should also be taken into account.

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Figure 5.1: Elements being addressed.



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Figure 5.2. INTER-RELATEDNESS

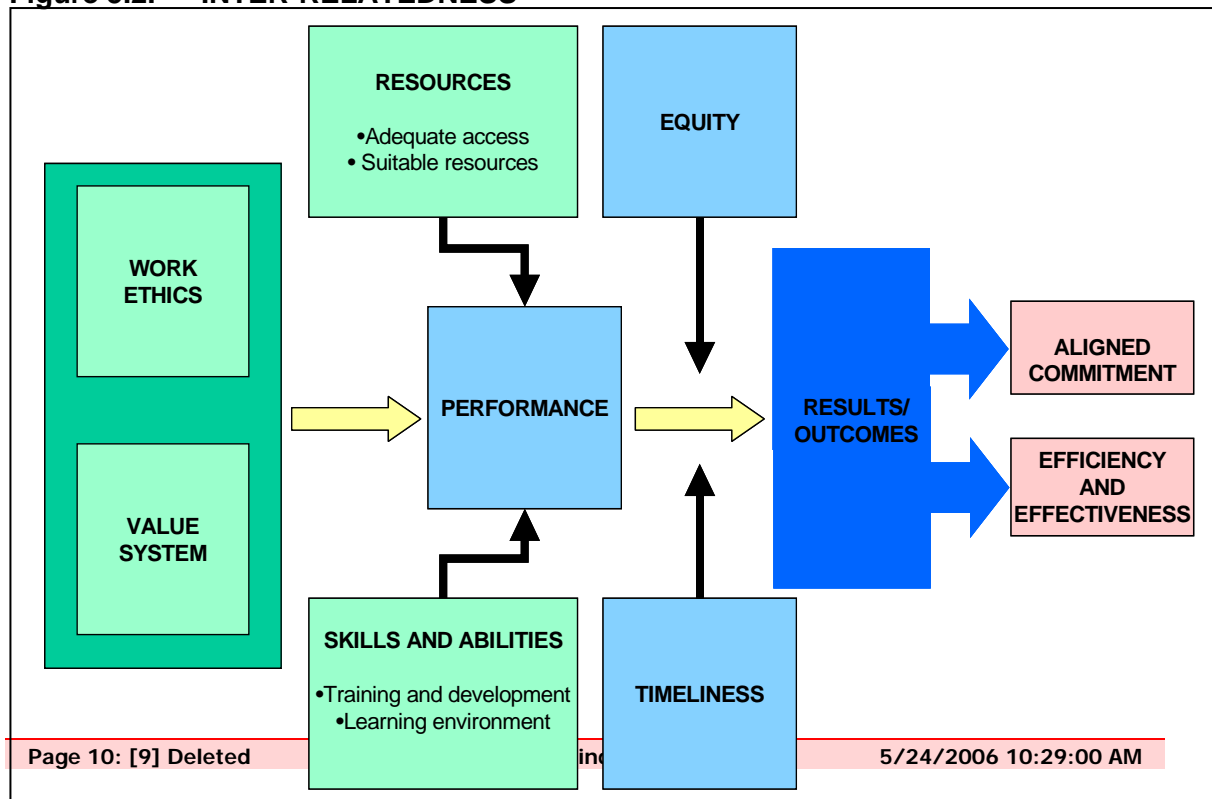


Figure 5.2 suggests that the two main components, which drive this service excellence, are the work ethics and the value system. It is these two core components that are targeted in this development programme as a result of the significant impact incremental improvements can make to the entire system.

The value system relates to a set of principles, which act as behavioural guidelines and determine “how things are done”. The second element, work ethics relate to the employees’ orientation or approach to work and productivity. This directs the efficiency and thrift with which the work is being performed.

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5.4.1.3. Development programme 3: “Extraordinary Development FUNDING UNIT” (EDF)

A key constraint hampering the initiation and implementation of LED projects is the limited **availability of funds**. Additionally, the application procedures for funds from donor organisations are lengthy and feedback regarding the status of the applications is often unknown.

In the fast-changing economic landscape, the delay of implementation regularly results in unsuccessful market penetration and eventual failure. It is vital that once an opportunity is identified, and the necessary planning has been performed, funds are obtained and the project initiated.

CORE COMPONENTS

The foundation of this development programme is embedded in the management of funds and is supported by a developmental decision-making process. These two elements are the principal components of this programme. The aim is to utilise existing funds in a manner that maximises the benefit to the communities and contributes to the long-term alleviation of poverty, the creation of employment opportunities as well as the sustainability of the local economy.

Revenue raising strategies to augment transfers from other government spheres should be incorporated into the overall management. Aspects such as the enforcement of payment for services, the indigent's policy and its level of implementation are examples of how revenue can be raised.

At the other end of the spectrum, is improvement of the maintenance of the municipal infrastructure. Through such management cost elements within the municipalities can be contained. An example of such activities is a Water-loss management plan.

However the main component of the development programme is the formation of an extraordinary development fund. This fund should be similar to the mayoral fund but should primarily focus on the implementation of LED projects throughout the Frances Baard District. Key focus must be on the implementation of priority projects that can act as catalytic projects. Specific emphasis must be placed on the procedures for sourcing the funds.

