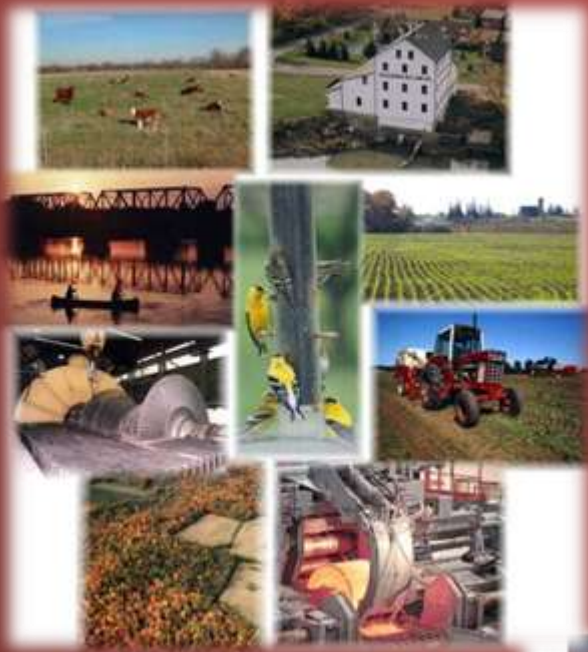


Khulis'umnotho Central Karoo District LED



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Industry

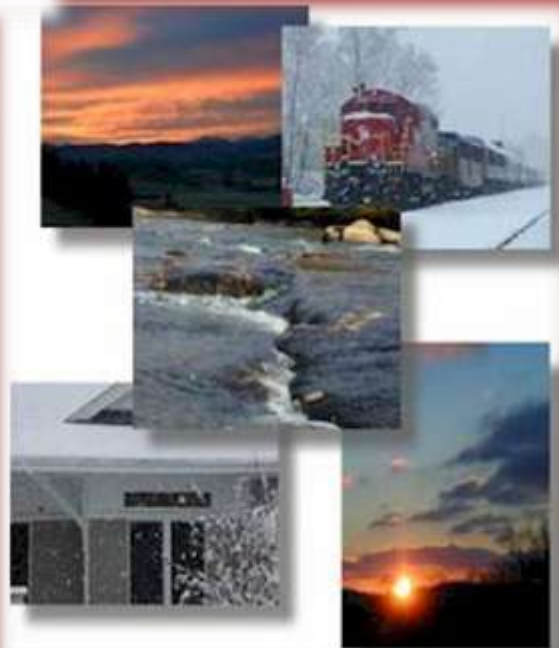


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ACRONYMS

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



SMME-	Small Medium and Macro Enterprises
TETA-	Transport Education and Training Authority
THETA-	Tourism, Hospitality, Sport education and Training Authority
URP-	Urban Renewal Programme
VfWSEP	Vision for Water and Sanitation Education Programme



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EXECUTIVE SUMMARY

The CKDM has an LED Strategy Framework. This strategy is very outdated (2005) and very incomplete. The Strategy does not provide socio-economic profile of the area or any key LED objectives. The LED merely states certain identified initiatives. In view of the requirements for local government to have a credible LED strategy in place, the current Local Economic Development Strategy has to be reviewed to reflect the most recent local and regional development dynamics and appropriately packaged as an LED Strategy. This document serves to replace the existing LED Strategy Framework as well as the LED component of the IDP.

This project was conceptualised by DTI in order to assist the CKDM to develop a credible Local Economic Development Strategy which integrate seamlessly with their IDP.

Urban-Econ, a firm of development economists has been appointed by the Department of Trade and Industry in order to assist the Central Karoo District Municipality to develop a credible Local Economic Development Strategy which integrates seamlessly with their IDP. The LED's credibility will be determined by the following aspects:

- ✓ Economic profile/state of the economy of the district municipality/metro
- ✓ An LED vision and objectives
- ✓ An LED Strategy
- ✓ A List of bankable projects (these should have project proposals with objectives, beneficiaries, role-players and their roles, institutional imperatives, funding and the duration)
- ✓ Implementation/action plan (Inclusive of Capacity Building Strategy)
- ✓ Monitoring and evaluation model

The purpose of an LED strategy is to identify measures that could create economic development and economic growth in the region and for Urban Econ to provide technical assistance and support to the Central Karoo District Municipality, whilst also capacitating them along the way.

1. Policy Framework

In establishing an appropriate Local Economic Development (LED) framework for the Central Karoo District Municipality, it is essential to make reference to relevant policies at a local, provincial and national level. By reviewing the relevant policies, one can contextualize the environment in which the LED framework will exist and more importantly, provide guidelines and targets that will direct the LED framework in an appropriate manner. This will also ensure that the LED policy which is developed aligns with National and Provincial Policy and Local initiatives. For each policy mentioned, a brief description is provided, followed by the direct implications for the Central District Municipal area. This policy analysis will be completed for national, provincial and district policies and legislation. More specifically the following policies are reviewed:

National level:

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



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

Provincial Level:

- Western Cape Province Growth and Development Strategy: iKapa Elihlumayo
- Western Cape Micro-Economic Development Strategy
- Western Cape Spatial Development Framework
- Western Cape Strategic Infrastructure Plan
- Human Development Strategy for the Western Cape

District Level:

- Central Karoo Integrated Sustainable Rural Development Strategy, 2003
- Central Karoo Growth and Development Strategy
- Central Karoo Integrated Development Plan, 2007 – 2011
- Central Karoo Local Economic Development Strategy
- Central Karoo District Nodal Vision, 2010
- Central Karoo SDF
- Central Karoo Economic Generation Study- Strategic Framework, 2003
- Strategic Framework for Sustainable Tourism Development in the CKDM, 2003
- Growth potential of Towns in the WC, 2004

2. Socio Economic Analysis

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

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

The outcomes of the section include:

- Definition of the Area
- Economic Profile
- Demography & Population Flows
- Households and Housing
- Education & Skills
- Transport
- Socio-Economic Implications
- Core Problems and Causes
- Environment
- Tourism Challenges

The following are the **main findings within the socio- economic analysis:**

1. The CKDM consist of high unemployment
2. Households are characterised by a low income base
3. A High illiteracy rate exists
4. Lack of tertiary facilities
5. Large dependency on Social Grants
6. The population is concentrated around N1
7. Beaufort West is the connecting point for the N12 and N1



8. Distance between main markets is a major constraints to small business
9. There is a lack of a Public transport system
10. Large percentage of roads are still gravel
11. Large portion of population are below poverty line
12. Large portion of household have no income
13. 46.5% of household fully own their dwellings
14. Household owning their dwelling are more stable
15. There is a high Housing Backlog?
16. Growing Population (1%)
 - i. Planning for services
17. Largest Local Municipality is Beaufort West
18. The smallest LM is Laingsburg
19. Rural population is 20.1% ;Urban population is 79.9%
20. Young Population & Large portion EA Population
 - a. Job Opportunities
 - b. Tertiary Education Facilities
21. Positive Economic Growth
22. Limited Economic Opportunities
23. Sectoral Contribution reflects Economy that is fairly well diversified, but still dependant on agricultural activities (sheep, Fruit, dairy products, etc.)
24. Broadening economic base is important
25. Prins Albert and Laingsburg have highest unemployment rates

3. Opportunity Analysis and project Identification

The purpose of this section is to provide an assessment of all the relevant economic activities and development opportunities within the main economic sectors contributing to the growth of the CKDM.

The criteria used against which to measure potential include the following:

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

The following opportunities were identified

Agricultural Sector:	Manufacturing Sector:
<ol style="list-style-type: none"> 1. Labour Intensive agricultural projects 2. Specialized Horticulture 3. Soya Beans 4. Warehouse and Milling Operation 5. Structured Agricultural Training 6. Incorporate farm workers in value-adding processes 7. Organically produced seed 8. Community Seed production project 9. Agro-processing industries/activities 10. Agro-based tourism 11. Organic Agriculture 12. Agriculture Waste Management Systems 	<ol style="list-style-type: none"> 1. Industrial Cluster Development 2. Industrial Park Development 3. Manufacturing opportunities in niche markets 4. Manufacturing activities using local produce as inputs 5. Supportive and service industries linked to the Agriculture sector 6. Community Development Projects 7. Promotion of manufacturing activities in accordance with national initiatives



Retail & Trade Sector:	Transport Sector:
<ol style="list-style-type: none"> 1. Gaps in regional retail hierarchy 2. Manufacturing and agriculture supplies and services 3. Fresh Produce Market 4. Multi Purpose Retail facility Agricultural supplies and services 5. Vendors at shopping malls 6. SMME opportunities 7. Wholesalers 	<ol style="list-style-type: none"> 1. Transportation corridor development with surrounding areas and economies of importance 2. Transportation for rail commuters 3. Upgrade current infrastructure (Roads, Taxi Ranks, Pedestrian) 4. Introducing new communication technology, i.e. logistics, ICT, networking platforms, call centres, Logistics/Distribution Centre 5. subsidised mass public transport system
Finance and Business Sector:	Tourism:
<ol style="list-style-type: none"> 1. Capital Funding for Government Programmes 2. Awareness Programmes 3. Financial Packages 4. Business Incentives 5. Business/office Park Development 	<ul style="list-style-type: none"> • Development and improvement of existing tourist attractions • Development of specific tourist routes • Tourism database (attractions, accommodation, operators) • Tourism forum • Provision of training and bursaries in tourism/hospitality training • Improvement of signage • Provision of on-the-job training opportunities • African Cuisine Restaurant (Organic) And Retail Outlet (Multipurpose Centre) • Conferencing • Tourist Guides • Fun Train Project • Karoo Astronomy Tourism • Heritage and Museum Tourism • Nightlife and Entertainment • Casino • Private Hospital (Medical Tourism)

The following are the **main findings within the opportunity analysis:**

- a. The Gross Geographic Product (GGP) growth rate of CKRDM is 5.4%, for 1995 – 2008.
- b. The Fastest growing sectors is **Finance and business services** (11.4%), **Manufacturing** (9.1%) and **Construction** (9%).
- c. The sectors that contribute the most to the GGP of the Central Karoo are Finance, Transport, Trade and Services.
- d. The sectors that contribute the most to employment are Services (30.1%) and Agriculture (22.6%).
- e. The agricultural sector is characterised by low productivity relative to its importance in employment. Agricultural productivity and value-added by the activities in agriculture need to be addressed in the LED Strategy.
- f. The main weakness of the CKDM economy is that it currently does not add value to their primary products. There are weak linkages between the sectors as Manufacturing, transport, trade and tourism could work to serve the primary sector, agriculture.
- g. The manufacturing sector is the most important sector in terms of production, but not in employment. In addition, while the contribution of manufacturing to production has increased, its contribution to employment has decreased over the same period.



- h. The finance, business services and trade sectors showed strong growth in the CKDM, in terms of both production and employment, while employment growth in the transport sector has been slow.
- i. The services sector is a large source of employment, but a small contributor to production. The LED Strategy must address productivity concerns in this sector.

4. Development Opportunities

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

- a. The agriculture transport and trade are the sectors in the Central Karoo with a comparative advantage, with the Manufacturing sector demonstrating a low comparative advantage
- b. Within the agricultural sector, the main constraints to development are lack of arable land, water constraints, high input costs, low productivity and lack of access to financial support.
- c. Opportunities identified within the agricultural sector include the development of agricultural value chains, such as meats and horticulture, as well as a focus on niche and export markets.
- d. Important opportunities within this sector involves the strengthening of backward and forward linkages, a focus on value-adding activities, as well as training and R&D (research and development).
- e. The manufacturing sector is constrained a lack of investment in industrial activities, lack of forward and backward linkages and a shortage of labour with the necessary skills.
- f. Development opportunities within the manufacturing sector include agro-processing, textile and clothing value chain and the investigation of waste recycling as an economic opportunity.
- g. The Transport and Communications sector has a particularly important role to play in terms of creating an enabling environment for economic development. The improvement and expansion of transport linkages and communication technology will improve the accessibility of the Central Karoo.
- h. In terms of services, many communities are still in need of higher order social amenities and the Municipality can play an important role in this regard. A shortage of especially tertiary education facilities within the Central Karoo has been highlighted as a particular constraint.
- i. In the tourism sector, the improvement of transport linkages, infrastructure, tourism facilities, information and tourist services, as well as the development and implementation of a strong tourism marketing strategy for the area, are the main factors to be addressed.

Taking the development opportunity analysis into account, the following strategic thrusts were proposed:

- Thrust 1: Expansion of the Agricultural Sector
- Thrust 2: Industrial and Beneficiation Development
- Thrust 3: Waste Recycling/Processing
- Thrust 4: SMME Development and Command Centre
- Thrust 5: Human Resource Development
- Thrust 6: Transport Development
- Thrust 7: Tourism Development

The thrusts aim at utilising existing economic strengths and opportunities by transferring these into workable programmes and projects.

5. Implementation Manual

Implementation guidelines are developed to serve as guide for implementation of CKDM LED project. This includes what the public sector can do in order to bring about a favourable environment for economic growth. Various support structures that are necessary for the implementation of LED projects are explored. General guidelines for project implementation are given with variations for Central Karoo District projects by way of a projects matrix.



6. Strategic Alignment and institutional Framework

Following the implementation guidelines of LED programmes and projects, a strategic framework was developed. This covers the institutional arrangements that are required to support LED initiatives in the CKDM. This includes a recommended institutional framework provide practical recommendations to attract investors, marketing guidelines, a proposed phased implementation plan and a monitoring and evaluation framework.



SECTION 1: INTRODUCTION

1.1 Introduction

Urban-Econ has been appointed by the Department of Trade and Industry in order to assist the Central Karoo District Municipality to develop a credible Local Economic Development Strategy which integrates seamlessly with their IDP. The LED's credibility will be determined by the following aspects:

- ✓ Economic profile/state of the economy of the district municipality/metro
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- ✓ Monitoring and evaluation model

The purpose of an LED strategy is to identify measures that could create economic development and economic growth in the region and for Urban Econ to provide technical assistance and support to the Central Karoo District Municipality, whilst also capacitating them along the way.

1.2 Purpose of the study

The purpose of this study is to develop a credible LED strategy that investigates economic development opportunities in the CKDM.

The study will focus on the review of the existing LED strategy and formulation of an inclusive new credible LED strategy to ensure the effective and continued implementation of economic development strategies, programmes and bankable projects. The key issues that need to be addressed include the eradication of poverty through sustainable job creation, skills training and enhancement, economic development as well as diversification of the economic base for effective investment.

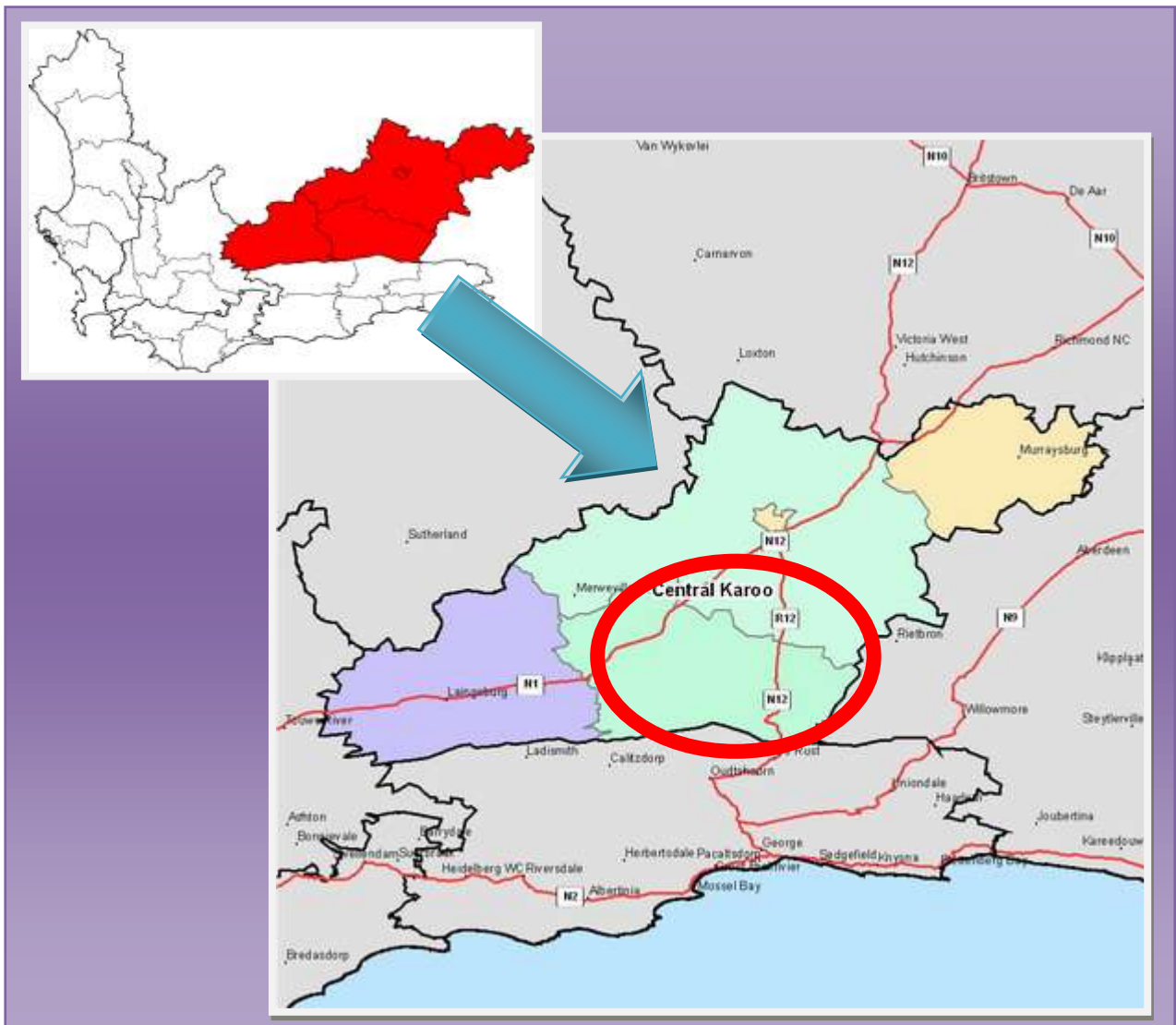
1.3 Location of the Study Area

The Central Karoo District will be the study area and the initiatives and capacity building will be focused on the needs and challenges experienced in the CKDM regarding LED.

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



MAP 1.1: CENTRAL KAROO DISTRICT



(Source: ISDP CKDM, 2003)

Central Karoo is about 450 km North West of Cape Town and about 1200 km South West of Johannesburg along the N1 road. The district borders the Eastern Cape to the East and the Northern Cape to the North.

1.4 Concept of LED

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

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



1.5 Report Outline

The remainder of the report includes the following sections:

Section 2:	Policy Framework	This chapter provides an overview of the national, provincial, district and local municipal planning initiatives that provide the framework in which the LED Strategy will be developed.
Section 3 :	CKDM Profile & Economic Scan	The CKDM profile provides a demographic & economic overview of the Central Karoo District Municipality and assesses indicators such as population growth, education, income, and GGP
Section 4 :	Opportunity Analysis and Product Identification	The potential analysis incorporates a SWOT and local sectoral potential analysis which assists in creating an understanding with regard to the sectoral competitive advantages of the local economy and is used to determine the development potential within the CKDM. These opportunities are identified under projects and programmes.
Section 5:	Implementation Manual	The guidelines for implementation of the strategy are detailed in this section. The section includes an implementation plan, proposed institutional arrangements to execute the implementation plan and potential sources of funding for the implementation of the strategy.
Section 6:	Strategic Alignment and Institutional Arrangements	This final section provide an overview of the institutional structure and operation as well as formulate the strategic framework that will guide economic development within the CKDM



SECTION 2: POLICY FRAMEWORK

2.1 Introduction

In establishing an appropriate Local Economic Development (LED) framework for the Central Karoo District Municipality, it is essential to make reference to relevant policies at local, provincial and national level. By reviewing the relevant policies, one can contextualize the environment in which the LED framework will exist and more importantly, provide guidelines and targets that will direct the LED framework in an appropriate manner. This will also ensure that the LED policy which is developed aligns with National and Provincial Policy and Local initiatives. For each policy mentioned, a brief description is provided, followed by the direct implications for the Central District Municipal area. This policy analysis will be completed for national, provincial and district policies and legislation. More specifically the following policies will be reviewed:

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

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- Strategic Framework for Sustainable Tourism Development in the CKDM, 2003
- Growth potential of Towns in the WC, 2004

2.2 Policy Review

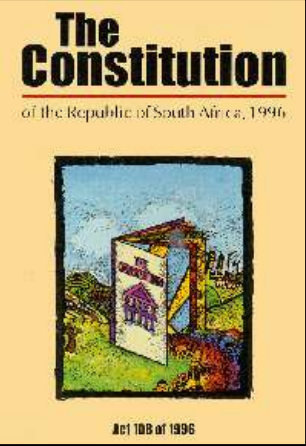
The following sub-section will provide concise overviews of the national, provincial and district policy environment regarding LED in South Africa. The various legislature as well as policies will relate to the specific



objectives and outcomes as well as to how this will have an impact on LED in Central Karoo District Municipal area. **Table 2.1** provides a brief description and implication of each of the policies mentioned in **Section 2.1**



TABLE 2.1: CKDM LED POLICY ENVIRONMENT

NATIONAL LEVEL		
POLICY/LEGISLATION	DESCRIPTION	IMPLICATIONS
<p style="text-align: center;">The Constitution</p> 	<p>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:</p> <ul style="list-style-type: none"> 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. 	<p>The Central Karoo District Municipality (CKDM) is legally compelled to promote social and economic development in its area of jurisdiction. This development should be focussed on addressing the basic needs of the population, reflecting the importance of service and infrastructure provision, community services, educational components and business support to all the areas where there is a lack thereof or where improvements are required.</p>
<p style="text-align: center;">Accelerated & Shared Growth Initiative for South Africa</p>	<p>ASGISA aims to guide the country's economy and to improve its growth, through interventions that are intended to serve as catalysts for accelerated and shared growth and development. Through ASGISA, government has set an economic growth target of 5% GDP growth per annum from 2004 to 2014. This target has been broken down into two phases, namely a target of 4.5% p.a. between 2004 and 2009 and 6% p.a. from 2010 to 2014. This growth must be managed in a way that generates employment opportunities (labour intensive growth) and ensures that the fruits of economic growth contribute to</p>	<p>The CKDM must make concerted effort to meet national growth targets set out by AsgiSA. Thus, during policy-making, AsgiSA objectives must at all times be considered in respect to local economic development initiatives and their contribution to the National AsgiSA goals. This is especially relevant for LED projects that are in line with the ASGISA priority sectors.</p>



CENTRAL KAROO DISTRICT MUNICIPALITY

KHULIS'UMNOTHO – LOCAL ECONOMIC DEVELOPMENT

POLICY/LEGISLATION	DESCRIPTION	IMPLICATIONS
	poverty alleviation in an equitable manner.	
The White Paper on Local Government	This policy identifies local government's responsibilities with regard to economic development. This includes promoting their respective localities, SMME's and providing skills training.	The White Paper has a direct impact on the development, policy formulation and human resource development projects of the district municipality. It emphasises the need and importance of local municipal support to business through training and development of support centres.
Rural Industrial Development Strategy, 2006	The RIDS calls on all regions to build their industrial economies based on local competitive advantages and opportunities. It aims to bridge the first-second economy gap in South Africa based on the spatial development principles of the NSDP. Such a strategy focuses fundamentally on addressing the key obstacles to the functioning of the economy, primarily through infrastructural interventions which will better enable all regions to access markets and resources.	Central Karoo District Municipality LED projects in the manufacturing sector should be implemented with cooperation and coordination of the provincial, district and local municipality LED departments and forums to save time and resources whilst growing the regional industrial economy. Support funds will be launched by the DTI that will support local industrial development projects, which will contribute thus to the industrial development of the Central Karoo District.
National Spatial Development Framework	In order to address the distortions of the past apartheid space economy, the National Spatial Development Programme (NSDP) was adopted in 2003. This perspective programme provides an indication of potential in different geographic spaces across the country and is used as an instrument that informs the respective development plans of the national, provincial and local government, which include Integrated Development Plans (IDPs), Provincial Growth and Development Strategies (PGDSs) and the Medium Term Strategic Framework (MTSF).	The NSDP provides a common reference point for National, Provincial & Local governments to analyse and debate the comparative development potentials of localities in SA. The Central Karoo District Municipality is thus responsible to adhere to the guideline provided in the NSDP.
The Broad-Based Black Economic Empowerment Act	To uproot inherited social imbalances, the Broad-Based Black Economic Empowerment Act of 2004 was passed. Here, systematic measures are in place to uplift the previously disadvantaged	The CKDM is responsible for addressing issues of transformation in the region. LED initiatives that empower the historically disadvantaged individuals (including minority communities such



CENTRAL KAROO DISTRICT MUNICIPALITY

KHULIS'UMNOTHO – LOCAL ECONOMIC DEVELOPMENT

POLICY/LEGISLATION	DESCRIPTION	IMPLICATIONS
	community. Designated individuals include Africans, Coloureds, Indians, women, workers, the youth, disabled persons and those that live in rural communities.	as those of Asian origin and 'coloureds') should be priority.
Integrated Sustainable Rural Development Strategy	The purpose of the Integrated Sustainable Rural Development Strategy is to enhance the welfare of the poor that inhabit rural areas of South Africa. Municipalities are key players in the implementation of the ISRDS due to their decentralized nature and ability to physically interact with their respective rural communities.	The decentralized nature of the strategy implies that Central Karoo District Municipality is responsible for catalysing the transformation of local rural areas into economically viable communities. To facilitate positive change, an in depth understanding of local rural areas is required along with an excellent relationship with the local businesses. A local Tourism Strategy should be orientated in such a manner that it contributes to rural sustainable development in the CKD region. The LED initiatives for rural communities should grow the rural economy and train community members. There should be incentives to prevent loss of skilled and knowledgeable people from the rural areas.
National Strategy for the Development & Promotion of Small Businesses in South Africa	This strategy aims to boost and transform the South African economy through promotion of small businesses. This will lead to increased employment opportunities and an environment that facilitates entrepreneurialism.	In promoting Local Economic Development, it is essential for the CKDM to promote the growth of its business sector. In order to do this, CKDM needs to facilitate an environment where SMME's can flourish. This can be done by increasing investment in infrastructure that encourages a competitive business environment, increased productivity, opportunities for employment and entrepreneurialism. Furthermore, a local Tourism Strategy can contribute to this environment by promoting tourist-related business opportunities for SMME's.
Development Facilitation Act	The Development Facilitation Act provides guidelines for reconstruction and development programmes that are directly related to land. For example, policy and legislation that centre on land	When developing sector strategies such as the LED Strategy, CKDM is required to adhere to the Development Facilitation Act. More specifically, objectives that have a direct impact on land



CENTRAL KAROO DISTRICT MUNICIPALITY

KHULIS'UMNOTHO – LOCAL ECONOMIC DEVELOPMENT

POLICY/LEGISLATION	DESCRIPTION	IMPLICATIONS
	development are required to promote integration and sustainability of the land as well as supporting equal opportunities in both rural and urban areas.	development must be achieved in a manner that compliments the Development Facilitation Act
National Environmental Friendly Management Act	This act provides principles, institutions and procedures for co-operative and coordinated environmental governance. According to the Act, environmental governance must 'place people and their needs at the forefront of its concern, and serve their physical, psychological, developmental, cultural and social interest equitably'. Furthermore, development must be socially, environmentally and economically sustainable.	When identifying LED projects, CKDM Municipality is required to adhere to the National Environmental Management Act. More specifically, objectives that have a direct impact on the environment (i.e. bird-watching) must be achieved in a manner that compliments the Development Facilitation Act.
The National Local Economic Development Framework	In order to achieve consistency and uniformity in LED strategies, a national framework has been established in which specific outcomes over the 5 year period are defined.	CKDM is required to follow the guidelines set out by the national government when developing their LED framework.
Joint Initiative on Priority Skills Acquisition (JIPSA)	JIPSA is developed as part of AGISA to facilitate the acquisition of skills prioritized by ASGISA and to engage with businesses to meet their Broad Based Black Economic Empowerment (BBBEE) obligations for skills development, as all empowerment Charters have an obligation for skills development that need to be realised. JIPSA will also look to organised labour to lead and demonstrate innovation in working together with government and business to enhance productivity and secure training for quality jobs.	CKDM is responsible to identify the scarce skills within the area and to consider long-term fundamentals for the skills needed in order to achieve sustained economic growth. This can be done by a regional skills audit and providing skills training where gaps exist.
Tourism Growth Strategy	The Tourism Growth Strategy provides a three year plan (2008-2010) to boost South Africa's competitiveness in the global tourism and travel market. Through increasing global competitiveness, the tourism industry aims to contribute significantly to AsgiSA's growth target of 5%.	Tourism in the CKDM was identified by numerous development strategies e.g. LED strategy as an industry with significant development and growth potential. This suggests that a local tourism strategy is obligatory and will boost economic development at both the district and local level.



CENTRAL KAROO DISTRICT MUNICIPALITY

KHULIS'UMNOTHO – LOCAL ECONOMIC DEVELOPMENT

POLICY/LEGISLATION	DESCRIPTION	IMPLICATIONS
The Municipal Structures and Municipal Systems Acts	The Municipal Structures Act of 1998 defines types and categories of municipalities, division of functions and powers within municipalities, and the regulation of internal systems. Alternatively, the Municipal Systems Act of 2000 provides municipalities with guidelines which <i>'enable municipalities to move progressively towards the social and economic upliftment of local communities'</i> so that basic services may be met.	The CKDM must operate in a manner such that it satisfies the conditions set out by the Municipal Structures Act. In addition, the Municipal Systems Act stipulates that the CKDM is legally bound to fulfil its duties and produce an IDP document to encourage development in its community.
The Municipal Finance Management Act	The object of the Municipal Finance Act (56 of 2003) is to secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements.	It is important that the CKDM adheres to financial procedures presented in the Act when engaging in financial matters relevant to any LED activities.

PROVINCIAL LEVEL

POLICY/LEGISLATION	DESCRIPTION	IMPLICATION
Western Cape Province Growth & Development Strategy: iKapa Elihlumayo	The iKapa Elihlumayo aims to provide a <i>'home for all'</i> and to eliminate identified challenges in the Western Cape Province. A core purpose of this document is to provide provincial and local government with a guideline for formulating their respective IDP's so that provincial and local goals may be aligned.	It is necessary for the CKDM to work in conjunction with the Western Cape Provincial government to vertically align goals of local IDP's (and subsequently LED frameworks) with the iKapa Elihlumayo. This creates ample opportunity and scope for inter- and intra-governmental integration, co-ordination and cooperation between spheres to focus resources on agreed upon priority areas.
Western Cape Micro-Economic Development Strategy	The MEDS consists of a comprehensive framework of cost-efficient interventions to boost the Western Cape's economy with the view that it may be sustainable in the future. This framework includes 18 tailor-made strategies for sectors identified as having high growth potential such as Exports, Tourism, Agriculture, ICT and Cultural	To boost regional economy, the CKDM should follow the guidelines provided by the MEDS. The MEDS will guide the Central Karoo District Municipality to harness their resources into meaningful co-operation and co-funding arrangements to achieve their goals in a focused and co-ordinated manner.



CENTRAL KAROO DISTRICT MUNICIPALITY

KHULIS'UMNOTHO – LOCAL ECONOMIC DEVELOPMENT

POLICY/LEGISLATION	DESCRIPTION	IMPLICATIONS
	industries	
Western Cape Provincial Spatial Development Framework	This policy aims to address the biased nature of past public investment. Former infrastructure and development strategies have largely benefited a small proportion of the Western Cape population and subsequently it is necessary to pursue strategies that counteract these imbalances. Issues of particular regions within the Western Cape Province.	CKDM should take note of spatial challenges relevant to the Western Cape Provincial Government and engage in strategies that compliment, not counteract, efforts to eliminate them
Western Cape Strategic Infrastructure Plan	In order to achieve the 5% average growth rate set by AsgiSA, an efficient and reliable institutional and physical environment is necessary. The Western Cape Provincial government has responded to this need by developing the Strategic Infrastructure Plan. This document provides a full analysis of the Western Cape's infrastructure sectors.	The SIP directs the CKDM in investing in infrastructure that will enable a strong and sustainable local economy.
Human Capital Development Strategy for the Western Cape	Unemployment stems from lack of skills and general lack of opportunities for both the everyday worker and the aspiring entrepreneur. The HCDS aims to turnaround the current situation through nurturing and developing the educational system in the Western Cape.	CKDM is responsible for improving and updating the current education system in its region. It is particularly important for the municipality to provide quality education in the rural areas where lack of skills is prevalent.

DISTRICT LEVEL

POLICY/LEGISLATION	DESCRIPTION	IMPLICATION
Central Karoo Integrated Sustainable Rural Development Strategy, 2003	The overall aim of the CK ISRDS is to ensure that the internal capacity required for integrated and sustainable development is reached by the year 2010. The key action areas identified by the ISRDP are as follows:	The CKDM should ensure that internal capacity be attained to transform the node into an economically viable, socially stable and harmonious functioning entity.



CENTRAL KAROO DISTRICT MUNICIPALITY

KHULIS'UMNOTHO – LOCAL ECONOMIC DEVELOPMENT

POLICY/LEGISLATION	DESCRIPTION	IMPLICATIONS
	<ul style="list-style-type: none"> ▪ Strengthen & focus existing rural development programmes, ▪ Re-align national & provincial budget through IDP's ▪ Match economic potential & social needs in the basket of services ▪ Build local institutional capacity ▪ Mobilise communities to influence process & outcomes; and mobilise stakeholders & strategy partners 	
<p>Central Karoo Growth and Development Strategy</p>	<p>The Central Karoo GDS is the overarching development strategy for the CK aimed at promoting and revealing sustainable economic growth and development potential. The GDS is the long term mechanism promoting development and initiating growth potential within the CK.</p> <p>Growth and development targets for the CK include:</p> <ul style="list-style-type: none"> ▪ Economic growth targets ▪ Social development targets ▪ Spatial development targets ▪ Strategic Infrastructure development targets ▪ Targets for sustainable development of municipal Institution 	<p>The Growth and Development strategy offers guidance to the CKDM with regard to developmental issues in the region. In order for the Central Karoo to achieve its vision of sustainable growth and development clear strategic interventions were recognised and transformed into development projects. The process forward is not envisaged to be plain sailing as the Central Karoo is faced with various unique and limiting regional challenges. These challenges have to be addressed in a proactive manner to ensure that they do not restrict growth and development in the Central Karoo.</p>
<p>Central Karoo Integrated Development Plan, 2007 - 2011</p>	<p>The IDP provides a vision and mission, objectives and detailed programmes and projects to be implemented in the District within a five year planning horizon. The CKD IDP seeks to integrate all physical, economic, environmental and social planning activities and programmes that will both promote and lead to the optimal utilisation of the CKDM limited resource base in order to address respective development challenges and potential. The IDP defines the various interventions to be made in order to achieve social, economic,</p>	<p>The CKDM IDP directs Local Economic Development as one of the most important and highest priorities within the region. Therefore, Economic development should be designated as the first strategic objective to be enforced by the district during the IDP's five year reign.</p>



CENTRAL KAROO DISTRICT MUNICIPALITY

KHULIS'UMNOTHO – LOCAL ECONOMIC DEVELOPMENT

POLICY/LEGISLATION	DESCRIPTION	IMPLICATIONS
	institutional, infrastructure and municipal sustainability.	
<p>Central Karoo Local Economic Development Strategy</p>	<p>This strategy is to support pro-poor economic growth and job creation through an integrated approach. It will support six core areas:</p> <ul style="list-style-type: none"> ▪ New Business Creation ▪ Improving Infrastructure ▪ Attracting Inward investment ▪ Strengthen the LED capacity ▪ Encouraging Local procurement ▪ Improving skills and knowledge 	<p>The CKDM should deem the development of the LED Strategy critical in response to the ever increasing social and economic pressures in the region.</p>
<p>Central Karoo District Nodal Vision, 2010</p>	<p>The Central Karoo District was declared a presidential Node for development in 2003. The CK Nodal Vision supports the perspective of ‘developmental government’ and aims to include all citizens in the realisation of the Nodal Vision 2010 – with specific focus on those less fortunate within the region. The sectors Highlighted by the Vision are Agriculture, Tourism, Trade and Transport. The Nodal Vision 2010 is underpinned by key strategic objectives, which are vital in the future growth and development trajectory of the region</p>	<p>In order for the CKDM to realise its expectations of economic development, strengthening and amplification of internal capacity as well as the appropriate and effective allocation of resource assistance is required from National and Government side.</p>
<p>Central Karoo SDF</p>	<p>The CKDM has early in 2007 embarked on the path on developing a Spatial Development Framework. It is envisaged that this framework will arrange, support and expand the inherent development potential found within the Central Karoo borders, in a sustainable way by means of integrated management, which will ensure the economic advancement of the area to the benefit of the people</p>	<p>All policy and strategy documents produced by the CKDM should reflect similar goals and priorities. It is therefore crucial for the Spatial Development Framework to be taken into account at all times when considering other policies and/or strategies for the region. In particular, when formulating the LED document, the CKDM should take into consideration the way in which the region is to be spatially developed. Goals of the LED must contribute to objectives of the SDF and allow for the integration of existing land uses.</p>
<p>Central Karoo Economic</p>	<p>The CK ERS forms part of the Central Karoo’s LED strategy aimed at</p>	<p>The CK ERS provides the CKDM with a strategic framework that is</p>



CENTRAL KAROO DISTRICT MUNICIPALITY

KHULIS'UMNOTHO – LOCAL ECONOMIC DEVELOPMENT

POLICY/LEGISLATION	DESCRIPTION	IMPLICATIONS
Generation Study- Strategic Framework, 2003	providing local authorities with the means to identify economic development potential and opportunities as well as viable programmes and projects for implementation.	designed to guide and stimulate economic development. Local authorities should implement a structured plan of action for economic development in the region.
Strategic Framework for Sustainable Tourism Development in the CKDM, 2003	The purpose of the framework is to orchestrate an organised, relevant and integrated approach towards tourism development. The framework provides a rough idea of what a strategy should encompass in order to facilitate effective community based tourism and align these efforts with existing and future tourism plans and programmes	The CKDM should use the framework to guide and stimulate activities required to effectively and sustainably develop the CKDM's tourism industry.
Growth potential of Towns in the WC, 2004	The WC DEAT and development planning are responsible for determining the potential and challenges facing the province and the respective regions. The overarching objective of the study was to provide an overview of the current situation in which small, rural towns in the WC are finding themselves and to demonstrate the importance of the urban centre's contribution towards sustainable, structural, socio economic and economic growth.	CKDM towns with identified with low development potential requires various types of investment structures/types i.e. infrastructural Investment, Social (people) investment. This investment structures can be addressed through LED.