Sourcing should be done through active lobbying of all government departments, the private sector and donor organisations. Additionally, the fund should also act as a mechanism through which funds can be accessed on behalf of the local municipalities in order to increase the quality of funding applications. This mechanism should act a centralised application and processing vehicle assisting the local municipalities to receive timeous feedback regarding the availability of funds and the outcomes of the applications. Acute knowledge of the application procedures must be developed in order to facilitate a decrease in the timeframes during the application to funds disbursements to the relevant projects.

PROGRAMME IMPORTANCE

Very few of the LED projects contained in the local as well as the district IDPs have internal funds allocated from internal budgets. It is understandable that the local government structures are experiencing tight fiscal conditions. As some of the IDP-LED projects are vitally important to the economic development climate in the Frances Baard District, the allocation of internal resources will facilitate the implementation of these projects.

The establishment of a district level EDF will be able to consolidate scarce resources and efficiently distribute these resources to implement strategic LED projects that will cause an economic turnaround throughout the region.

Careful consideration of the current internal allocation of especially the Equitable Share funds to primarily infrastructure provision must be done to highlight the underlying implications of infrastructure provision i.e. an increase in the operating and maintenance expenditure as well as the human resources required. Therefore a paradigm shift towards LED as a priority is needed. The successful implementation of self-sustaining LED projects will realise this importance and generate income for the local municipalities without placing additional strain on the fiscal situations being experienced.

KEY ROLE PLAYERS

As the funding unit has to deal directly with the donor organisations, government departments and the local municipalities, the primary role-player should be:

The Frances Baard District Municipality – LED Unit
Private sector
Donor organisations

INSTITUTIONAL ASPECTS & FUNDING

In order to timeously implement LED projects, a need has been identified for the establishment of a locally based LED fund. The sourcing of funds should be the responsibility of all the local municipalities as well as FBDM. Various fund raising activities such as fairs and shows must be organised throughout the district. The management of the funds must be the responsibility of the FBDM while transparency and accountability must be ensured.

MAIN FACILITATION / IMPLEMENTATION ACTIVITIES

To set-up an EDF throughout the Frances Baard District will be a challenging exercise. To assist in this process, the following steps must be undertaken:

Determine the specific directorate within the FBDM to manage the financial component of the fund (treasury)
Establish a management/review forum that is a-political
Determine the specific objectives of the fund
Determine the qualifying criteria and application procedures
Conduct fund raising activities throughout the FBDM
Ensure transparency and accountability
Lobby all potential funders for contributions
Provide funders/donors with success-stories on how funds have been applied.
Link applications with other external investors i.e. matchmaking.

5.4.1.4. Development programme 4: Regulatory reform

As indicated in the preceding development programmes, the actual reform of the regulatory framework is a vital issue that must be performed in order to enhance the economic development system in the Frances Baard District.

In order to successfully implement and deploy the regulatory reformation throughout the Frances Baard District, it is necessary to ensure that the reform is implemented in such a manner that will fast track the process. Only through the comprehensive transformation of the regulatory environment will the investment climate of the region be enhanced. All aspects affected by the regulatory activities of the local government must be investigated, reviewed and amended.

CORE COMPONENTS

The core components that need to be included in the system are:

Approval Process:

One of the most basic incentives involves facilitating prompt decisions such as the approval of building plans and re-zoning applications. Prospective investors will lose interest if local authorities take too long to approve plans and applications.

Land:

In terms of the Local Government Ordinance, municipal land cannot be sold below its market value. However, the local authority can apply to the Premier for special permission to reduce the cost of its land in a specific development. Local Authorities can donate land to certain non-profit organizations. It can also lease its land and property at a nominal rate for certain types of organisations.

Planning Legislation:

The Development facilitation Act (Act 67 of 1995) paves the way for drastic changes with regards to the traditional approach to economic development. More specifically, the DFA can be characterized by:

- “Fast track” approach to development
- Bypassing apartheid legislation
- Initiating developments
- Rapid resolving of conflicts
- Fundamental review of planning systems

Zoning:

The zoning of an area is regulated in terms of the Town Planning Scheme. Any amendments of applications for re-zoning have to follow lengthy and time-consuming procedures (often as long as two years). The DFA now offers a fast track process of approximately 4 months. Historically, zoning has been characterized by single usage – areas for residential or commercial purposes. In their efforts to amend their Town Planning Schemes, the local authority may want to explore more flexible and economically efficient mixed-use zoning schemes.

Investments:

A local authority can invest or take equity in a company provided, that one of the objects of that company is related to the functions or services provided by the municipality. However, local authorities are not allowed to take equity in businesses that fall outside of their functions.

Loans/Start-Up/Venture Capital:

Under existing legislation, local authorities are not permitted to grant loans, start-up or venture capital. However, Section 218(1) of the Constitution provides for the different spheres of government, including local authorities, to guarantee loans if the guarantee complies with the condition set out in the legislation.

By-laws:

Local authorities have by-laws on health and safety. In relation to the emerging and new forms of economic activities, some of these by laws are considered inappropriate. For example, food-handling by-laws set strict requirements and standards in relation to restaurants yet have a different set of standards for food vendors. The local authority should review these by-laws to ensure a proper balance between development needs and general public interest. The local authority can furthermore make these by-laws available to the general public in order to assess the validity of these laws.

PROGRAMME IMPORTANCE

Regulatory reform involves special efforts by the local authority to reduce constraining regulation and zoning that may stand in the way of potential business development. This implies an accurate and speedy system to supply information relating to, and the approval of potential investments

KEY ROLE PLAYERS

The revision of the regulation framework implies that the entire current approach to developmental guidance needs to be revised. It is evident that the magnitude and scope of such an operation is extremely broad. It is therefore supposed that an appropriate service provider be appointed by the various local municipalities as well as the district municipalities to assist in the revision process. The key role-players in this process are:

Service providers
Frances Baard District Municipality
Local municipalities
Department of Provincial and Local Government

INSTITUTIONAL ASPECTS & FUNDING

Each local municipality is responsible for the regulatory framework being administered in the respective areas of jurisdiction. Therefore, the local municipalities themselves should review the local regulatory frameworks. In order to facilitate a district wide reform of the regulatory framework, the FBDM should play an important role in the coordination of the review process while at the same time providing support in the form of guidance and clarification regarding legal matter arising from such reform.

MAIN FACILITATION / IMPLEMENTATION ACTIVITIES

Establish a proper administrative procedure that will cut through unnecessary red taping and duplication. Regulatory reform and Approval Process Goal: Shorter Approval Time.

“Fine-tune” evaluation criteria for investors

Establish an inventory of potential investors, development opportunities and national incentives

Integrate current approval procedures and the proposed actions highlighted in the DFA.

Establish an inventory of existing consultants, service providers, contractors, etc.

Utilise benchmarking as a mechanism to continuously determine “strong points” and weaknesses in terms of the regulatory framework to facilitate on-going improvements of the regulatory framework.

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The Frances Baard District Local Economic Development is in need of new development initiative such as a Sector Plan, which focuses on the economic restructuring in the Frances Baard District.

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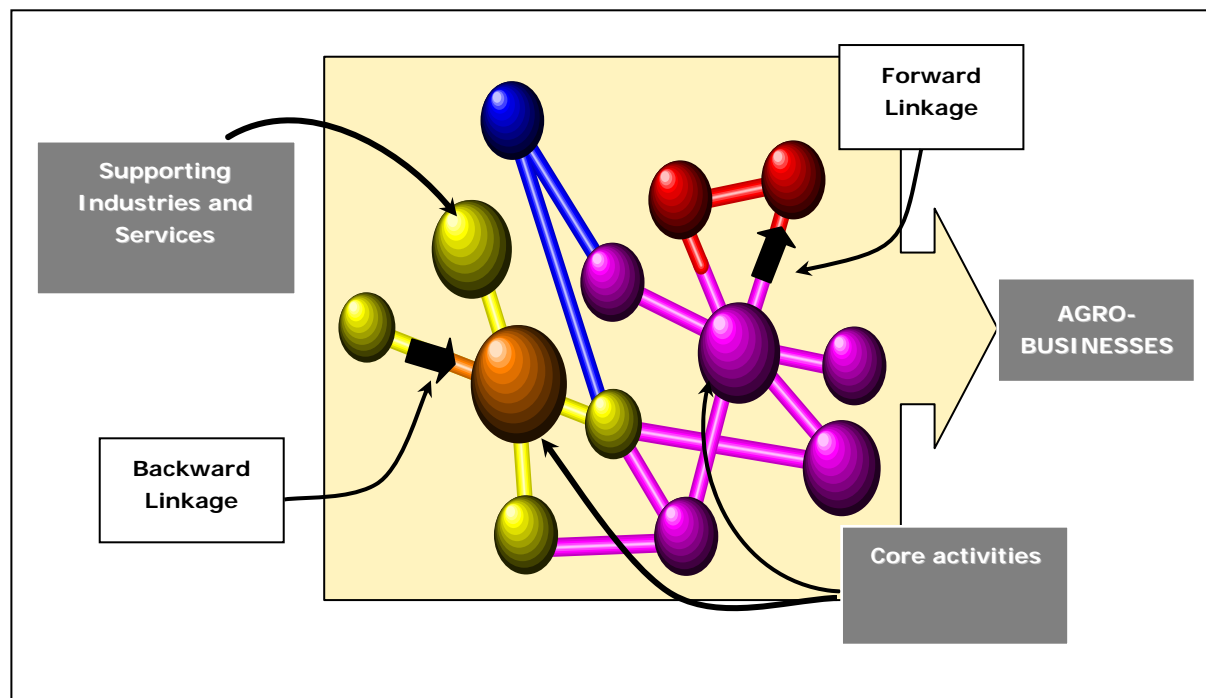
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The process of clustering is characterised by the following core components. The components are briefly discussed and the interrelatedness is graphically illustrated in **Figure 6.1**.

Figure 6.1. CORE COMPONENTS



The cluster concept is an internationally acclaimed approach to development. A cluster has at its core a sector (or material), but what is drawn into the cluster is everything that impacts on the competitiveness of that cluster. The latter refers to the forward, as well as backward linkages to integrate the total value chain. The viability of the formed cluster is dependent on several elements, including the number of linkages, availability of raw materials, marketing and supporting services.

New facilitation techniques are increasingly required to enable the development of clusters towards increased competitiveness. A prerequisite for the successful development of the cluster, associated with investment and delivery of results, is the need to directly involve the industry players in the initiative.

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SECTION SIX: Project Identification and Prioritisation

6.1. INTRODUCTION

In order to facilitate the economic development of the Frances Baard District, through the implementation of the development thrusts and programmes, specific projects have to be identified that will be able to drive the Local Economic Development (LED) process throughout the region.