SECTION 3: SOCIO- ECONOMIC ANALYSIS

3.1 Introduction

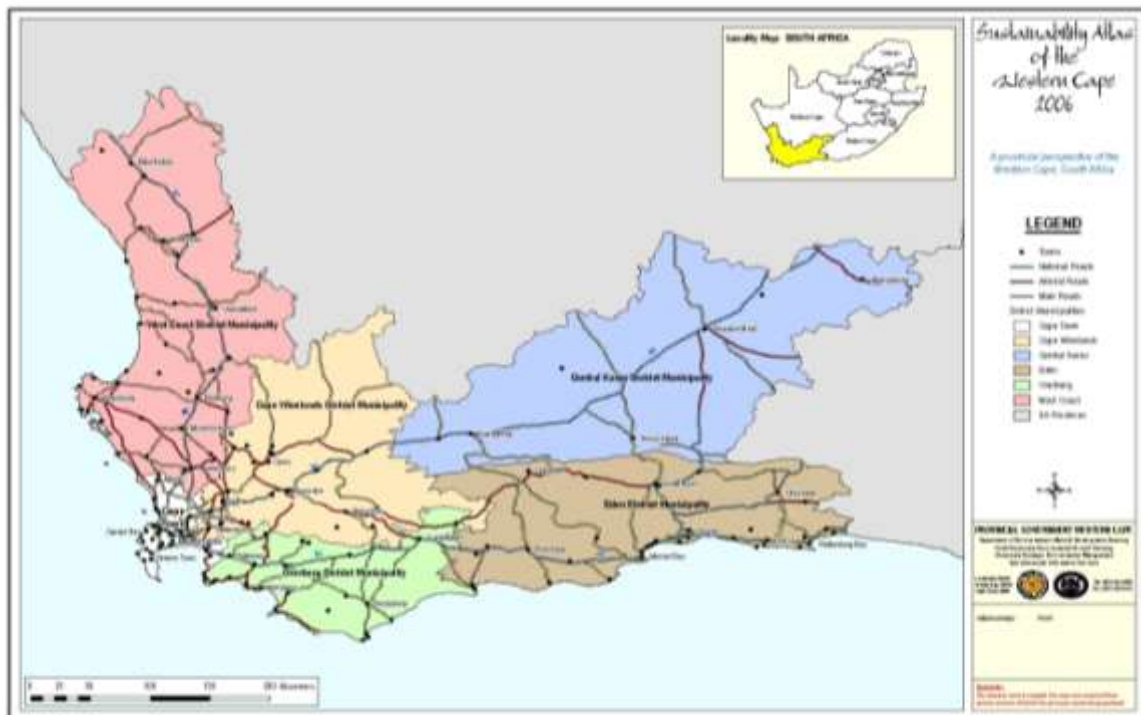
This section will describe the economic status quo of the economy of the Central Karoo District Municipality. This creates an opportunity to examine the economy and the different economic sectors, which in turn identifies the sectors of the economy that have the largest contribution to the national economy.

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

3.2 Defining the Area: Central Karoo District Municipality

Map 3.1 shows the location of the CKDM.

MAP 3.1: CKDM AREA





(Source: Municipal Demarcation Board, 2008)

The district municipality (DC5) is located in the northern part of the **Western Cape Province**. It is extremely sparsely populated and much of the area is desert. It consists of 3 Local Municipalities and the CK DM which includes Murray's Burg. The geographical area of the province is **38853** square kilometres. Central Karoo is about 400 km North West of Cape Town and about 1200 km South West of Johannesburg along the N1 road. The district borders the Eastern Cape to the East and the Northern Cape to the North.



Central Karoo is the largest district in the Western Cape Province; invariably this means that distances between settlements within the district are vast. Laingsburg is about 200 km from Beaufort West, while Prince Albert is 170 km.

The Central District Municipality is classified as a 'Category C' municipality. The District includes the following Category B municipalities:

Municipalities	
	<ul style="list-style-type: none"> Laingsburg LM: Laingsburg is approximately 200 km from Cape Town on the N1 highway that passes through the town. It has a surface area of 8 785km² and a total population of 8 154 people in 2007. The population density is 0.9 persons per km². Apparently it is the smallest population in the province and is also the smallest in the whole of South Africa. Laingsburg Municipality is characterised by rural agriculture that consist of mainly extensive small stock grazing (Dorper and Dohne Merino sheep). This municipality gets only 50mm of rainfall per year. Small amounts of wool are produced in Laingsburg municipality. The municipality produce 80 000 sheep carcasses per year, though there are only two abattoirs in the area. The region is also known for the production of apricots, dried yellow peaches, pears, plums, quinces and tomatoes. In 2007 the economy was concentrated in mainly three sectors, namely wholesale and retail trade (23%), transport and communication (21.0%) and agriculture, forestry and fishing (20.8%). Laingsburg contributed 8.6% of the District's R871.5million in 2007. Growth between 1995 and 2007 was strong at an annual average rate of 5.0%. Transport and communication, construction and agriculture, forestry and fishing sectors grew strongest over the period 1995 and 2007 with an average at 10.2%, 11.1% and 6.5% respectively.
	<ul style="list-style-type: none"> Prince Albert is approximately 400km north of Cape Town and about 170km south of Beaufort West on the N1. The Local Municipality covers the towns of Leeu Gamka, Klaarstroom and Prince Albert. It has the second largest population in the CKDM, with 10 156 people or 16.8% of the District's population in 2007. Prince Albert is known for its architecture and agriculture and is also a tourist centre. The chief farming activities in this area are deciduous fruit for the export market, olives vineyards, vegetable seed production, lucerne and ostrich. The average rainfall for the area is about 41mm per year. Farming is much more diversified in this region with small stock farming forming an important part into the farming community. Small stock farmers with sheep, Angora goats and game. Karoo Lamb, olives, olive oils and cheese are local delicacies. Prince Albert is well situated for overnight stops from Gauteng, Cape Town and Port Elizabeth. The economy is concentrated in mainly three sectors, namely Finance and business services (46.2%), wholesale and retail trade (16.5%) and transport and communication (11.3%) Prince Albert contributed 30.9% of GDP of the District's R871.5million in 2007 with an estimated average annual growth of 8.9% between 1995 and 2007.
	<ul style="list-style-type: none"> Beaufort West LM: Recorded an annual average growth rate of 3.8% during the period 1995-2007, compared the CKDM which recorded 5.4%. The largest share of the regional GDP comes from Beaufort





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

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

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

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

Areas of Economic Need

There are great distortions in the distribution of resources in the Central Karoo Region.

Beaufort West dominates the economy and it is mainly due to its size and population.

Of the four regions Prins Albert is in a better economic position to grow due to more economically viable Agricultural sectors and the Tourism industry in and around the town.

According to the Growth potential study of towns in the WC, towns with very low development potential includes:

- Matjiesfontein
- Merweville
- Murraysburg and
- Leeu - Gamka

Table 3.1: CKDM Areas of Economic Need

Town	Human Need	Development		Economic Base	Place Identity
		Quantitative	Qualitative		
Beaufort West	Medium	Medium	Very High	Regional Centre/ Agriculture service centre	Northern gateway to the cape
Laingsburg	Medium	Low	Medium	Agriculture Service Centre	Flood survivor of the Central Karoo
Leeu-Gamka	High	Very Low	Very Low	Residential	Railway character
Town	Human Need	Development		Economic Base	Place Identity
		Quantitative	Qualitative		
Matjies Fontein	Medium	Very Low	Very low	Tourism	Old fashioned Victorian



					charm
Merweville	High	Very Low	Very Low	Agriculture Service Centre	Small village surrounded by Karoo "koppies"
Murraysburg	High	Very Low	Very Low	Agricultural Service centre	Declining Karoo Town
Prins Albert	Medium	Low	Medium	Agriculture Service Centre/ Tourism	Tranquil Karoo/ swart Berg

(Growth potential Study of towns in the Western Cape, 2004)

Infrastructure overview

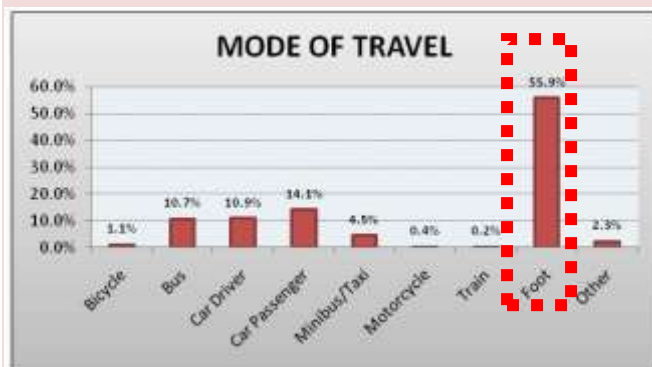
The infrastructure of the District is mainly a number of main and National roads flowing from Beaufort West to destinations such as Gauteng, Free state and the Northern Cape. These include the **N1** highway, the **N12** on route to the Southern Cape. A number of dirt roads provide accessibility to local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



Mode of Transport in Central Karoo:

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

Figure 3.1: CKDM Mode of Transport



(Source: Quantec Research, 2001)

Implication: Lack of PT make it difficult for poor residence to reach public services(distances of towns)

3.3 Demographic Indicators

Population

There is a total number of 60 618 people that live in the Central Karoo District, resulting in a population density of

Population and number of households in CKDM

Table 3.2 Population and Households

Population

Number of households



2people/km². The population is spread over the 4 LM's: Beaufort West (36 268), Laingsburg (8 154), Prins Albert (10 156) and Murraysburg (6 040). Of the Population 79.9% are urban and 20.1% are rural.

Beaufort West	36 268	8 574
Laingsburg	8 154	2 270
Prins Albert	10 156	2 422
Murraysburg	6 040	1 555
Central Karoo	60 618	14 822

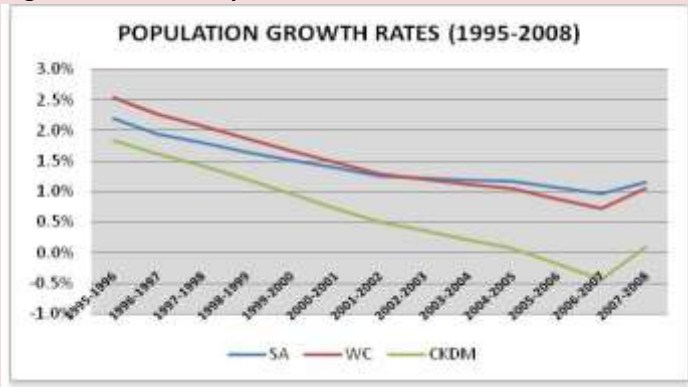
(Source: Quantec Research, 2008)

Population Growth

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

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

Figure 3.2: CKDM Population Growth Rates



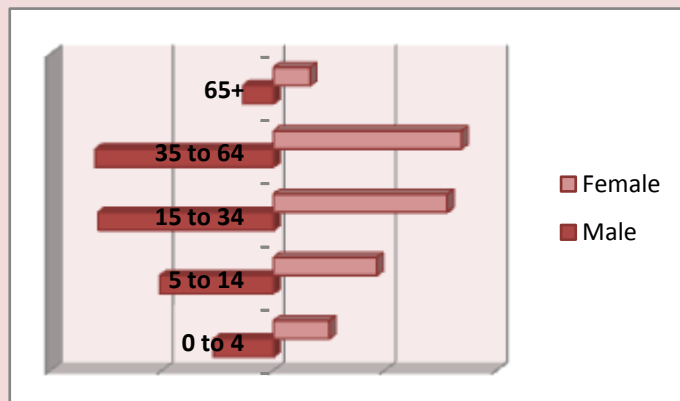
(Source: Urban-Econ calculations based on Standardised Regional Data, 2008)

Population Composition

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

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

Figure 3.3: CKDM Population Composition



(Source: Community Survey, 2007)

Population Migration

An upward migration trend is observed with the migration flow into the Central Karoo. It is estimate that 3 109 people will in migrate to the district by 2008. The Northern Cape represents **4.7%** of in migration into the district. Reasons for **In- migration**: Better job opportunities, Accessible and effective infrastructure, superior quality of life available in the Western Cape Province.

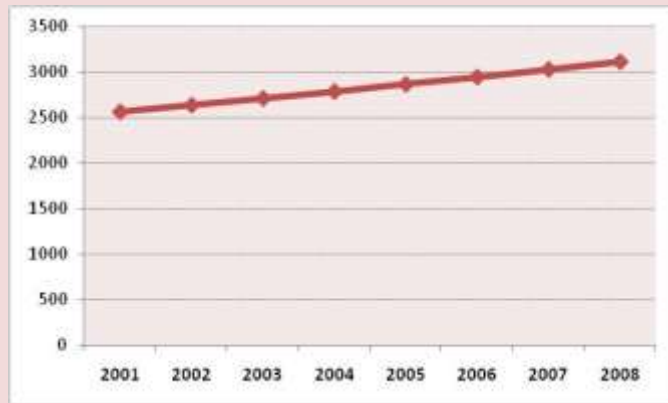
Out- Migration Facts:



From 2002 onwards people were leaving the area and the trend is projected to estimate that most Africans and whites will continue to leave the district until 2025. This is largely due few job opportunities as the district has limited economic activity. It is estimated that there is going to be an out-migration of 4 coloureds in the CKDM.

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

Figure 3.4: CKDM Population Migration



(Source: Quantec Research, 2008)

Education and Human Capital

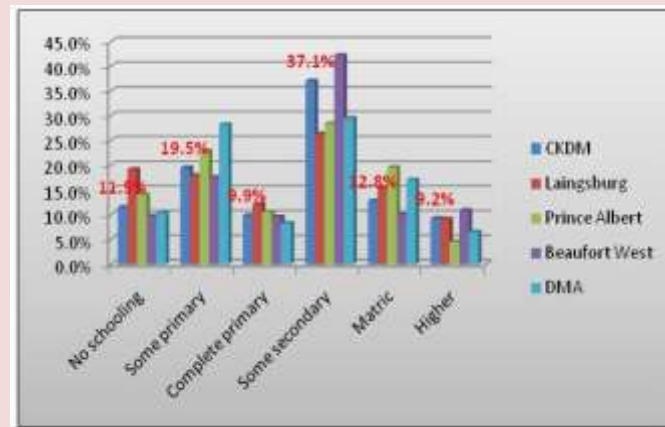
Literacy	Education
<p>Literacy is the ability to read and write; according to the Labour Force Survey (2007) 88.5% of the Central Karoo population is literate with basic skills in reading and writing.</p>	<p>Education is often a means to expand the range of career options a person may choose from and a direct influence on a person's income and ability to meet basic needs and thus an important indicator of human development.</p>

Population Level of Education

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

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

Figure 3.5: CKDM Population Education Levels



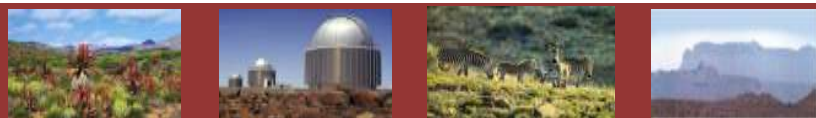
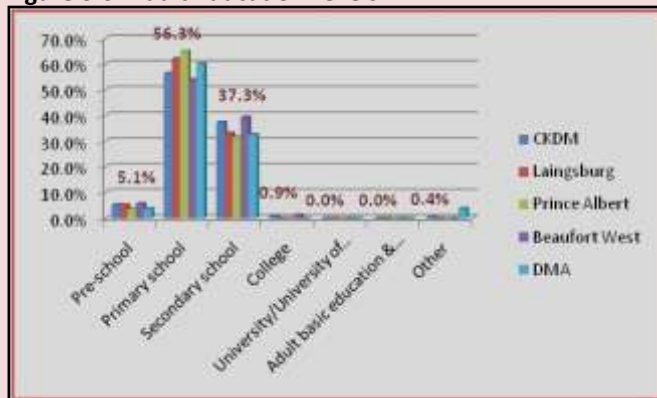
(Source: Community Survey 2007)

Adult Level of Education

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

Implication: The low level of adult education can be ascribed to the unavailability of education to

Figure 3.6: Adult Education Levels



especially Africans before 1994.

(Source: Community Survey 2007)

Poverty and Inequality

Social Grants

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

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

Table 3.3: Government Grants

Grant	Number of Recipients
Old age pension	3 078
Disability grant	3 773
Child support grant	9 276
Care dependency grant	327
Foster care grant	141
Grant in aid	78
Social relief	50
Institutions	2 169
Total	18 892

(Source: Community Survey, 2007)

Housing

Tenure

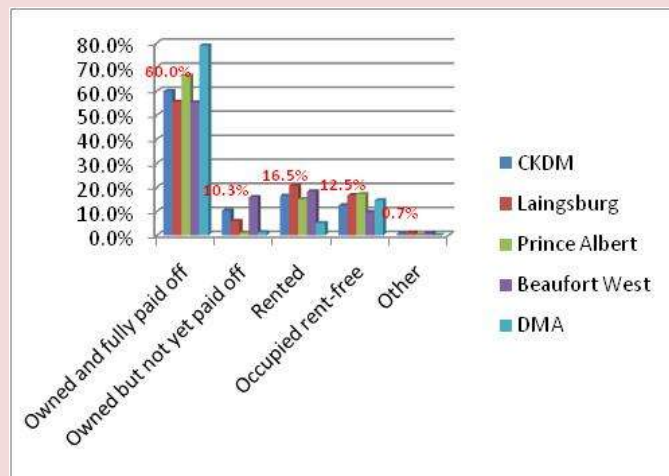


Tenure is the arrangement under which a household occupies its home.

- 1) 60% of the houses are owned and fully paid-off.
- 2) 10.3% of the houses are mortgaged
- 3) 12.5% occupy their homes rent free
- 4) Housing Backlog: There is currently a housing backlog of 4 411 houses in the district.
- 5) **1 287** houses has been constructed over a period of 10 years (1994 – 2004)
- 6) It has been determined that there is a high demand for middle income (GAP) housing (R200 000 – R350 000 price category) based on the limited supply in the current market which currently focuses on the high-income end.

Implication: The high number of owned and paid off homes indicates reasonable economic welfare in the District

Figure 3.7: CKDM Tenure Status



(Source: Community Survey, 2007)



Housing Type

Housing type implies the structure of the dwelling a family occupies as their home. Two main categories can be distinguished, these are, formal permanent structures and informal non-permanent structures.

Housing types in CKDM:

- 1) Approximately 90% of the dwellings in the district is formal alone standing brick houses, with a small occurrence of other housing types.
- 2) Approximately 3% of the dwellings in the Central Karoo are informal and non-permanent with the majority being informal dwellings and structures.

Implication: The high occurrence of formal brick housing indicates reasonable household welfare in the Central Karoo.

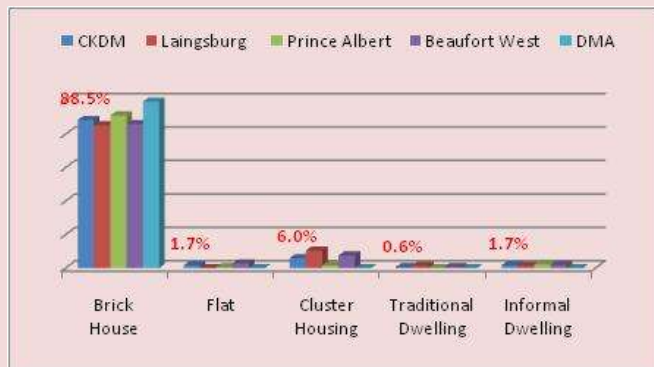
Formal Permanent Structures

- Alone standing brick houses
- Flat complexes
- Cluster housing

Informal Non-permanent Structures

- Traditional dwellings and huts
- Informal dwellings such as shacks

Figure 3.8: CKDM Housing Types



(Source: Community Survey, 2007)

Health Care

Health care is the prevention, treatment, and management of illness and the preservation of mental and physical well being through the services offered by the medical, nursing, and allied health professions to the population

- 1) The Central Karoo has a good health care infrastructure with mobile services effectively serving remote areas.
- 2) The priority in the region is the fight against TB (400 cases per 100 000 population).
- 3) Nurses on average see 37 patients a day.
- 4) Local Communicable disease are TB, HIV and AIDS (7% infection rate)
- 5) The estimate HIV/AIDS prevalence rate is 3.3% for 2010 with estimate deaths of 106 people for the same year.

Implications: HIV/AIDS effecting and taking the life's of economically active individuals leaving dependants behind and increasing dependency on the welfare system.



Access to Services

A service performed for the benefit of the public such as water, electricity etc.

- 1) Despite households access to free basic services: **16%** of households within the CK are without electricity, **4%** are without piped water, **20%** are without waste removal services
- 2) In general the CK is lagging in the provision of key basic services, in particular of refuse removal, energy and sanitation.

Implications: In the Central Karoo there is a lack of basic services to particularly farm workers.

Table 3.4: Free Basic Services

Services	Percentage of Households
Water	38%
Sanitation	31.7%
Refuse	22.7%
Electricity	38%

(Central Karoo Cabinet Lekgotla Report, 2008)

Social Disparities

Table 3.5 : CKDM Social Disparities

District Municipality (2007)	HH with no Income	Number of Medical Facilities	Number of Schools
City of Cape Town (CT)	102 062	-	700
West Coast (WCDM)	5880	74	133
Eden (EDM)	12 894	92	143
Central Karoo (CKDM)	4 421	21	26

(Source: Quantec Data, 2007)

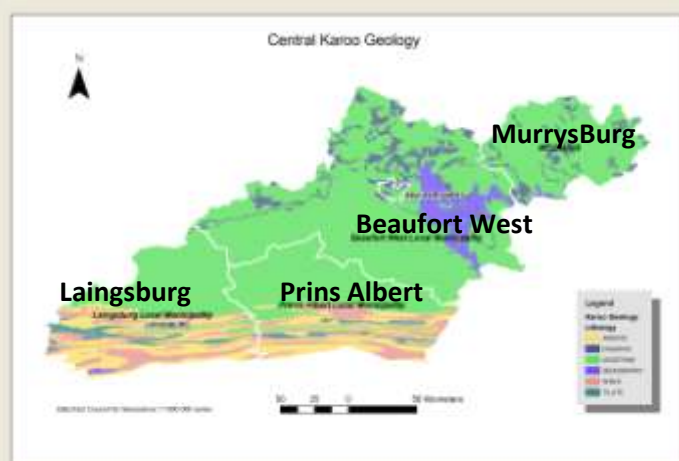
Areas of Urban Distress

The population of the Central Karoo are located in urban areas (**74.9%**) and the remaining **25.1%** are in rural areas.

The estimate **25.1%** of the rural inhabitants are subdivided as follows:

- 1) 36.8% of persons residing in Prins Albert are living in rural areas
- 2) Beaufort West have 17.8% rural inhabitants
- 3) Laingsburg have 8.7% of residents in rural areas.

The settlement pattern of the Central Karoo towns is similar to that of the most small South African Town – consisting of predominantly "white" core receiving the majority of basic and social services. Whereas the marginalised group are located in the surrounding areas on the periphery of towns in relatively small dormitory facilities. This has increased the difficulty of incorporating



these marginalised urban areas into the town's core and allowing for an inward growth towards the town core.

3.4 Performance and Structure of the Economy

Labour and Employment

Unemployment

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

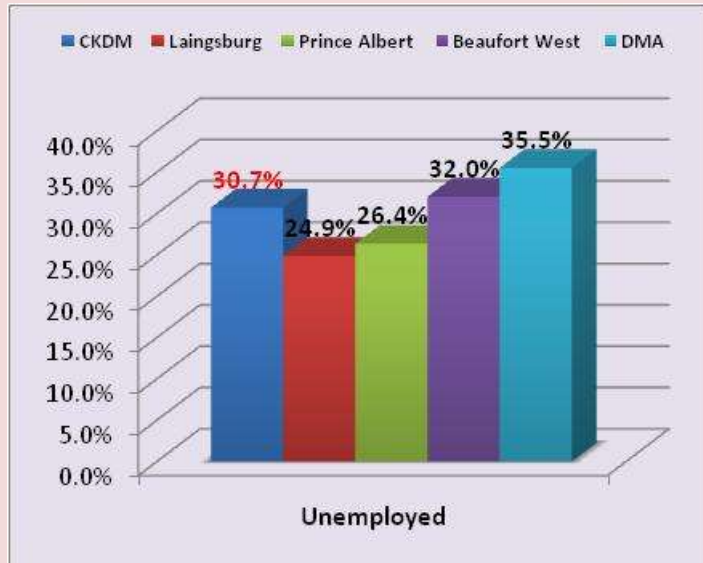
- ✓ No work during last 7 days
- ✓ Able to work within 2 weeks
- ✓ Active steps to look for work

Unemployment in CK:

- 1) Approximately 6,500 persons are unemployed in the CK according to the community survey (2007).
- 2) The district DMA (Murraysburg) local municipality has the highest level of unemployment (35.5%).

Implication: The CK has an oversupply of labour (30.7%) that is able and willing to work.

Figure 3.8: Levels of Unemployment



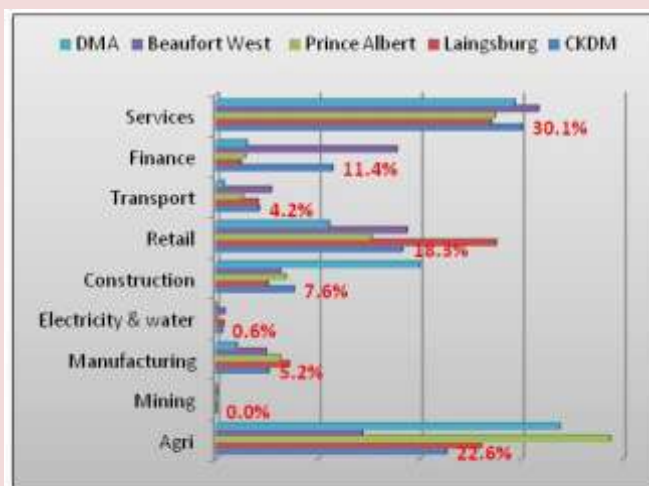
(Source: Community Survey, 2007)

Employment per sector

- 1) The major employers of the district are the service (30.1%) and agriculture sectors (22.6%) sectors.
- 2) Employment by the retail sector is significantly higher in Prins Alert
- 3) Agricultural activities in the District are grouped in all local municipalities.
- 4) The Central Karoo district labour force participation rate is approximately 54.9%

Implication: The economic employment of the Central Karoo has a very small base; the majority of the employment per economic sectors is concentrated in the service and agriculture sectors.

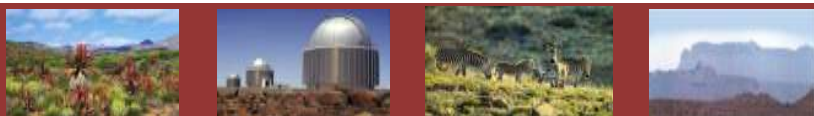
Figure 3.9: Employment per Sector



(Quantec Research Standardized Regional, 2007)

Labour Income

- 1) Household income in the Central

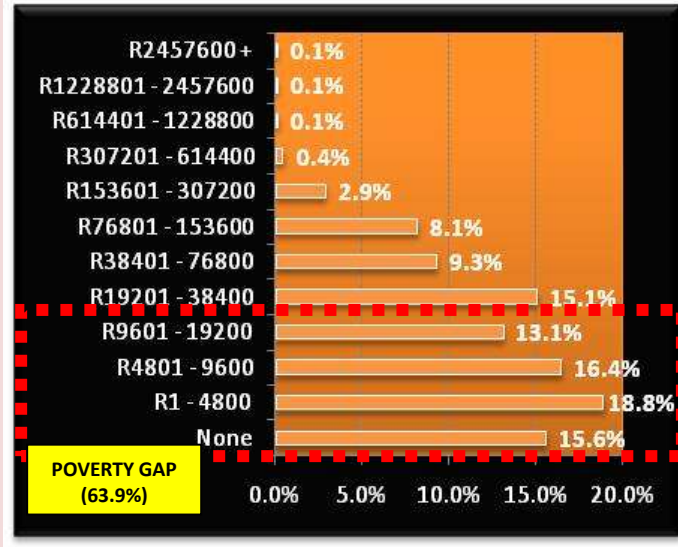


Karoo is concentrated in the lower income categories.

- 2) The majority of the households in the CKDM earn in the poverty Gap income categories with a monthly income below R1 600.
- 3) 15.6% of households earn no income at all.

Implication: The low income is indicative of high levels of poverty.

Figure 3.10: CKDM Household Income



(Source: Municipal Demarcation Board, Urban Econ Calculation, 2008)

Labour Productivity

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

Gross Domestic Product (GDP)

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

- 1) Labour productivity is generally lower in Central Karoo compared to the local average.
- 2) Laingsburg and Murraysburg both have low labour productivity.
- 3) Labour productivity in Prins Albert is particularly larger.

Implication: The economic output per worker is low in the Central Karoo District

Table 3.6 Labour Productivity

Table 3.6 Labour Productivity	Rand /annum
Central Karoo DM	R 64,498.18
Beaufort West	R 57,736.34
Prins Albert	R 118,287.01
Laingsburg	R 47,757.04
CK DMA	R 33,801.31

(Source: Urban-Econ Calculation, Quantec: Standardised Regional, 2007)

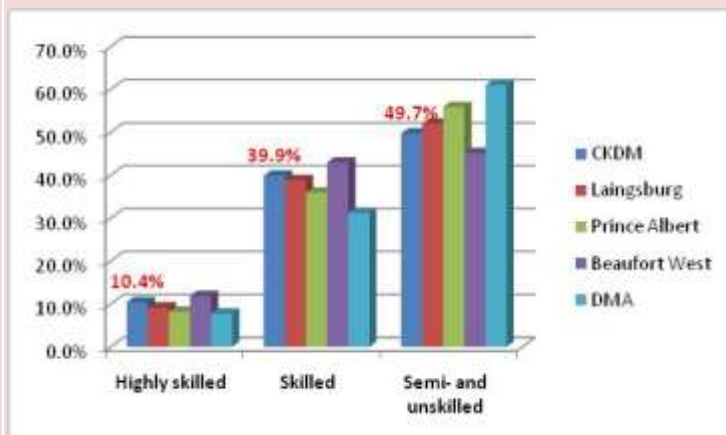
Level of Employment

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

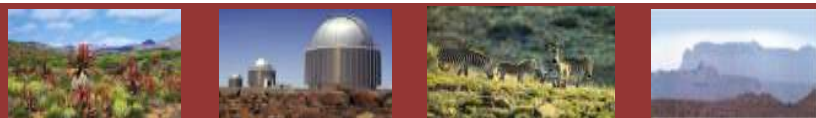
- 1) The majority of the population (49.7%) is involved in semi and unskilled occupations.
- 2) Only 10.4% of the employees are highly skilled.

Implication: Low skill employment has low labour productivity and subsequently lower income and economic significance.

Figure 3.11: CKDM Skills levels



(Quantec Research Standardized Regional, 2007)



Occupation

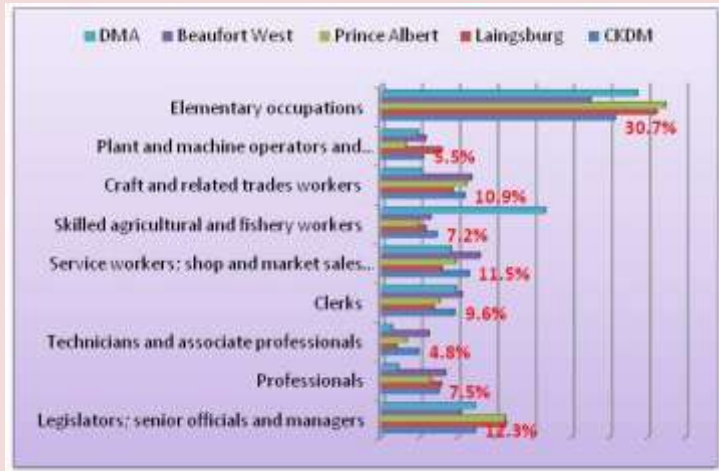
Occupation is the type of work a person does according to the South African Classification of Occupations to obtain an income irrespective of industry.

Occupation Profile:

- 1) The leading occupation categories are elementary occupations and craft.
- 2) A small number of senior officials, professionals and technicians are found.

Implication: The majority of the occupations require low skill and expertise.

Figure 3.12: CKDM Occupation



(Community Survey data, 2007)

Production Profile

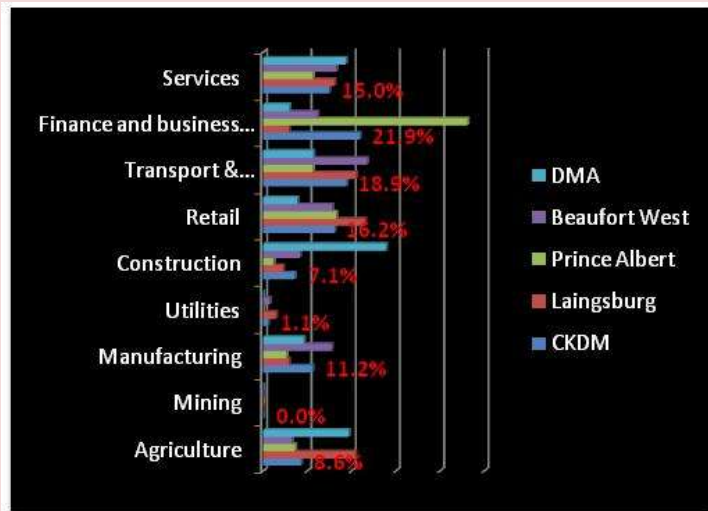
GDP Per Economic Sector

Gross Domestic Product (GDP) indicates the scale of produce within the geographic boundaries of the Study Area (Central Karoo).

Production in Central Karoo:

- 1) The total GDP of the Central Karoo was approximately R871.5 million in 2007.
- 2) The GDP of the Central Karoo grew by an average of 5.4% over the last decade.
- 3) The leading industries in the Central Karoo are Finance and business Services (21.9%), Transport (18.9%), Retail (16.2%) and Services (15%).
- 4) The leading industries produce approximately 72% of the total GDP of the District.
- 5) A high occurrence in finance and business services is evident in Prins Albert (46.2%) indicating that this is a very prominent generator of income and economic activity.
- 6) Fastest growing industries are: **Finance and business services** (11.4%), **Manufacturing** (9.1%) and **Construction** (9%).
- 7) **Mining** are experiencing **negative growth** of -6.7%.