The thrusts and development programmes are formulated for guiding district wide LED efforts. It is necessary to incorporate functional specialisation in a geographical/spatial dimension into the LED process. Such incorporation will improve the success rate of the individual projects as well as increase the aggregate benefit of LED efforts.

The regional economy of Frances Baard is based on the Finances, Mining and Government services sectors with opportunities in the mining, agriculture, manufacturing as well as the cross-sectoral sector, tourism. This section identifies specific projects within each sector. These projects are based on the strategic thrusts and development programmes as well as the opportunities identified in the status quo analysis i.e. Section Four.

6.2. PROJECT IDENTIFICATION CRITERIA

In order to identify specific development projects, the criteria that is employed for this identification process is clarified. The primary consideration utilised in the initial stages of project identification is the “potential” or “opportunities” in the local economy. This implies the latent features of the resources, which can be utilised or developed. In order to identify or determine this development potential and/or opportunities within an economy, a set of preset criteria is required against which to evaluate whether the resource and/or capacity can be regarded as having potential. These include:

- Availability of raw materials and resources
- Economic linkages
- Market trends
- Gap analysis / agglomeration advantages
- Logistics / Nodal point function
- Technology change

A brief discussion of each of the above-mentioned follows:

6.2.1. 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.

When considering the Frances Baard District, the most common raw material / local resources present in this area are the rich sources of agricultural land and minerals. These have both tourist and beneficiation potential.

6.2.2. ECONOMIC LINKAGES

Economic linkages refer to the interaction of various economies with one another, or various sectors within one economy. These interactions take place in various manners and on various scales. Linkages are important for an economy and its activities to be sustainable. When referring to linkages one can define two major categories:

- **Backward linkages**

This type of economic interaction refers to the raw material or intermediate products required as inputs into the delivering of the end product or service. In many cases the inputs required in the local economy cannot be delivered by the same (geographical) economy and call for it to be “imported” from other economies. In other cases the inputs are available but it is cheaper to obtain the same inputs from other outside economies. A vitally important question referring to 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?

- **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.

6.2.3. 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.

6.2.4. 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 hub or cluster. Therefore, all activities orientated and inter-related activities are grouped together in delivering services and information.

6.2.5. 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?

6.2.6. 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.

6.3. PROJECT IDENTIFICATION AND PRIORITISATION

The projects that are identified for the Frances Baard District are listed in this sub-section. It is necessary to distinguish between the two main categories of projects. These two categories are:

- Projects that support the strategic thrusts as formulated in the preceding section. These projects support the LED activities throughout the Frances Baard District (Development Support Projects). These projects are clearly linked to the development programmes.
- LED projects that aim to create wealth and directly create employment opportunities for the local communities of the Frances Baard District (Wealth and Employment Creation Projects).

It is also necessary to highlight the relevant importance of the various projects in relation to the development impact they will have on the local economic development activities throughout the entire Frances Baard District. The project prioritisation model employed, to perform this is prioritisation, is described in the subsequent paragraphs.

6.3.1. PROJECT PRIORITISATION MODEL

The assessment of the planned projects within the Frances Baard District has to be performed through the employment of appropriate criteria that will facilitate the selection process of strategic anchor projects. A prioritisation model was employed to assist in the selection of the various projects that should be refined in the subsequent sub-section. It is however necessary to expand on the elements incorporated into the model.

This model utilises three criteria to assess the overall impact of the project on the local economy. These three criteria are:

- Strategic importance
- Economic impact & Feasibility Level
- Impact of the project

The criteria encompass a number of variables which influences the potential outcome of each projects score for each criterion. Each criterion's characteristics are discussed in the following paragraphs:

6.3.1.1. Strategic Importance

Strategic importance refers to the holistic magnitude of the potential impact of the project on the local economy. This factor takes considerations into account such as the scale of the development, the chances of being duplicated elsewhere as well as the effects that the project will have on the comparative advantage of the local economy as a whole.

Apart from the mentioned benefits; a project will obtain a high score in this category if it has strong linkages with other potential projects. In other words the successful implementation of the project results in the creation of other potential projects or linkages within the local economy. Therefore this criterion is highly concerned with the LED-principles, namely:

- To broaden the economic base
- Human resources development
- Small business development (SMME)

- Sustainable employment creation
- Retention of existing businesses
- Create intra-regional linkages
- Create an enabling institutional environment
- Infrastructure investment and service delivery

Additionally other economic indicators/characteristics are incorporated such as increased multiplier effects, etc. As the projects needed in the local economy must be able to facilitate the establishment of future projects, their ability to act as potential anchor projects are evaluated. The evaluation takes factors into account such as:

- The ability to attract other activities to the region
- The potential to establish linkages with existing activities
- The capacity to create agglomeration advantages within the region
- The ability to reverse the trend of local goods being exported without value-added.

6.3.1.2. Feasibility of the Project

As the implementation of any project is dependant on the financial feasibility of the project, it is vitally important to include associated indicators into the overall project assessment. Aspects such as existing research on the project topic as well as the availability of resources, skills and appropriate technology affect the individual project's assessment. It should be emphasised that as highlighted in the economic overview, the relative narrow skills base within the region will influence this specific component.

Additionally the commitment of the relevant role-players in the local economic area to the specific project is vitally important. The current assessment of these criteria relates to if a specific "champion" has been identified as well as where applicable, also to commitment to the project by investors and the local municipality.