Figure 3.13: CKDM Economic Profile



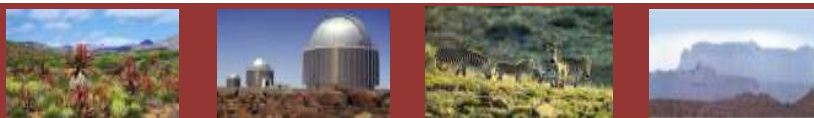
(Urban-Econ calculation based on Quantec, Standardised regional, 2007)

Table 3.7: Growth Rate per Sector

Average Annual Growth Rate per Sector (2005 – 2007)	
Agriculture	1.3%
Mining	-6.7%
Manufacturing	9.1%
Electricity & Water	1.0%
Construction	9.0%
Wholesale & retail trade; catering and accommodation	6.2%
Transport & communication	5.9%
Finance and business services	11.4%
Services	0.1%

(Quantec Research Standardized Regional, 2007)

Implication: The economic base of the central Karoo is relatively evenly distributed among the sectors with the exception of utilities and mining which have implications in terms of long term economic sustainability.



Comparative Advantage

Locational Quotient

The location quotient is a calculated ratio between two economies, in this case the district and provincial economies. This ratio is calculated for all industries to determine whether or not the district economy has a greater share or advantage of that industry.

Observations from Table 3.3

- 1) The sector with the highest location quotient is Agriculture.
- 2) Other sectors with high location quotients are utilities, construction and transport.
- 3) Sectors with especially low location quotients are mining and manufacturing.

Implication: CKDM has a comparative advantage in terms of agriculture, utilities, construction and transport.

Figure 3.14: CKDM Location Quotient

Table 3.8 Location Quotient

Sector	Location Quotient
Agriculture, forestry and fishing	1.9
Mining	0.1
Manufacturing	0.4
Electricity & water	1.6
Construction	1.2
Wholesale & retail trade	1.1
Transport & communication	1.2
Finance and business services	0.6
Community, social and personal services	0.8

(Urban-Econ calculation based on Quantec, Standardised regional, 2008)

Trade Performance

Export Profile

Exports in Central Karoo District Municipality:

- 1) The main export destinations Europe (36.2%), America (7.4%) and Asia (6.4%)
- 2) The majority of the products exported is primary food related goods such as beverages, spirits and vinigers.

Implication: The scale of exports in the Central Karoo is very limited and does not contribute significantly to the economy.

Figure 3.15: CKDM Countries of Exports

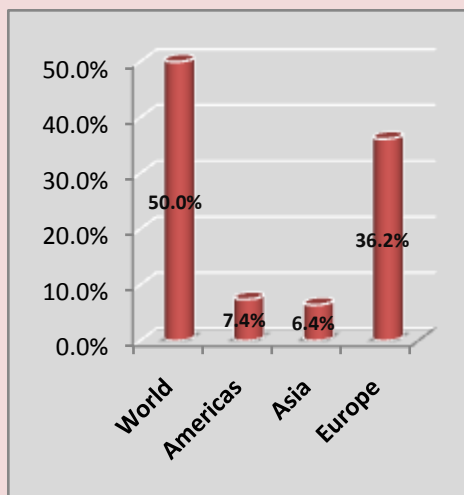
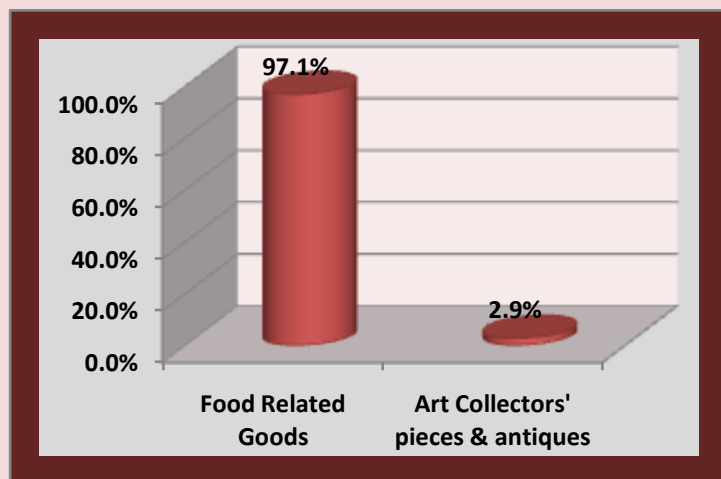


Figure 3.16: CKDM Export Products



(Source: Quantec International Trade Survey, 2007)

(Source: Quantec International Trade Survey, 2007)

Tourism

Domestic -A resident visitor who visit within the economic territory of the country of residence

Foreign – A person who resides outside South Africa and visit the country temporarily

- 1) According to the CK Nodal Economic Development profile, the tourism sector employed 2.4% of the total workforce in the CK in 2004.
- 2) The contribution from tourism to the total GDP was approximately 2.3%.
- 3) The WC is the prime tourist destination attracting 22% of all foreign visitors to South Africa and hosting about 2.53million domestic trips every year.
- 4) Central Karoo is however not part of the tourism boom and only 3% of domestic and 2% of foreign tourist to the WC vite the CK as their final destination



Implications: The region is mainly seen as a convenient stop en route between Gauteng and Cape Town and very few visitors stay longer than one night.

ENVIRONMENT

Environmental Analysis

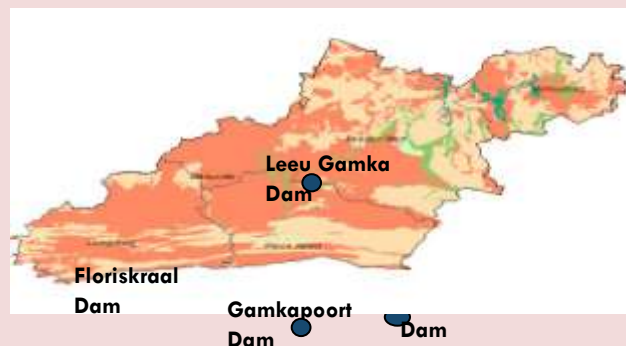
Terrain and natural resources:

Central Karoo forms part of the greater Karoo and is classified as a unique arid zone. The Karoo plateau is the largest of its kind outside Asia.

The land is rich in fossil, and is home to the largest variety of succulents in the world. Several mountain ranges border the district.

Central Karoo Aridity Zones

The CKDM is mostly Semi-desert: The southernmost parts (Prince Albert, Klaarstroom and Vleiland) can be classified as semi-arid and can sustain agricultural activities other than sheep farming.



Irrigated Land
■ Irrigated
 Not irrigated

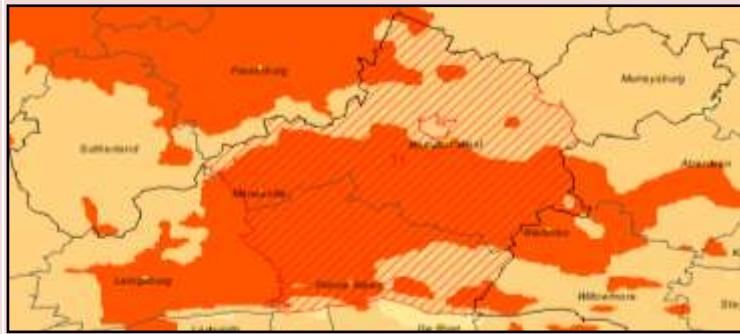
(Source: CKDM IDP, 2007/2008)



Soils

The underlying geology is generally sedimentary rock, giving rise to sandy soils of low fertility. There are some alluvial soils but mainly in the valley bottoms only.

- 1) **The** average annual rainfall of 260mm per year .Most of the rain is received during summer, (November and May)
- 2) **Temperatures: Winter : below -0, Summer: +/- 37°**
- 3) **Vegetarian:** Mainly Karoo Veld (sparse, not much nutrients hence - low animal carrying capacity)
- 4) **Carrying Capacity:** Estimate 1 small animal per 7 hectares.
- 5) **Minerals:** Uranium - Estimate several million tons of in the Central Karoo. Uranium mining expected to grow to be one of the economic drivers of the region with a potential of over R. 620 billion worth of business.
- 6) **Water: Four Dams,** Floriskraal Dam (Near Laingsburg, serves Little Karoo needs), Leeu Gamka Dam(between Beaufort West and Laingsburg, serves local farming needs), Oukloof Dam serves a limited number of farms in the Prince Albert area, the balance served by the Gamkapoort Dam.
- 7) **Irrigation:** lack of water resources – lack of land under irrigation



Rainfall – Mean

- 0-200mm
- 201-400mm
- 401-600mm

- Water-holding capacity
- 0-20mm
 - 21-40mm
 - 41-60mm
 - 61-80mm
 - 81-100mm
 - > 100mm

Land Use/ Land Available for Economic Development

Rural Area

Areas used for agriculture and tourism
 Areas used for agricultural and tourism purposes;
 Natural areas, some statutory protected and others not; and



- Areas used for infrastructure purposes, i.e. roads, electrical infrastructure, dams, etc. outside urbanised areas or settlements



Urban Areas

70% of all land use in urban settlements is devoted to housing development. Non-urbanised areas within the Beaufort West, Laingsburg and the Prince Albert Municipal areas are changing from being a purist agricultural area, to an eco-tourism and game farming area. This change in the use of land will result in increased development applications for urban related uses such as resort developments, guest houses, road and farm stalls which includes curio shops and other tourism related retail uses, hotels and motels and backpacker accommodation.

MAP 3.2: CKDM SPATIAL PLANNING CATEGORIES



(CKDM SDF, 2008)

Map 3.2 includes the Spatial planning Categories within the Central Karoo District Municipality which includes Agriculture, Resort and tourism related areas and bio region boundaries.



MAP 3.3 CKDM LAND MANAGEMENT AREA



(CKDM SDF, 2008)

Map 3.3 includes the spatial planning Categories within the Central Karoo District Municipality which includes projects with regional Impacts. From **Map 3.3** the main Agricultural Corridors within the district and land available for economic development can be seen.

Socio – Economic Threats

Socio – Economic Threats

- 1) **The legacy left by the privatisation** of Spoornet and other governmental institutions which saw many retrenchments and crippled the economies of especially smaller towns in the region
- 2) **Lack of job opportunities** within the CKDM and subsequent out-migration of young matriculates and graduates
- 3) **Lack of entrepreneurship spirit** for people to start up their own enterprises
- 4) **Economic leakages of local buying power** to other regions such as the South Cape
- 5) **Sense of fatality and disillusionment amongst those in extreme poverty** especially on peripheral farms and smaller towns such as Murraysburg, Nelspoort, Leeu Gamka, Klaarstroom and Merweville
- 6) **Over dependency on state support**
- 7) The loan shark industry has increased over the past few years and has had a dire effect on local, vulnerable communities who cannot survive on state grants alone. The poverty is deepening because these state dependent households are now **becoming dependent on an illegal credit system** that even reverts to withholding their clients ALLPAY cards as collateral. The outcome is community members having to pay almost 80% of their state grants to loan sharks or financial institutions, which is threatening development and the very social fabric of our societies.
- 8) **HIV/Aids** affecting and taking the lives of economically active persons (often the breadwinner) who leave



dependents behind

9) Seasonality of labour market mostly situated in the agricultural sector

10) Decline of farm labour on farms due to legislation on land rights, the high cost of farming, associated droughts and turbulent export markets.



SECTION 4: OPPORTUNITY ANALYSIS & PROJECT IDENTIFICATION

4.1 Introduction

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

A SWOT analysis and local sectoral potential analysis will help create an understanding with regard to the sectoral competitive advantages of the district economy and this will be used to determine the development potential within the Greater Central Karoo.

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

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

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

- SWOT Analysis
- Sector Potential Analysis

4.2 SWOT Analysis

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

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

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

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



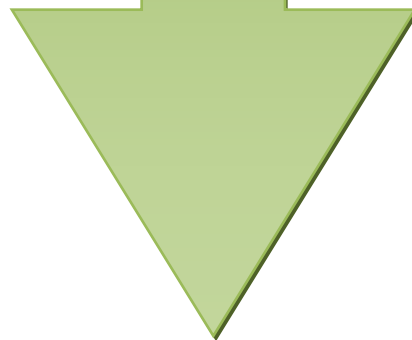
FIGURE 4.1: CKDM SWOT ANALYSIS

STRENGTHS

- Increase in property prices & commercial development shows growing investor's confidence
- Hype around proposed uranium mine contributing factor for increased private sector investment
- Established Tourism Sector
 - Game Farming industry established
 - Established and organized hospitality industry
 - Eco-tourism industry established – (Karoo National Park and other)
- Established Agriculture sector
- N1 route through 2 major towns
- Organised business, organised civil society and government structures
- Beaufort West seen as economic & administrative hub
- Development of airport in pipeline
- Town accessible to Northern Cape, Eastern Cape, Western Cape and Garden Route
- Close proximity to the Sutherland telescope (SALT)
- Functional Spoornet Stations (freight & commuter) with infrastructure lying dormant
- Business Nodes well located from spatial perspective
- Diversifying tourism sector (township routes, proposed Khoi San village, etc)
- Tourism Gateways in LB & BW (to position the region as a gateway to the markets of the Western Cape in the South, Northern Cape in the north, Eastern Cape in the east and Gauteng in the North east)
- Central Karoo forms part of the greater Karoo landscape currently being investigated by Prof. Doreen Atkinson from Free State University, as an inter-provincial initiative to be marketed as one tourist region such as the outback of Australia.

WEAKNESSES

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



OPPORTUNITIES

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

THREATS

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



4.3 Sector Potential Analysis

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

This section is divided into two parts namely:

- Criteria for determining Development Potential
- Sector Opportunities

4.3.1 Criteria for Determining Development Potential

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

- Capable of coming into being or action
- The capacity for use or development
- Usable resources

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

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

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

Availability of raw materials and resources

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



Economic linkages

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

When referring to linkages one can define two major categories:

Backward linkages:

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

Forward linkages:

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

Market trends

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

Gap analysis / agglomeration advantages

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

Logistics / Nodal point function

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

Regional service delivery function

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



Availability of labour

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

Technology change

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

Enabling policy environment

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

4.3.2 Sector Opportunities

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

1. Agriculture Sector
2. Mining Sector
3. Manufacturing Sector
4. Utilities Sector
5. Construction Sector
6. Trade Sector
7. Transport & Communication Sector
8. Finance & Business Services
9. General Government Services



4.3.2.1 Agriculture Sector

AGRICULTURE SECTOR DEFINITION



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



AGRICULTURE IN THE CKDM

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

Agriculture forms a very big part of the community and local economic activities in the Central Karoo Municipal area. As a result agriculture is one of the major role players in the economy of the Central Karoo and contributed 8.6% to the CKDM economy in 2007. This indicates that the Agricultural sectors relative contribution is declining in comparison to the contribution of 10.5% in 2005. This decline was caused by an increase in the production of other sectors, such as the manufacturing sector. Other causes can be ascribed to the fact that most of the emerging farmers in the CKDM are struggling with debt. As a result most people are not attracted to the sector because of the time it takes before making a profit. Drought conditions also had a negative impact on agricultural activities in the Central Karoo.

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

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

The following table provide a snapshot of the CKDM agriculture sector.

Table 4.1: Economic Snapshot of CKDM Agriculture Sector, 2007

ECONOMIC INDICATOR	AGRICULTURE
GGP Contribution (2007)	8.6%
Average Growth Rate (1995 – 2007)	1.3%
Employment Contribution	22.6%



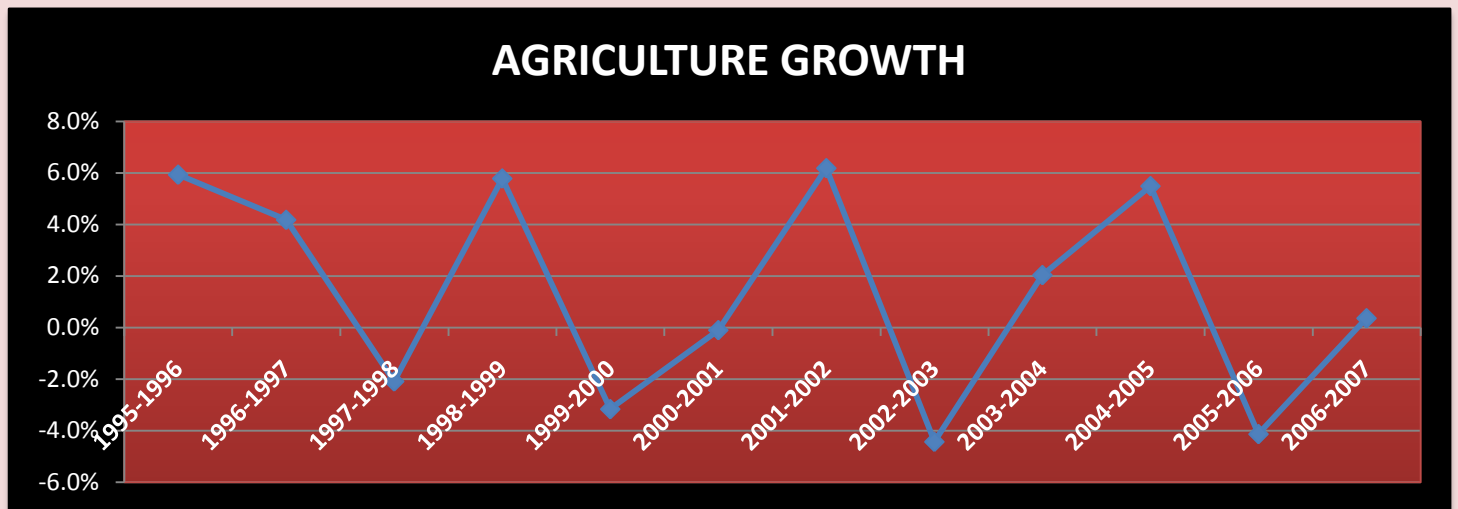
Sub- Sectors

Fishing and Hunting

Agricultural products produced in the Central Karoo include:

- Fresh Meat (mutton, Game, Lamb, Ostrich, goat, beef, etc)
- Processed Meat (biltong, cold meat, droë wors)
- Fresh Fruits and vegetables (figs, olives, apricots, grapes, herbs etc).
- Processed fruit and vegetables (chutney, dried figs, olives, jams etc) and
- Processed animal by – products (leather products, dairy products, wool and mohair products etc).

Figure 4.1: Agriculture Sector growth in the CKDM (1995-2007)



(Source: Quantec, 2008)

FACTORS IN THE ANALYSIS OF DEVELOPMENT POTENTIAL

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

Availability of Land and Water

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

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

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

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



Economic Linkages

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

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

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

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

Technology Changes

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

Enabling Environment

Some of the constraining factors in terms of the supporting/enabling environment that have been identified in earlier studies include:

- Lack of financial services and support for the intensive and subsistence farmers
- Lack of supporting services for farmers in the area
- Lack of efficient representation of farmers' interests
- Under-utilisation of the services of extension officers

Availability of Labour and Skills

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

VALUE CHAIN & GAP ANALYSIS

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

HORTICULTURE

Horticulture is the science, business and art of growing and marketing fruits, vegetables, flowers, and ornamental plants. It's unique among plant sciences because it not only involves science and technology, but it also incorporates art and design principles.

Horticulture can be divided into two groups - edible plants (fruits, vegetables, nuts) and aesthetic plants [meaning those grown for their beauty].



HORTICULTURE IN SOUTH AFRICA

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

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

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

South Africa is self-sufficient with regard to vegetable production and also exports both fresh and processed vegetables. Tomatoes are the most important vegetable crop, followed by onions. A steady growth in more sophisticated vegetable products, such as asparagus, celery, lettuce and baby-marrow's is taking place. The ornamental plant industry has grown into an important branch of South African horticulture. Although ornamental plants, seedlings and pot plants are economically by far the most important, cut flowers also make a noticeable contribution. The export of fern leaves is also noteworthy. At present, it is estimated that 150 ha of greenhouses are in use in South Africa, in which mainly English cucumbers and tomatoes are produced. Greens, such as peppers, lettuce, spinach and celery are grown on a much smaller scale and mostly under 50% shade-cloth structures. Hydroponic vegetable production is firmly established. Horticultural crops, particularly vegetables are produced throughout South Africa (Sub Sector Study: Deciduous Fruit, 2007).

HORTICULTURE DISTRIBUTION

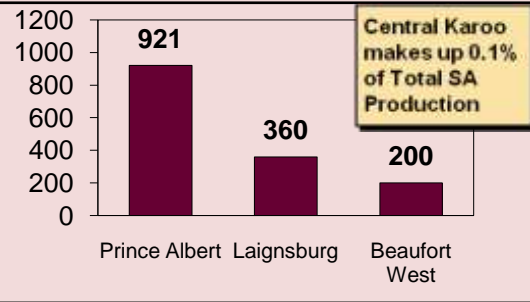
The south-western and southern regions of the Western Cape for deciduous fruit, grapes, wine and vegetables. The low lying, sub-tropical areas of Mpumalanga and the Northern Province for sub-tropical crops, citrus and vegetables. The lower reaches of river valleys of the Eastern Cape for citrus and vegetables.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

CENTRAL KAROO HORTICULTURE PRODUCTION

The following shows the horticulture production in the Central Karoo

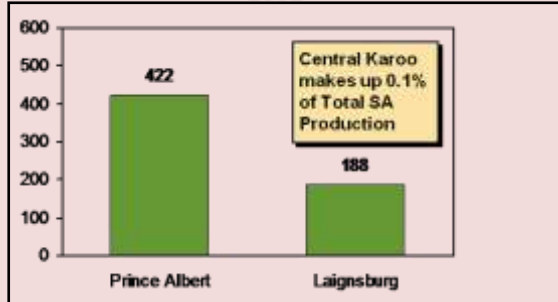


Central Karoo Grape Production: 2002



(Source: Rural Economic Profile –CK, 2006)

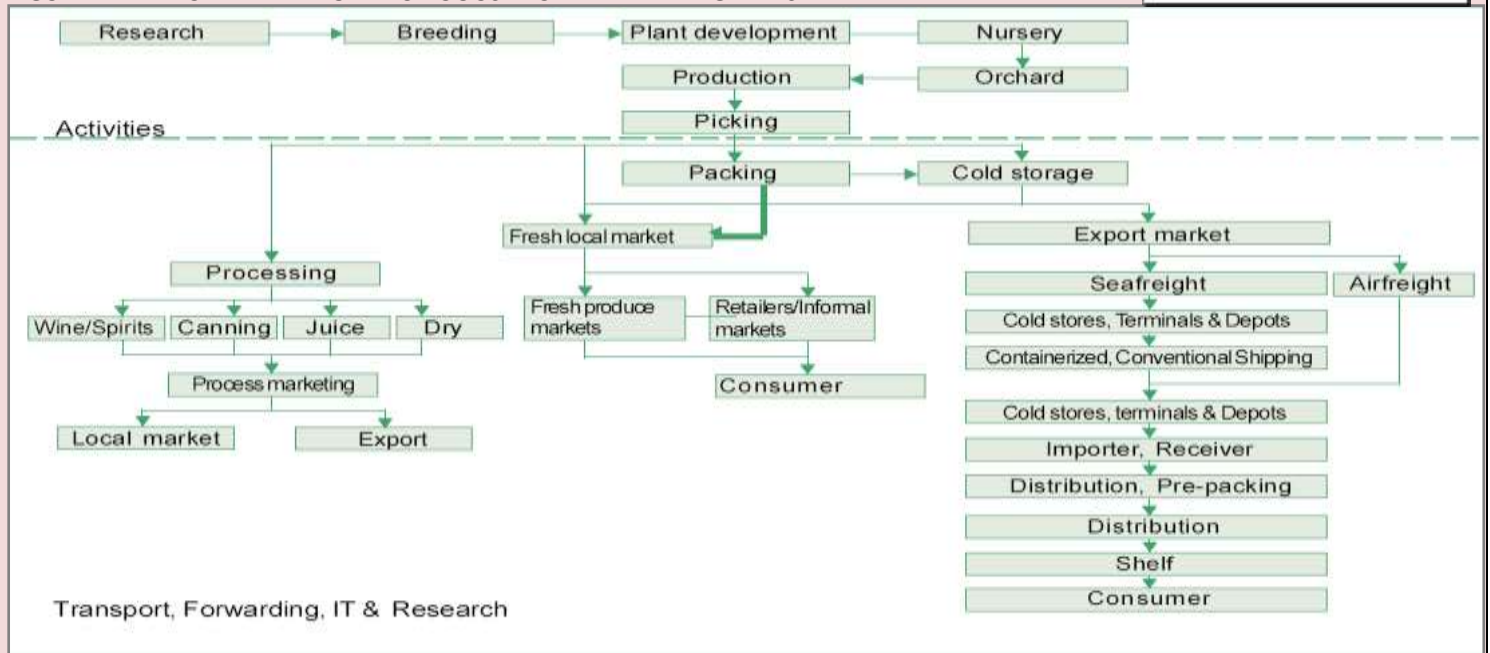
Central Karoo Deciduous Fruit Production: 2002¹



(Source: Rural Economic Profile –CK, 2006)

Current Activity	
•	Fruit Processing
-	Fruit processing takes place on a limited scale on individual farms
o	40 Tonnes of White Genoa Figs are dried in the Prince Albert region
o	Juices, jams and preserves are produced, also in the Prince Albert region
o	Olive oil production is growing
•	Wine Making
-	A small winery has been established in Prince Albert, but grapes from Laingsburg are still sent to De Doorns for processing

FIGURE 4.2: VALUE MATRIX FOR DECIDUOUS FRUIT AND TABLE GRAPES



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

- By far the most prominent gap deciduous fruit and grape industry is **poor production** and **processing**. The transport of these products to ports is still a concern, but corrective measures can result in growing this sector.
- **Regional Cold storage facility:** Establishing a regional cold storage facility to enable fruit and vegetable production.
- **Infrastructure/Logistics** – Efficient infrastructure and logistics, such as the availability of efficient freight transport, cooling facilities, roads, telecommunications etc. is extremely important in order to create effective value chains.
- **Access to high growth/niche markets** – As already mentioned, there is huge potential in exploiting the growing market for organic products. This could be especially relevant for The Central Karoo in terms of creating opportunities for small-scale and emerging farmers. Programmes must focus on assisting such farmers in gaining access to these markets and ensuring that international standards for organic produce are met.
- The introduction of **grapes** and particular the **winemaking industry** is very exciting. The export possibilities for these products look very good as the wine industry has been very strong contributors to the Western Cape Economy. The **employment opportunities** in this industry out weights that of the existing agriculture sector by far and should have a very positive aspect once these wine farms are operational.
- **Skills and Training** - In the CKDM practical skills for horticulture development is needed. These skills includes, seed sowing, pricking out seedlings, propagation, planting, soil testing, pruning, potting plants, caring for plants etc.



MEAT PRODUCTION

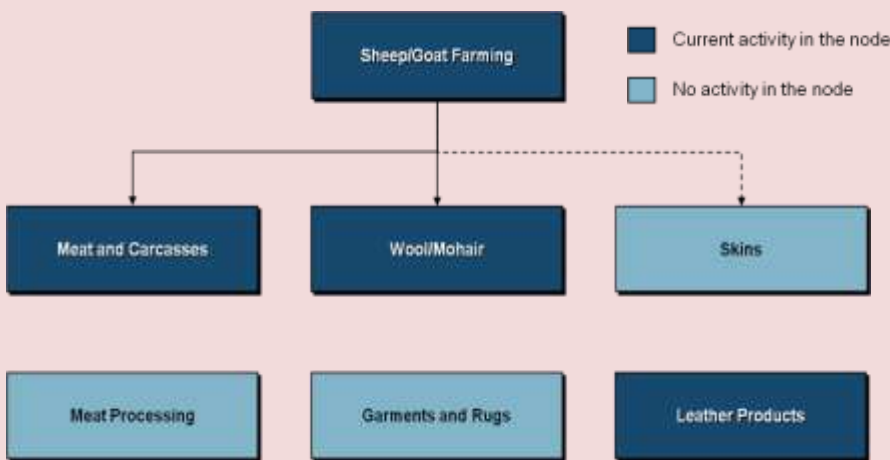
MEAT PRODUCTION IN SOUTH AFRICA



South Africa's climate is ideally suited for stock farming, and it is the most viable agricultural activity in a large part of the country. Almost 70% of the 122.3 million hectares of land surface of South Africa are suitable for raising livestock, particularly cattle, sheep, pigs and goats. On primary production level the South African red meat industry has a strong dualistic character, which stems from the past existence of self-governing states of the pre-1994 political dispensation. This has given rise to a large-scale commercial production sector co-existing with a small-scale, so-called communal, production sector in the former self-governing states. The commercial and communal production sectors respectively are also known as the developed and developing sectors (Analysis of selected food Value chains, 2004).

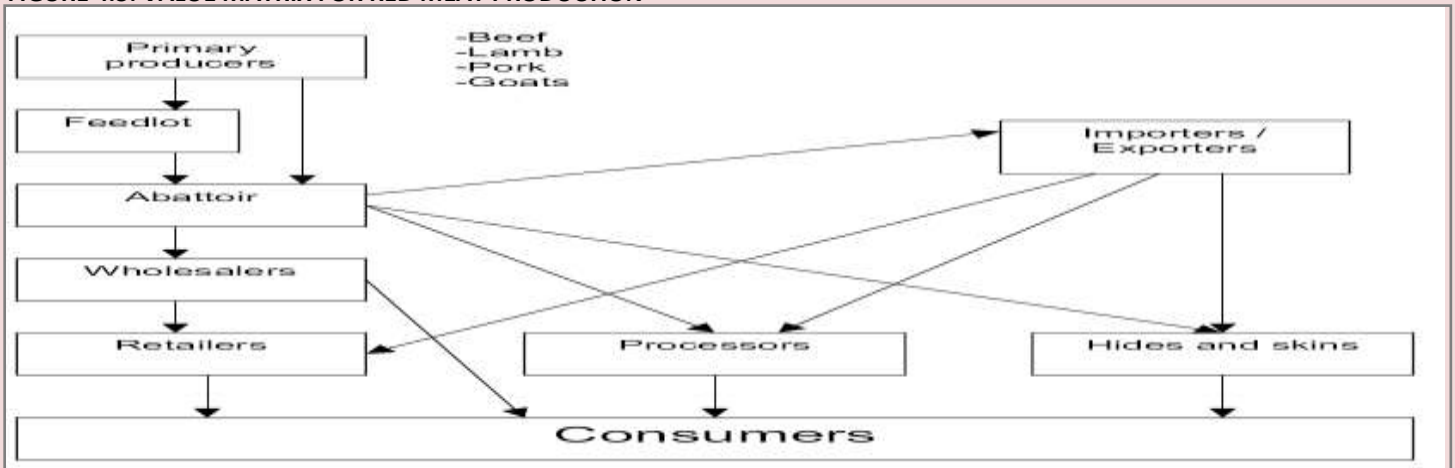
CKDM VALUE ADDING ACTIVITIES

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



(Source: Rural Economic Profile – CK, 2006)

FIGURE 4.3: VALUE MATRIX FOR RED MEAT PRODUCTION



Local Perspective

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

Research and development – Investment in technological research and the development of new products is crucial in gaining a



competitive advantage, and producers should be up to date with new developments.

Infrastructure/Logistics – Efficient infrastructure and logistics, such as the availability of efficient freight transport, cooling facilities, roads, telecommunications etc. is extremely important in order to create effective value chains.

Meat processing capacity – In order to add value to the meat produced within the Central Karoo, there is a need for meat processing facilities. This includes products like Karoo Lamb etc.

Skin Processing – No processing of skin is taking place in the district. Current abattoir value –adding activities can be expanded to include skin processing.

Wool and Mohair processing – improving the quality of wool and mohair products.

Livestock feed production – The availability of affordable and correctly formulated livestock feed is an important factor in red meat production. As a producer of Lucerne, there is an opportunity for the Central Karoo to produce Livestock feed and fulfil this requirement. An improvement in the capacity of the Central Karoo to produce commercial feed will have positive implications for the production of red meat in the area.

Financing – Targeted provision of finance is necessary to promote participation of emerging farmers and overcome barriers to entry.

Skills – The CKDM should ensure that the necessary skill is developed for meat production to take place. This include basic skills such as animal husbandries, slaughter men ect. More advanced skills includes production managers, meat process workers ect.

AGRI-TOURISM

Agricultural Tourism refers to the act of visiting a working farm or any agricultural, horticultural or agribusiness operation for the purpose of enjoyment, education, or active involvement in the activities of the farm or operation (Agri Tourism in KZN, 2005).

Concepts of Agri Tourism



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

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

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



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

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

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



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

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

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

Agri Tourism in South Africa

According to Peter Myles, director of tourism studies at the Nelson Mandela University, farm stays and agricultural tourism are not marketed effectively in South Africa. He stated that in 2003 1.8 million foreign arrivals was to South Africa who brought R53.9bn to the economy. Only 7% of foreign tourists spent part of their holiday in South Africa on farms. In order to promote agri tourism, Myles suggested that groups of farmers and local communities come together, assess what their surroundings have to offer and collectively approach tour operators to come to the area. He said such co-operation would lead to localities benefiting from tourism because more diverse activities would be offered. According to Agriculture Minister Thoko Didiza, farming and tourism should be combined in a diversified way to getting money injected into agriculture and make it attractive to young people. Therefore it is important to attract emerging farmers, especially the youth, into the sector and change black people's impression of farming as "an occupation of enslavement".



Combining classical farming activities and tourism would build a bridge between the first and second economies, she said.

Although government did not have a specific budget for promoting agricultural tourism, funding for such ventures came from poverty alleviation and land care programmes for rural areas.

According to the Minister, a balance has to be struck concerning land use, by determining how much land should be set aside for food security, how much for conservation and for residential developments such as golf estates. She said it was possible to combine the different land-use options in some areas such as having a luxury estate while the surrounding land could be conserved and used for tourism.

Benefits of Agri Tourism

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

These organisations can benefit from marketing together and not just as individuals. It can be easier to lobby government for assistance be it financial or capacity building. Brochures can be produced that can be made available in local tourist offices.

Linkages can be made with other attractions in the area, like game Parks, heritage sites, etc.

How Agri Tourism can Add value in the CKDM

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

Agri Tourism can be incorporated into normal agricultural practises in the Central Karoo. It gives an opportunity to the public in visiting agricultural, horticultural, or similar enterprises to learn more



about them, to take part in farming activities, or just to enjoy a day out. It is an alternative for improving the incomes and potential economic viability of small farms and rural communities. Agri Tourism provides recreational experiences and visits to rural settings or rural projects where customers participate in and experience many kinds of activities, events or attractions developed specifically for them.

The Central Karoo offers good combination of tourism experiences. Local areas like Prins Albert and Laingsburg, Matjiesfontein are such destinations. These areas have grown into an eclectic and fascinating mix of arts and crafts, restaurants and homely comforts, with a wide range of sporting, environmental and historical pursuits thrown in too. Popular activities include the Olive Festival in Prince Albert and the Beaufort West Heart Festival. Other towns in the region have smaller festivals and sport gatherings. These include:

- The Laingsburg Marathon
- The Karoo fees in Laingsburg
- Leeu Gamka's NG Kerk Bazaar
- Prince Albert: Witblitz fees
- Landbouskou
- Oktoberfest
- Harvest Festival

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

Agri Tourism projects include:

1. Identification and history of farm and family
2. A tour of the farm
3. Light lunch
4. Showing of Angora goats (sex, age, etc)
5. Farming methods
6. Sheering demonstrations in season and mohair classification
7. Sheep counting competition
8. coffee / tea and finger snacks

Activities include:

- 4x4 tours
- 4 wheel motorbike rides
- wildlife viewing
- hand painting demonstrations for women as well as painting of cushions or tray cloths (depending on time)
- Curio shop



Other Agri tourism Projects that can be incorporated include:

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



DEVELOPMENT POTENTIAL

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

The challenge however for the agriculture sector in the region is to add value to more local products, which currently are just leaving the economy of the area "untouched". All the skins and hides produced in the region for example are sent to places such as Paarl and



Port Elizabeth as raw materials without any value addition to be refined and returned as high level economic goods. Approximately 50% of the sheep carcasses is marketed and processed outside the district. This creates an opportunity for agro-processing within the District. The pursuit of this opportunity would also be in line with the priorities of provincial and national government. Food production and agro-processing are identified as target sectors by AGISA, WESGRO, the DTI and in the National Integrated Manufacturing Strategy.