6.3.1.3. Economic Impact

The evaluation of a project in the light of its probable impact on the economy is the third criteria utilised during the assessment process. Economic impact refers to the sum of the projects' influences on the local economy. This implies that all the different impacts are taken into account. These impacts refer to aspects such as:

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

It is evident that the specific effects of each of the factors mentioned above are directly associated with the establishment of the project. It is necessary to take into consideration that there are other ways a project can have an impact on the local economy, such as indirect and induced impacts. These specific levels of impact vary considerably and are difficult to determine to high levels of accuracy. A main dimension of the impact of the project is the number of employment that will be created by the project. This criteria is relatively straight-forwards as it utilises the direct employment created and does not include the indirect employment opportunities created. In order to determine the strategic importance of the various projects in terms of acceptable economic indicators, the model reflected in **Envelope 6.1** was employed.

The model is based on allocating a weight to specific elements of the project which influences the feasibility of the project, the strategic importance of the project as well as the impact of the project

on the local economy. These different dimensions are factored into these various elements. Points are allocated to the respective elements and a total score is determined.

Envelope 6.1 PRIORITISATION MODEL

Project name:					
STRATEGIC IMPORTANCE OF PROJECT					
		Extent *			
	Weight	NONE	SOME	SIGNIFIC.	EXCEPT.
Does the project exploit the sectoral competitive advantages	20				
Strength of linkages/multipliers with other sectors	20				
Optimal utilisation of the local resources of the area	30				
Does the project align with other initiatives	15				
Compliance with LED principles	15				
Sub Total	100	0	0	0	0
					0.00
FEASIBILITY OF PROJECT					
		Extent*			
	Weight	NONE	SOME	SIGNIFIC	EXCEPT.
Implementation time frame of the project	5				
Level of financial risk	20				
Will it generate income and eventually pay for itself?	20				
Availability of research documentation, surveys or business plans	5				
Commitment by partners /investor/ government sector	5				
Anticipated start-up capital requirements (max R1,5 million)	15				
Availability of raw materials, skills & technology	10				
Identified market for product/service	20				
Sub Total	100	0	0	0	0
					0.00
IMPACT OF PROJECT					
		Extent*			
	Weight	NONE	SOME	SIGNIFIC.	EXCEPT
Potential number of jobs created by project	20				
Long term sustainability of the jobs	20				
Will it assist in the development of skills /capacity building?	15				
Will it address the socio-economic?	10				
Does the project fit the value system of the broader community?	5				
Will it create opportunities for new business development?	15				
Replication potential of the project	15				
Sub Total	100	0	0	0	0
					0.00

(* Options None, Some, Significant, Exceptional)

6.3.1.4. Project Assessment and Prioritisation

A critical consideration, in the assessment of the different projects, is that majority of the projects are in the initial phases of the conceptualisation of the projects. Care has been taken to ensure that the scoring of the projects are objective and independent. This was done through discussions with relevant stakeholders as well as a brief review of associated literature to gain an understanding of the factors influencing the different projects.

In order to determine the reference framework for the assessment of the projects, it is necessary to distinguish between projects that can be implemented by/or lobbied for by the local & district municipality (ies). As the secondary projects are dependent on the implementation of the primary projects, only the primary projects are included in the prioritising process. **Table 6.1** presents the outcome of the modular assessment of the projects.

Table 6.1: PROJECT PRIORITISATION

PROJECT	STRATEGIC IMPORTANCE	ECONOMIC IMPACT	JOB CREATION	BEE / CAPACITY BUILDING	SMME DEVELOPMENT SUPPORT	LED	POTENTIAL ANCHOR PROJECTS	VALUE	PRIORITY
<u>THRUST 1: Institutional demarcation and capacity building</u>									
Establish "workplace skills plans" per municipality	3	1	1	1	1	3	1	30%	4
Identify local service providers that are accredited by the LGSETA	2	1	1	1	1	2	1	22%	6
Undergo the training courses (intensive training programmes)	3	1	1	1	1	2	1	26%	5
Run training workshops	3	2	2	1	1	2	1	34%	3
Introduce the relevant public sector institutions, private sector, community and labour organisations to the Frances Baard District and underline the need to market the development of the corridor.	2	1	1	1	1	2	1	22%	6
Formulate a framework for a Focused Marketing Strategy	2	2	1	1	1	2	1	26%	5
Establish a Public and Private Sector Partnership (PPSP) with the aim to take responsibility for this strategic project.	3	2	1	1	1	2	1	30%	4
Identify the target market(s) and marketing strategy	2	2	1	1	1	2	1	26%	5
Promote and market the Frances Baard District on an ongoing basis.	2	2	1	1	1	2	1	26%	5
Establish a Culture of Service Excellence	2	2	1	1	1	2	1	26%	5
Establish a LED Forum	3	3	1	1	1	3	2	48%	1
Create an environment to ensure that businesses and organisations stay within the municipality.	3	2	1	1	1	2	1	30%	4
Provide adequate infrastructure and services in the area.	2	2	2	1	2	2	1	34%	3