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

AGRICULTURAL OPPORTUNITIES	
Labour Intensive agricultural projects	Intensive commercial farming requires the highest capital input and the highest levels of organizational, technical and financial management, as well as being labour intensive. Such projects can be used to create focal points of economic activity within low-income communities.
Specialized Horticulture	Essential Oils, herbs and spices.
Soya Beans	Replacement field crop. Oil Processing <ul style="list-style-type: none"> • oil may be refined for cooking and other edible uses • sold/ use for biodiesel production or industrial uses • Candle Making • SOY-BASED FOAMS are currently being developed for use in coolers, refrigerators, automotive interiors and even footwear. Beginning in October 2007, Ford Mustangs rolled off the production line with soy flexible foam in the seats. • Human Consumption • Feed for Animals • The high-protein fibre (which remains after processing has removed the oil) is toasted and prepared into animal feed for poultry, pork, cattle, other farm animals and pets. • Bio composites (Building Materials) - recycled newspaper and soybeans.
Warehouse and Milling Operation	The availability of affordable and correctly formulated livestock feed is an important factor in red meat production. As a producer of Lucerne, there is an opportunity for the Central Karoo to produce Livestock feed and fulfil this requirement. An improvement in the capacity of the Central Karoo to produce commercial feed will have positive implications for the production of red meat in the area. The CKDM can become an important node for animal feed/ agriculture equipment distribution through the establishment of a warehouse and milling operation.
Structured Agricultural Training	It is important for farmers and farm workers to work together to ensure the sustainable development of the products farmed. Farmers should therefore ensure that farm workers enrol in structured agriculture training programmes. The DoA can be approached to provide such training through the Cape Institute for Agricultural Training in Elsenburg.
Incorporate farm workers in value-adding processes	Agriculture is the highest employment sector, but poses a threat with seasonal employment. There is the potential of processing and packaging of products be done on the farms which will prolong the employment period.
Organically produced seed	There is no organically grown seed available in South Africa. Empowerment Group Diverse International identified this shortage as a market opportunity and launched the National organic Seed project. The Central Karoo District can take advantage of this project as its dry climate makes it a favourable place to grow organic seed.
Community Seed production project	Organic seed can be produced in people's backyard and then sold to the organic farmer/ central marketing agent.
Agri Training Facilities	To teach community and farmers organic seed production techniques and provide information on organic farming processes and access to information.



OTHER DEVELOPMENT OPPORTUNITIES WITHIN THE AGRICULTURE SECTOR

Agro-processing industries/activities	Meat Processing, Goat meat (Young meat for export), Wool and mohair production, preservation of organic fruit and vegetables, Skin processing, Leather tanning, dairy product processing (goat/small specialised cattle dairy)
Agro-based tourism	Tourists visiting the large commercial farms in the area, e.g. ostrich farm, game farms and hunting. Accommodation and Restaurants. Game trails, Eco-Tourism – all local municipalities. Breeding of Rare game species (Hunting)
Organic Agriculture	Organic agriculture promotes linkages and connections between land and water, plants and people. Soil fertility is enhanced through the use of composted waste to be generated at the farm site and recycled into it, multiple crops and rotations, a belief in the beneficial results of encouraging biodiversity through numerous species, and no use of synthetic fertilizers or pesticides.
Agriculture Waste Management Systems	<ul style="list-style-type: none"> • Potential for processing and application of waste in the agricultural sector. <ul style="list-style-type: none"> ○ Agricultural waste 4 electricity ○ Garden Refuse Recycling

Import and Export Factors

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

Agricultural products

Imports

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

Exports

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

Imports / Exports CKDM

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

Import/Export Opportunities

Organic Seed production / Organic Agriculture

The global market for organically grown products is a growing trend. There has been a shift (trend) towards high quality, organically farmed produce, which is captured by a smaller, high-quality portion of the market. This trend has especially been visible within the



middle to high-income portion of the market and looks to be an escalating one, in terms of domestic sales and exports.

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

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

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

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

Organic seed farming

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

Branded Karoo Lamb and Mohair

The Central Karoo District is popular with its Karoo Lamb and the mohair industry is regarded as the largest in the world with a market share of 60%. Prins Albert falls within Cape Mohair country, which consistently produces the world's highest quality mohair and accounts for 60% of world production. The local market for mohair rugs and garments has grown phenomenally during the past years, making Johannesburg the mohair consumer capital of the world. The industry provides much local employment. Shearers and Classers from Prins Albert are sought after throughout the Karoo. The district is home to the oldest Angora stud in South Africa. Local farmers host visitors from all over the world and are actively involved in the industry development and offer training and sheering courses.

Although the wool and mohair is not processed locally opportunities can be created to add value to these secondary products. These products will give access to huge export markets.

Other Export opportunities include:

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

Import/Export competitive advantage

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

Infrastructure:

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



4.3.2.2 Manufacturing Sector

MANUFACTURING SECTOR DEFINITION



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

Manufacturing is regarded as the foundation of economic development, which can be attributed to the sector's significant multiplier effect due to its backward and forward linkages with other sectors. Linkages with the primary sectors of agriculture, fisheries and mining as well as the tertiary sector such as trade, transport and communication are common. Manufacturing adds to the value of the products and plays a role in creating direct and indirect jobs through processing and beneficiation of the raw materials.

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

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



MANUFACTURING IN THE CKDM

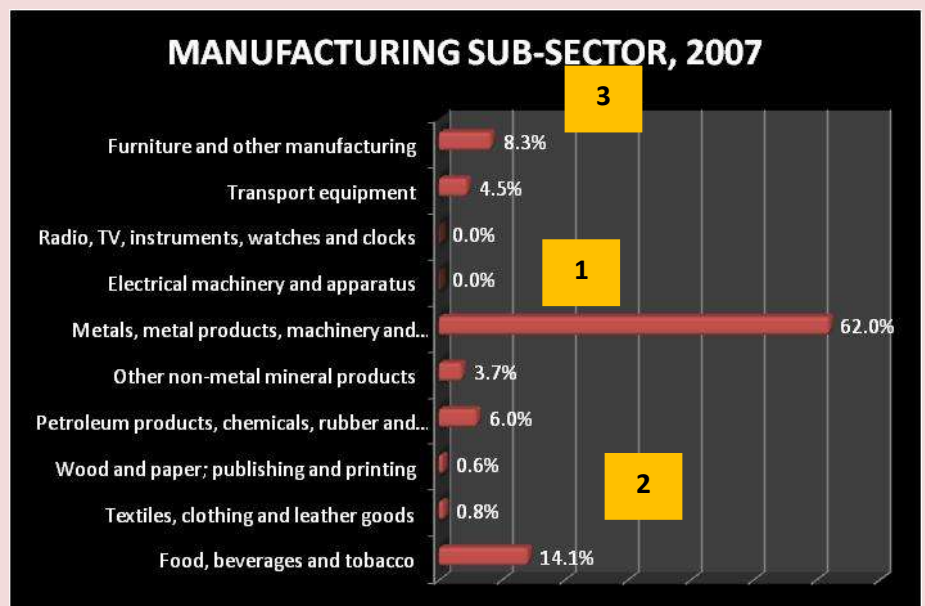
Manufacturing in the Central Karoo region is very low. The region is characterised with basic manufacturing which include pallet making, brick making (Murraysburg), casket manufacturing in Laingsburg and small scale manufacturing (hydroponics with its herbs and salad products, bottling of olives and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

Figure 4.4: CKDM Manufacturing Sub- sector

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

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

Manufacturing Industries in the Central Karoo Region includes:

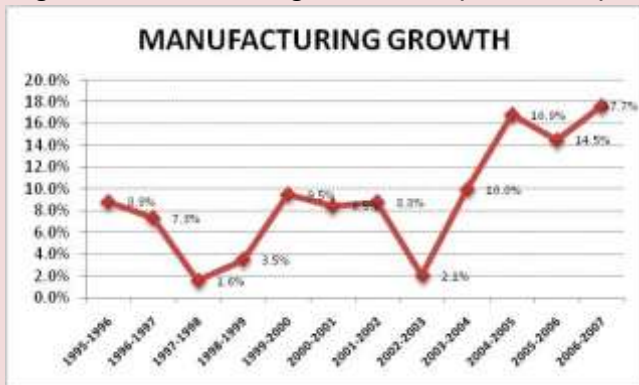


- Printing and Publishing
- Coffin Manufacturing
- Battery Products
- Steel Construction
- Building Construction
- Casket and Furniture Manufacturing
- Welding Repair Engineering
- Steel Slabs and Pump works
- Slabs, Pillars, Paving and kerbs
- Auto Electrical and Aircon gas

The leading manufacturing industries in the Central Karoo include:

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

Figure 4.5: Manufacturing Growth Rate (1995 – 2007)



(Source: Quantec, 2008)

Table 4.2: Economic Snapshot of CKDM Manufacturing Sector, 2007

ECONOMIC INDICATOR	MANUFACTURING
GDP Contribution (2007)	11.2%
Average Growth Rate (1995 – 2007)	9.1%
Employment Contribution	5.2%
Main Sub- Sectors	<ul style="list-style-type: none"> • Metal Product, Machinery and Equipment • Food and beverages • Furniture Manufacturing

FACTORS IN THE ANALYSIS OF DEVELOPMENT POTENTIAL

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

Resource Base

Manufacturing within the Central Karoo is linked with the primary sector such as Agricultural and mining activities.

Mining Activities in the CK is limited in contrast with Agricultural activities which plays a major role in the District economy. Except for Agriculture as an important economic sector the small numbers of activities that take place in the primary sector are done on a small scale.

Raw materials that are found in the vicinity of the Central Karoo include uranium resources, small scale fruit and vegetable production, angora goats (mohair), ostrich (leather), game etc.

The Central Karoo is **weak** in terms of:

- Human Resource (Skills)



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

On the **positive** side Central Karoo has:

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

Market Conditions

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

Agglomeration advantages

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

Economic Linkages

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

Labour and Skills

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



VALUE CHAIN AND GAP ANALYSIS

In order to further investigate some of the development opportunities identified above, this section contains a value chain analysis of three manufacturing industries, food Manufacturing, textile and Clothing Manufacturing, and Leather and Allied Product Manufacturing. The analysis will focus on the elements/components of typical value chains in each industry and point to current gaps within the Central Karoo District Area, in terms of these value chain elements.

AGRIFOOD PROCESSING

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

National Manufacturing Perspective

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



the global economy.

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

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

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

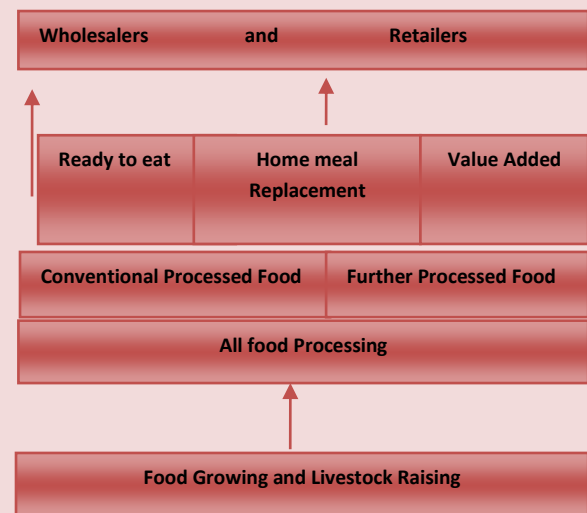
Agri Food Manufacturing

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

The South African agri-food complex has a number of competitive advantages, making it both an important trading partner and a viable investment destination. A world-class infrastructure, counter-seasonality to Europe, vast biodiversity and marine resources, and competitive input costs make the country a major player on the world's markets.

The establishment of preferential trade agreements, such as the Africa Growth and Opportunity Act (AGOA) for the US market and a free trade agreement with the European Union confer generous benefits (South Africa.info).

FIGURE 4.6: AGRI FOOD MANUFACTURING VALUE CHAIN

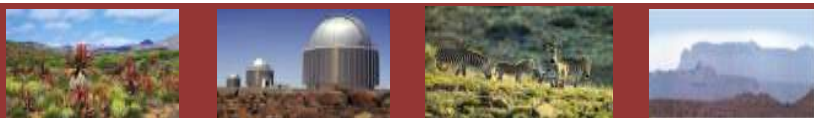
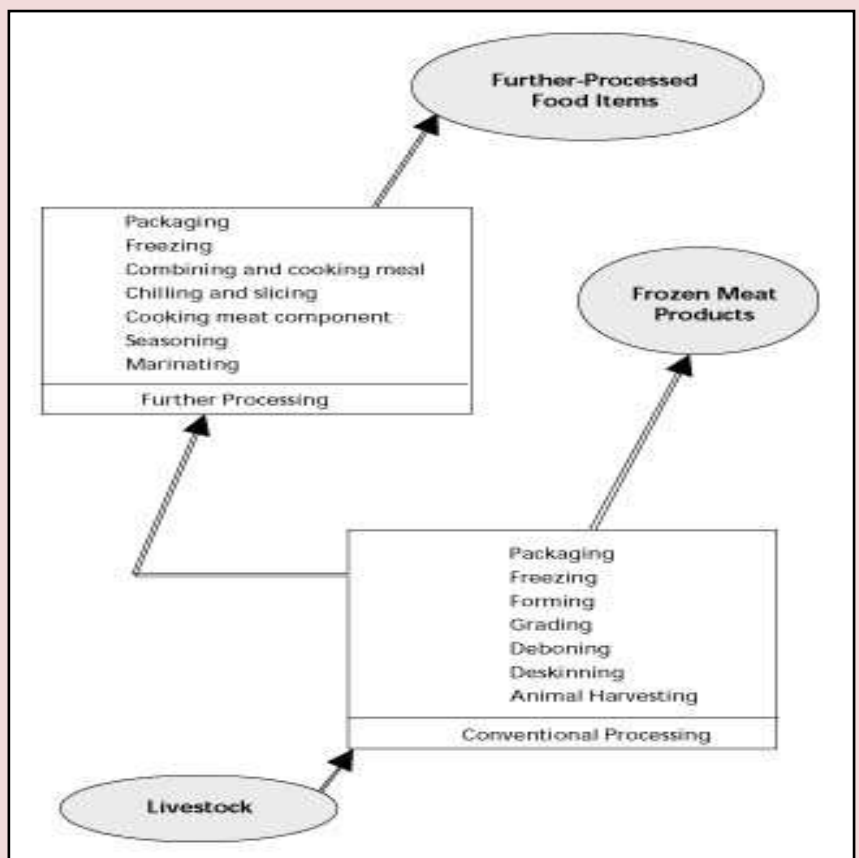


Local Perspective

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

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

FIGURE 4.7: MANUFACTURING FURTHER PROCESSED MEAT PRODUCTS



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

Value adding processing: for local and export markets

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

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

TEXTILE, CLOTHING, CRAFT AND LEATHER MANUFACTURING

National Textile and Clothing Perspective:

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

Manufacturing Process

Textile Mills

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

The main processes in this Sub-Section include preparation and spinning of fibre, knitting or weaving of fabric, and the finishing of the textile. Major industries in this flow, such as preparation of fibres, weaving of fabric, knitting of fabric, and fibre and fabric finishing, are uniquely identified. Texturising, throwing, twisting, and winding of yarn contains aspects of both fibre preparation and fibre finishing and is classified with preparation of fibres rather than with finishing of fibre. Excluded from this Sub-Section are establishments that weave or knit fabric and make garments. These establishments are included in Sub-Section, Apparel Manufacturing.

Textile Product Mills

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

Apparel Manufacturing

Industries in the Apparel Manufacturing Sub-Section group establishments with two distinct manufacturing processes: (1) cut and sew (i.e., purchasing fabric and cutting and sewing to make a garment) and (2) the manufacture of garments in establishments that first



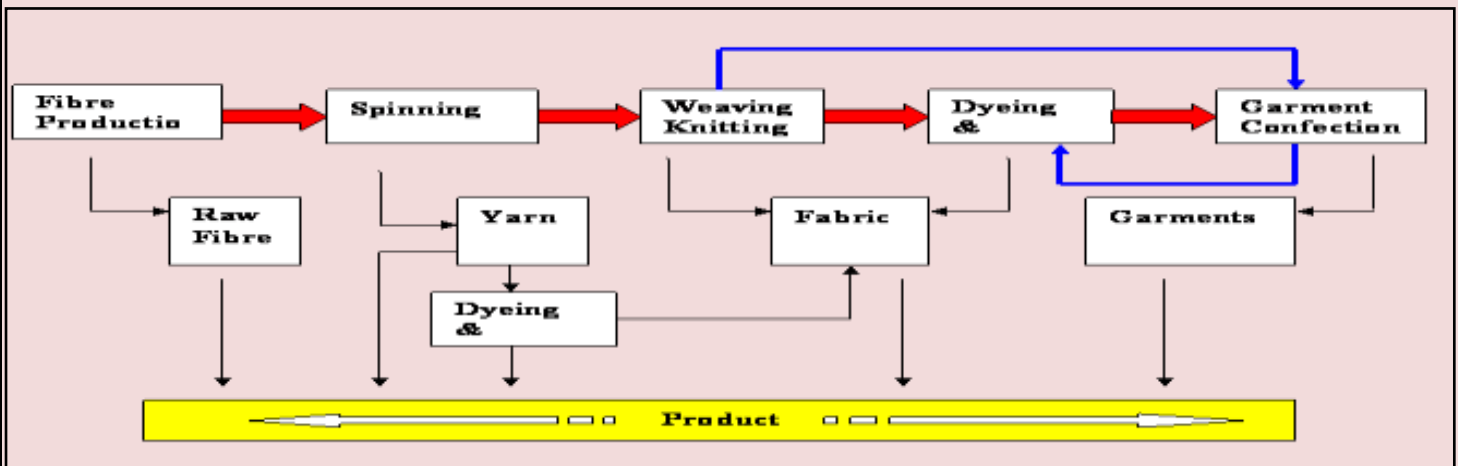
knit fabric and then cut and sew the fabric into a garment. The Apparel Manufacturing Sub-Section includes a diverse range of establishments manufacturing full lines of ready-to-wear apparel and custom apparel: apparel contractors, performing cutting or sewing operations on materials owned by others;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

Leather and Allied Product Manufacturing

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

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

FIGURE 4.8: TEXTILE AND CLOTHING MANUFACTURING VALUE CHAIN



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

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

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

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

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



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

Conclusion

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

DEVELOPMENT POTENTIAL

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

OPPORTUNITIES WITHIN THE MANUFACTURING SECTOR

Industrial development cluster	
	<ul style="list-style-type: none"> Manufacturing development can be promoted through the development of industrial clusters around growth sectors that appear to have a (potential) comparative advantage, e.g. industries linked to the agriculture sector; textile and clothing.
Industrial Park Development	<ul style="list-style-type: none"> The CKDM should identify an area zoned and planned for the purpose of industrial development. The Industrial Park should include the construction of industrial stalls/incubation to accommodate SMME's, with emphasis on manufacturing. This should include primary value adding products which can in turn be sold to wholesalers and retailers.
Manufacturing opportunities in niche markets	<p>Invest in niche products in growing the manufacturing industry in the CKDM. This includes the development of small and medium manufacturing concerns producing goods for domestic and international niche markets.</p> <ul style="list-style-type: none"> The CKDM meat industry provides opportunities to small-scale manufacturers who would like to engage in value added activities such as the manufacturing of processed meat, leather and leather products. Downstream processing of ostrich leather products Manufacturing of leatherwear from local skins and hides Organic food supplements and bio-medical products SMME manufacturing, incl. clothing, upholstery, arts and crafts, etc. Essential oils cultivation and extraction furniture industry
Manufacturing activities using local produce as inputs	<ul style="list-style-type: none"> Mining product beneficiation, e.g. uranium processing for nuclear fuel Agro-industrial processing, e.g. Dairy processing, Meat processing, processing of mohair.
Supportive and service industries linked to the Agriculture sector	<ul style="list-style-type: none"> Given the pace of globalisation of agriculture, rapid changes in science base, and the diverse regional features of research systems, there is a need to take stock of recent experience and re-think strategies for the future development of regional agricultural research and innovation systems. For the CKDM these supportive and service industries should relate to research systems currently being promoted in different regions and to identify promising directions for future investments. These industries should be targeted for growth, since more/larger contracts for the delivery of services/inputs to the mines will improve backward linkages.
Promotion of further investment in currently successful manufacturing activities	<ul style="list-style-type: none"> Manufacturing firms that are currently successful or have a strong presence in the Central Karoo could increase its positive impact on employment in the area if its operations were expanded through further investment. Targeted investment incentives should be focussed on niche market identified above.