PROJECT	STRATEGIC IMPORTANCE	ECONOMIC IMPACT	JOB CREATION	BEE / CAPACITY BUILDING	SMME DEVELOPMENT SUPPORT	LED	POTENTIAL ANCHOR PROJECTS	VALUE	PRIORITY
Monitor needs and perceptions of SMME locally	1	1	1	1	2	1	1	18%	7
Comply with labour market demands	1	1	1	1	1	1	1	14%	8
Provide business infrastructure	2	2	2	1	2	2	1	34%	3
Provide financing	2	2	1	1	3	2	1	34%	3
Provide technical support	1	1	1	1	2	1	1	18%	7
Procurement (Supply chain management)	3	2	2	2	1	2	2	42%	2
Linkages with investors and businesses	2	2	1	1	2	2	1	30%	4
Networking between government and various sectors (especially when a LED forum is established)	3	2	1	1	2	2	2	38%	3
<u>THRUST 2: Adding value in the Mining sector</u>									
Processing and Beneficiation of minerals (e.g. jewellery manufacturing etc.)	3	2	3	2	1	3	3	54%	2
Establish a Minerals Development Centre in the Frances Baard District	2	2	2	2	2	2	1	38%	4
Marketing mining and mineral investment opportunities	2	2	2	1	1	2	1	30%	6
Establish junior mining chambers	2	1	1	2	2	2	1	30%	6
Implementation of the new mining charter	2	2	1	1	1	2	1	26%	7
Attract investors	2	2	2	2	2	2	1	12%	8
Establish mining associations	2	1	1	1	2	2	1	26%	7
Network with larger mining companies	2	1	1	1	2	2	1	26%	7
Closer interaction with Department of Minerals and Energy	2	1	1	1	2	2	1	26%	7
Establish suitable Transport Infrastructure to develop new mineral operations	3	2	2	2	2	2	2	46%	3
Upgrading of roads	3	2	2	2	1	2	2	62%	1
Develop skills (management and technical skills)	3	2	3	2	1	2	2	46%	3
Provide expert training and equipment to small local entrepreneurs (in order to expand local expertise and support local beneficiation).	3	2	2	2	2	2	2	46%	3
Develop Mining-Tourism	3	2	2	2	2	2	2	46%	3
Train local people to become tour guides	2	1	2	2	2	2	1	34%	5
Close interaction with DME and Tourism sector	2	1	1	1	2	2	1	26%	7
<u>THRUST 3: Manufacturing and Industry Development</u>									
Agro-processing: Development of fruit and vegetable	3	3	3	2	2	3	3	62%	1

PROJECT	STRATEGIC IMPORTANCE	ECONOMIC IMPACT	JOB CREATION	BEE / CAPACITY BUILDING	SMME DEVELOPMENT SUPPORT	LED	POTENTIAL ANCHOR PROJECTS	VALUE	PRIORITY
processing plants, livestock and meat processing plants, oil extraction plants, a leather tannery, etc.									
Developing local manufacturing industries like an irrigation manufacturing plant etc.	3	3	3	2	2	2	2	54%	3
Development and expansion of other manufacturing related industries, such as brick manufacturing industry, small scale jewellery manufacturing industry and shoe, clothing and equipment factories for manufacturing/mining necessities.	3	3	3	2	2	2	3	58%	2
Investment development and promotion	3	2	2	2	1	2	1	38%	6
Expansion of Agro-processing activities and the export market	2	2	2	1	1	2	2	34%	7
Expansion of agro-tourism products (arts and crafts)	2	2	2	1	2	2	1	34%	7
Beneficiation of locally mined minerals	3	2	2	2	2	2	2	46%	4
Biotechnology: manufacturing of micro-organisms	2	2	2	2	1	2	1	34%	7
Value adding and packaging	3	2	2	1	1	2	1	34%	7
Establishment of leather tannery/ leather works industry	3	2	2	2	2	2	1	42%	5
Develop new markets through local networking	2	2	1	2	1	2	1	30%	8
Product innovation	2	2	1	1	2	2	1	30%	8
Skills development	3	2	2	2	2	2	2	46%	4
High employment potential	2	2	2	1	1	2	1	30%	8
Introduction of Renewable Energy Sources	2	2	1	1	1	2	1	26%	9
Establishing a manufacturing forum	3	2	1	1	2	2	2	38%	6
Establishing a government manufacturing task team	2	2	1	1	2	2	1	36%	8
Facilitating the restructuring of business associations	2	1	1	1	2	2	1	26%	9
Establishing a Marketing Authority and Export Promotion Centre	2	2	1	1	1	2	1	26%	9
Explore feasibility of a Manufacturing Development Agency.	2	2	1	1	2	2	1	30%	8
Develop a detailed manufacturing strategy	2	2	1	2	1	2	1	30%	8
Develop a manufacturing hub.	2	2	2	2	1	2	1	34%	7
<u>THRUST 4: Emerging Agricultural Development (Agri-BEE)</u>									
Support emerging farmers and	3	2	2	2	2	2	2	46%	2

PROJECT	STRATEGIC IMPORTANCE	ECONOMIC IMPACT	JOB CREATION	BEE / CAPACITY BUILDING	SMME DEVELOPMENT SUPPORT	LED	POTENTIAL ANCHOR PROJECTS	VALUE	PRIORITY
Agri-BEE									
Develop agro-processing	3	2	2	2	2	2	3	50%	1
Attract investors such as SAB to the area (plough barley).	2	2	2	1	1	2	1	30%	6
Expand SA Peanut (peanut oil factory, by-products e.g. peanut butter etc).	2	2	2	2	1	2	2	38%	4
Expand SA Olives (establishing a BEE company)	2	2	2	3	1	2	2	42%	3
Process olives into olive oil, soap etc.	2	2	2	2	1	2	1	34%	5
Fishing: Create dam for fresh fish.	2	2	1	2	1	2	1	30%	6
Develop the wine industry (grapes and wine)	2	2	2	1	1	2	1	30%	6
Establish carrot processing (carrot juice).	2	2	2	2	1	2	1	34%	5
Potatoes: Establish a chips factory (such as Simba)	2	2	2	2	1	2	1	34%	5
Establish Lucerne processing (Lucerne oil) and create pellets.	2	2	2	2	1	2	1	34%	5
Control weeds and invader plants	2	1	2	2	1	2	1	30%	6
Develop unused commonage lands	2	2	1	2	1	1	1	26%	7
Expand logistical infrastructure (transport infrastructure) etc.	2	2	2	2	1	2	2	38%	4
Provide expert training and equipment to small local entrepreneurs	2	2	1	1	2	2	1	30%	6
Identify appropriate land	2	2	1	1	1	2	1	26%	7
Source funds to develop infrastructure.	2	1	1	1	2	1	1	22%	8
Develop infrastructure for agricultural development	2	2	2	1	1	1	1	26%	7
Align the developmental activities	2	1	1	1	1	1	1	18%	9
Create awareness of demonstration plots and attract local emerging farmers	2	1	1	2	2	2	1	30%	6
Formalise and establish local market areas.	1	1	1	1	1	1	1	14%	10
Communicate opportunities and development requirements to LBSC and local communities	2	1	1	1	2	1	1	22%	8
Establish strategic linkages within the local communities and local businesses	2	1	1	1	2	1	1	22%	8
Develop Game farming/hunting etc.	2	2	2	1	1	2	1	30%	6
Practical training, education and awareness building.	1	1	1	1	2	1	1	18%	9
Technology development and demonstrations.	2	1	1	1	2	1	1	22%	8
<u>THRUST 5: SMME's and Business Support</u>									
Form business support	3	2	1	1	2	2	1	34%	1

PROJECT	STRATEGIC IMPORTANCE	ECONOMIC IMPACT	JOB CREATION	BEE / CAPACITY BUILDING	SMME DEVELOPMENT SUPPORT	LED	POTENTIAL ANCHOR PROJECTS	VALUE	PRIORITY
networks									
Identify the stakeholders to become involved in the business support network	2	1	1	1	2	2	1	26%	2
Develop a database (of business development, support opportunities, needs and constraints)	2	2	1	1	2	1	1	26%	2
Establish specific support functions, procedures and actions	2	1	1	1	2	1	1	22%	3
Market the business support network through a focused marketing strategy	2	2	1	1	2	1	1	26%	2
Determine which of the policies of the FBDM must be used as instruments for LED/SMME support.	1	1	1	1	2	1	1	18%	4
Formulate revised policy frameworks	2	1	1	1	2	1	1	22%	3
Implementation of the revised policy frameworks	2	1	1	1	2	1	1	22%	3
Make database accessible to local entrepreneurs and businesses	2	2	1	1	2	1	1	26%	2
<u>THRUST 6: Tourism development</u>									
Develop Environmental Conservation	2	2	1	1	1	2	1	26%	3
Establish local policy and land-use control constraints	2	2	1	1	1	1	1	22%	4
Identify specific criteria for each geographical areas	2	2	1	1	1	1	1	22%	4
Draft mechanisms to facilitate the implementation of these criteria	2	1	1	1	1	1	1	18%	5
Amend the necessary town planning control measures, such as town planning schemes, and policies and implement the drafted mechanisms	2	1	1	1	1	1	1	18%	5
Market the area's potential to owners and potential developers.	2	2	1	1	1	2	1	22%	4
Seek potential investors for the establishment of a holiday resort and provide assistance	2	2	1	1	1	2	1	22%	4
Solicit community input in tourism-related projects	2	1	1	1	1	1	1	18%	5
Develop and refine the concept of a cultural village	2	2	2	2	1	2	1	22%	4
Establish Public-Private Partnerships	2	2	1	1	2	2	1	30%	2
Link this development programme with an aggressive marketing campaign for the area.	2	1	1	1	1	1	1	18%	5
Initialise planning and implementation of infrastructure	2	1	1	1	1	1	1	18%	5

PROJECT	STRATEGIC IMPORTANCE	ECONOMIC IMPACT	JOB CREATION	BEE / CAPACITY BUILDING	SMME DEVELOPMENT SUPPORT	LED	POTENTIAL ANCHOR PROJECTS	VALUE	PRIORITY
provision.									
Compile an inventory on the available tour packages, facilities, services and operators in the area	2	2	1	1	1	2	1	26%	3
Involve relevant organisations in order to compile a strategy for business and educational tourism.	2	2	1	1	1	1	1	22%	4
Establish working partnership integration	2	2	1	1	1	2	1	26%	3
Establishment of LTOs	2	2	1	1	1	1	1	22%	4
Identify and develop of tourism opportunities in each local municipality	2	2	1	2	1	2	1	30%	2
Initiate communication channels between activities	2	1	1	1	1	1	1	18%	5
Investigate methods to link activities through tourism travel	2	1	1	1	1	1	1	18%	5
Approach local tour-operators to expand activities offered	2	1	1	2	1	1	1	22%	4
Market the consolidated tourism activities i.e. tourism route	2	2	1	1	1	1	1	22%	4
Constantly monitor the performance of the various activities	2	1	1	1	1	1	1	18%	5
Develop Agro Tourism in which experimental farms (demonstration plots) can be utilised to accommodate school trips, etc.	2	2	2	2	1	2	1	34%	1
Develop Business-related tourism, where conference centres, exhibition halls, etc. are provided to accommodate the local and international business corps.	2	2	2	2	1	2	1	34%	1
Develop Educational tourism, in which establishments in the Study Area are utilised for educational purposes (e.g. fieldtrips, courses undertaken in holidays, etc.).	2	2	2	2	1	2	1	34%	1
Develop Wine Tourism, where tourists can visit the wine farms and wine cellar and do wine tasting.	2	2	2	2	1	2	1	34%	1
Develop Adventure Tourism such as quad biking etc.	2	2	2	2	1	2	1	34%	1
THRUST 7: HUMAN RESOURCE DEVELOPMENT									
Identify educational programmes applicable to niche markets	2	2	1	1	1	1	1	22%	7
Establish a standard entrepreneur support programme	2	2	1	1	2	1	1	26%	6
Promote and manage the support functions	2	1	1	1	2	1	1	22%	7

PROJECT	STRATEGIC IMPORTANCE	ECONOMIC IMPACT	JOB CREATION	BEE / CAPACITY BUILDING	SMME DEVELOPMENT SUPPORT	LED	POTENTIAL ANCHOR PROJECTS	VALUE	PRIORITY
Support development and promotion of local training and development	2	2	1	1	2	1	1	26%	6
Encourage involvement with Learnership Programmes (SETAs)	2	2	1	1	2	1	1	26%	6
Establish community projects	2	2	2	2	2	2	1	38%	3
Establish PPPs	2	2	1	1	2	2	1	30%	5
Develop basic reading and writing skills	2	2	1	1	1	1	1	22%	7
Train and educate local people	3	2	1	1	1	2	1	30%	5
Offer specialist services and skills to attract investment	2	2	1	1	1	1	1	22%	7
Develop skills to improve services	2	2	2	1	2	1	1	30%	5
Skills audit	3	2	1	1	1	2	2	34%	4
Develop a college of excellence	2	2	2	1	1	2	1	30%	5
Develop a work placement centre	2	2	2	1	1	2	1	30%	5
Establish partnership with schools	2	2	1	1	1	2	1	30%	5
Develop Vocational training such as building and construction training, training in mining related jobs (such as jewellery work, souvenirs etc.), entrepreneurial and business management training (for SMME development such as leather works etc. and also for tourism related businesses), community development training, industrial/ manufacturing training (for brick manufacturing and various processing projects which were identified earlier), Hospitality training (for chefs and restaurants etc.), Computer and administration skills training, Arts and crafts training etc.	3	2	2	2	2	2	1	42%	2
Develop a brief for consultants to undertake a detailed training and institutional needs analysis study	2	2	1	1	1	1	1	22%	7
Establish an human resource development programmes or project Task team	2	2	1	1	2	1	1	26%	6
Appoint consultants to undertake the planning study	2	2	1	1	1	1	1	22%	7
Obtain funding for implementation of the project	2	2	1	1	1	1	1	22%	7
Appoint contractors	2	2	1	1	1	1	1	22%	7
Establish required physical infrastructure	2	2	2	2	1	2	1	34%	4
Develop institutional ability and capacity	2	2	1	1	1	1	1	22%	7

PROJECT	STRATEGIC IMPORTANCE	ECONOMIC IMPACT	JOB CREATION	BEE / CAPACITY BUILDING	SMME DEVELOPMENT SUPPORT	LED	POTENTIAL ANCHOR PROJECTS	VALUE	PRIORITY
Obtain required new and additional training programmes and courses	2	2	1	1	2	1	1	26%	6
Obtain required operational funding.	2	2	1	1	2	1	1	26%	6
Skills development training (Agricultural skills (in terms of new machinery, technology and farming techniques etc.), Mining skills (skills in terms of beneficiation and processing methods etc.), Tourism skills (such as skills to be trained as a tour guide or to start a touring company etc.), Educational skills (such as proper schooling etc.	3	2	2	2	2	2	2	46%	1
The establishment of new physical facilities and/or the upgrading and refurbishment of existing facilities from where information and other support services will be rendered	2	2	2	1	1	2	1	30%	5
The establishment of electronic infrastructure (including internet) to facilitate and enhance the above processes	2	2	2	1	2	2	1	34%	4
The training of staff to provide a professional service	2	2	1	1	2	1	1	26%	6
Establishing linkages with other key interest groups	2	2	1	1	1	1	1	22%	7

(Note: Values closer to 100 is of higher priority)

Key:

Projects that are prioritised as most important

Projects prioritised as second most important

Projects prioritised as third most important

6.4. CONCLUSION

In this section, the proposed Local Economic Development Strategy for the Frances Baard District Municipal area was presented. LED programmes and projects were identified and prioritised according to certain criteria. In order to implement the various development programmes formulated in the strategy, the various institutional arrangement have to be initiated and established as a matter of urgency. These drivers of the LED process, throughout the Frances Baard area and the surrounding areas, will probably not succeed if the political ambition is not included in the implementation process as a whole. Therefore the inclusion of all the role-players and stakeholders throughout the planning and implementation process should initiate political will, generate interest and stimulate dialogue.

It is critically important that the role-players in the Frances Baard Municipal area take ownership of this regeneration strategy to facilitate the implementation of the development programmes as soon as possible. The programmes and projects identified might not all take off, due to prevailing market conditions at any time and the freedom of investor decision making.

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.