Community Development Projects	<ul style="list-style-type: none"> • Jewellery Design and manufacturing • Sewing • Livestock Banking
Promotion of manufacturing activities in accordance with national initiatives	<ul style="list-style-type: none"> • E.g. Department of Transport's Bicycle Project – This project, which entails the rolling out of 1 million bicycles by 2010 in order to promote affordable, sustainable transport, holds an opportunity for the Central Karoo in terms of the manufacturing and transport sector.

4.3.2.3 Trade Sector

WHOLESALE AND RETAIL TRADE SECTOR DEFINITION

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



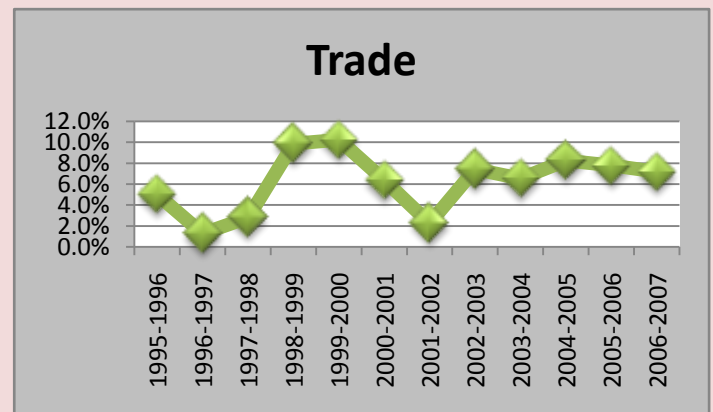
WHOLESALE AND RETAIL TRADE IN THE CKDM

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

WHOLESALE AND RETAIL TRADE SECTOR

The sector has realised positive growth over the time period indicated. This shows that the sector is constantly growing with consumer demand and supply reflecting in the growth of the sector. The average growth rate was 6.2% per annum (1995 – 2007). A growth in the sector usually also co-indicates with employment creation as business owners are more eager to employ people in an expanding economy.

Figure 4.9: CKDM Trade Sector Performance (1995-2007)



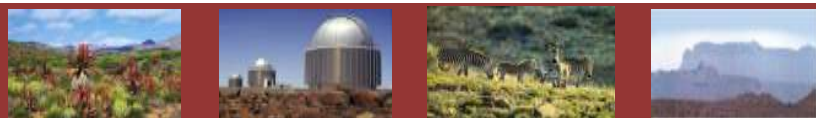
CKDM Wholesale and retail trade sub sectors

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

SUB-SECTORS

Wholesale & Retail Trade

The dominant contribution (**87.13%**) was made by Wholesale & Retail Trade Sub- Sector. There is a distinctive higher percentage of



establishments and consumption of wholesale and retail trade in Beaufort West and Prins Albert. This sector is also one of the most important sources of informal employment, with the informal trading segment having mushroomed in the region over the last decade.

Catering and Accommodation

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

Figure 4.10 : CKDM Trade sub-sectors

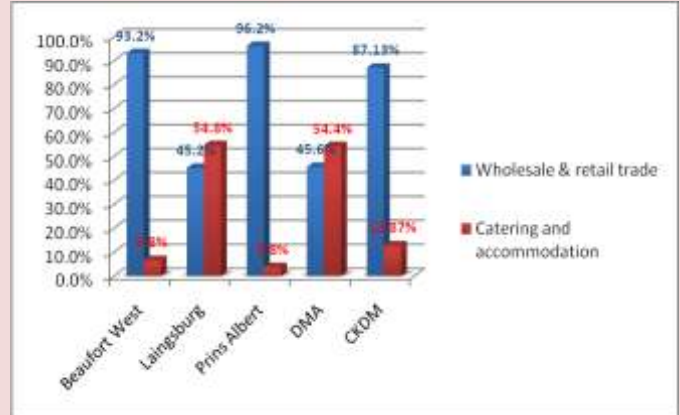


Table 4.3: Economic Snapshot of the CKDM Trade Sector

ECONOMIC INDICATOR	TRADE
GGP Contribution (2007)	16.1%
Average Growth Rate (1995 – 2007)	6.2%
Employment Contribution	18.3%
Main Sub- Sectors	<ul style="list-style-type: none"> • Wholesale and retail Trade • Catering and Accommodation

FACTORS IN THE ANALYSIS OF DEVELOPMENT POTENTIAL

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



Resource Base

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

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

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

Market Conditions

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

Linkages

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

Regional Functionality

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

Availability of Labour and Skills

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

DEVELOPMENT POTENTIAL

The following areas of potential have been identified in the Wholesale and Retail Trade Sector:

OPPORTUNITIES WITHIN THE TRADE SECTOR

Gaps in regional retail hierarchy	<ul style="list-style-type: none"> • Provide shopping facilities to fill the gaps between the regional settlement hierarchy and regional retail hierarchy.
Manufacturing and agriculture supplies and services	<ul style="list-style-type: none"> • This includes all services and supplies needed by the manufacturing and agriculture sectors, for example Building Materials & Hardware, agriculture equipment ect.
Fresh produce market	<ul style="list-style-type: none"> • A local fresh produce market would act as a local off-set point for the product of farmers, which could lessen transportation costs.
Multi Purpose Retail facility	<ul style="list-style-type: none"> • That sells local produced products in smaller towns. Economic space for trade is needed



Vendors at shopping malls	<ul style="list-style-type: none"> This includes more vendors at the premises of shopping malls through a controlled but not intrusive strategy. These vendors should include a variety of shopping mall components. This includes exclusive food courts that offer different cuisine ect. This could also be a means to keep/attract more tourists to the region.
SMME opportunities	<ul style="list-style-type: none"> Lower retail rental space i.t.o cheaper rent
Wholesalers	<ul style="list-style-type: none"> Of local produced food/products distribution to other areas. Linkage with the transport sector

CONCLUSION

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

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

4.3.2.4 Transport & Communication

TRANSPORT & COMMUNICATION SECTOR DEFINITION

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



TRANSPORT & COMMUNICATION IN THE CKDM

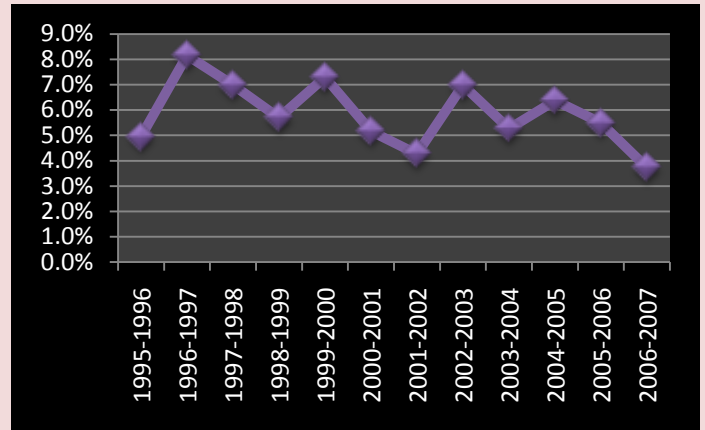


CKDM TRANSPORT SECTOR

Figure 4.11: CKDM Transport Sector Growth Rate, (1995-2007)

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

Transportation is a major economic driver in the district. The Transport and Communication sector contributed 18.9% to national GDP during 2007 and if it is broken down even further it shows that transport and storage contributed 68.2% while post and telecommunication contributed 31.8% to GDP in 2007. The sector employed 4.2% of the regional workforce during 2007.



Transport

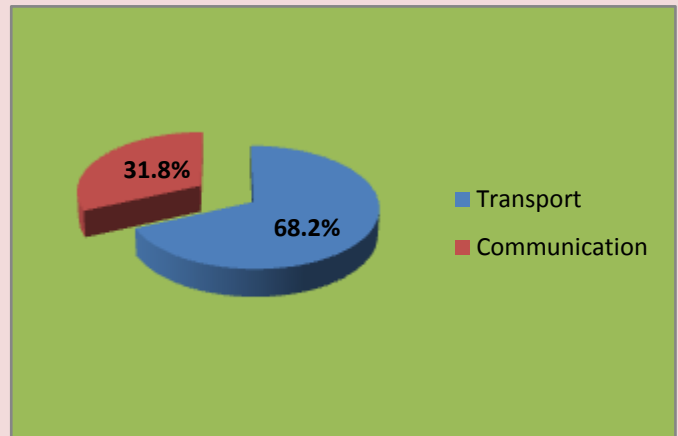
The Central Karoo's strong transport sector does not result from transport that originates in the region but rather from traffic that pass through the district. The passing traffic constitutes a range of traffic types from large freight vehicles and trains to private cars and formal and informal public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

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

Public Transport

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

Figure 4.12: CKDM Transport Sector



Telecommunication and Post

The Communication sub-sector contributes 31.8% of the sectors total performance. Development within this sector is also supported by the importance of communication in the new global economy. The introduction of new technology to the area, i.e. logistics, ICT, marketing channels, networking platforms, call centres, etc. can all contribute to the development of various clusters and linkages within the local economy.

The Central Karoo region is well host with telecommunication companies. According to the 2007 Community Survey 61.3% of households in the region have access to telephones. There is a post office in each local area.



Table 4.4: Economic Snapshot of the CKDM Transport Sector

ECONOMIC INDICATOR	TRADE
GGP Contribution (2007)	16.1%
Average Growth Rate (1995 – 2007)	6.2%
Employment Contribution	18.3%
Main Sub- Sectors	<ul style="list-style-type: none"> • Wholesale and retail Trade • Catering and Accommodation

FACTORS IN THE ANALYSIS OF DEVELOPMENT POTENTIAL

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

Availability of Raw Material

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

Market Trends

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

Economic Linkages

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

Agglomeration advantages

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

Logistics

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

Infrastructure

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



Availability of Labour and Skills

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

DEVELOPMENT POTENTIAL

OPPORTUNITIES WITHIN THE TRANSPORT SECTOR

Utilise existing infrastructure optimally through proper routine maintenance and rehabilitation routines

- This could also stimulate the creation of job opportunities, e.g. public works programmes

Upgrading of Beaufort West Airport to increase accessibility to the region

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

Transportation corridor development with surrounding areas and economies of importance

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

Examples Include:

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

Transportation for rail commuters

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

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

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

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



Control and regulation of the minibus-taxi industry
Encourage usage of alternative transport modes
<ul style="list-style-type: none"> Bicycles

4.3.2.5 Finance & Business Services

FINANCE & BUSINESS SECTOR DEFINITION

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



FINANCE & BUSINESS IN THE CKDM

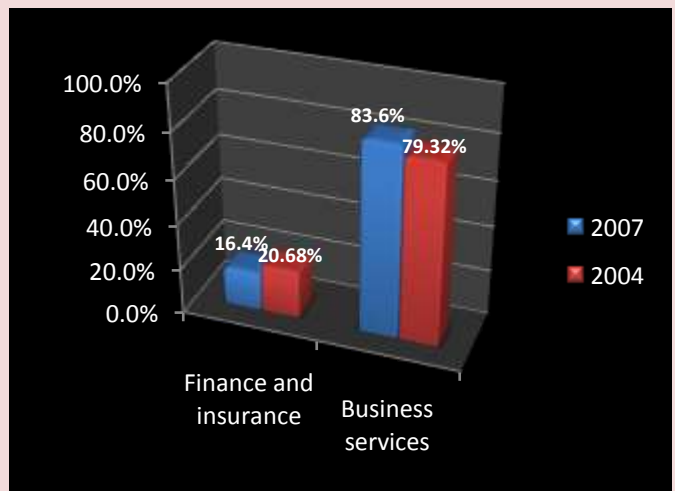
The Finance and Business Service Sector is the major economic contributor within the Central Karoo. This sector contributed 21.9% towards the Central Karoo Municipal area’s GGP in 2007. As a Tertiary sector, the performance of the finance sector is dependent on growth in the other economic sectors. This sector provides work to 11.4% of the working population in the Central Karoo Region.

Sub Sectors

The dominant contribution (83.6%) was made by the Business services and 16.4% was made by Finance and Insurance in 2007. This also illustrates that business services increased from 2004 to 2007. The same trend is true for finance & insurance. The insurance industry plays an important part as unpredictable floods and other natural disasters can have major implications for the sector.

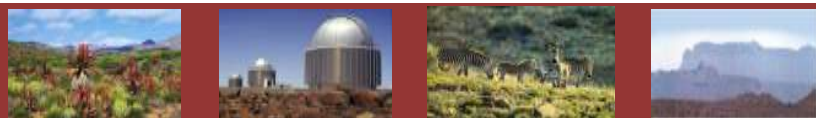
The financial sector has an important role in terms of the SMME sector. A number of entrepreneurs make use of credit facilities in order to start and run their new businesses. Most often people borrow money from the banks to finance their start-up of capital expenditure of the business. An increase in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

Figure 4.13: Finance and Business Service Sub-Sectors



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

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



A common problem throughout South Africa is safety at All pay points. Elderly people often fall victim to robbery and/or assault due to the insecure locations of some pension payout points.

Table 4.5: Economic Snapshot of the CKDM Finance sector

ECONOMIC INDICATOR	FINANCE AND BUSINESS SERVICES
GGP Contribution (2007)	21.9%
Average Growth Rate (1995 – 2007)	9.2%
Employment Contribution	11.4%
Main Sub- Sectors	Finance and Insurance Business Services

FACTORS IN THE ANALYSIS OF DEVELOPMENT POTENTIAL

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

Economic linkages

The private sector does not operate and function in isolation in the Central Karoo. The local authority as well as the private sector should work together in order to understand the reality of the sector and what is needed for growth and development in this sector. The SME sector can also supply services that are indicative of the Finance and business service sector.

The number of financial institution and their accessibility create the opportunity for entrepreneurs to access finance from various sources. The financial sector with its ability to provide finance, insurance etc to various sectors has string linkages with all sectors. The baseline is that any economic activity needs finance and the financial sector is the provider of these sources.

Agglomeration advantages

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

Market trends

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

Availability of Labour and Skills

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

Logistics

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

Infrastructure

The CKDM should supply properties with serviced land suitable for business to encourage business development.

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



DEVELOPMENT POTENTIAL

OPPORTUNITIES WITHIN THE FINANCE AND BUSINESS SERVICE SECTOR

Capital Funding for Government Programmes	Finding funding for capital projects is a major concern for many government facilities. In searching for funding for capital projects, it is very important that facilities consider and use a variety of potential sources, including public grants and loan programs, as well as private sources such as foundations and donations from local residents.
Awareness Programmes	<p>Financial education has an important role to play in ensuring that the CKDM population are equipped with the knowledge they need when making important decisions with regards to their financial situations. Improving financial literacy in the CKDM is a societal challenge which requires the contribution of a range of different stakeholders. Public authorities, the private sector, academia, financial and insurance institutions can all play their part when addressing knowledge deficits amongst consumers regarding the wide range of financial products and services on offer. Examples of awareness raising can be promoted through:</p> <ul style="list-style-type: none"> • Schools • Workplace • Current Customers • Events • Publications and brochures • Telephone and Internet • TV and Radio
Financial Packages	<p>Offer special financial packages to the CKDM population as they struggle with the effects of the current economic and financial crisis.</p> <p style="padding-left: 40px;">Responsive to the needs of sector/clients</p> <p style="padding-left: 40px;">Design with customers in mind</p>
Business Incentives	<p>Provide business incentives to encourage SMME and young Entrepreneurs. The main government departments, public entities and public-private partnerships that help small businesses get access to finance/ business incentives include:</p> <ul style="list-style-type: none"> • The Small Enterprise Development Agency (SEDA) • Department of Trade and Industry (DTI) • Industrial Development Corporation (IDC) • Khula Enterprise Finance • CASIDRA • Banks
Business/office Park Development	<ul style="list-style-type: none"> • To ensure that services are in close proximity of one another and that easy access is possible for clients.



4.3.2.6 SERVICE SECTOR

SERVICES SECTOR DEFINITION

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



SERVICES IN THE CKDM

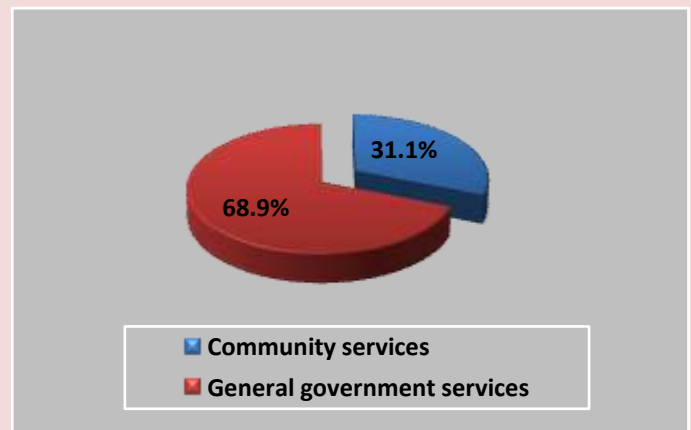
The Central Karoo District Municipality is the only Rural Presidential Node in the Western Cape. The CKDM Oversees Environmental Health throughout the region. The service sector contributed 15% to the districts GGP during 2007. This is the sector that contributes the most towards employment (30.1%) in the Central Karoo region. This percentage (30.1%) indicates the importance of the services sector in employing regional residents. It is believed that this sector will continue to play a major role in the regional economy, as these services will continually be in demand. Future investment in this sector is, however, dependant on Central, Provincial and Local Government investments in the Central Karoo Municipal area.

Sub Sectors

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

Government services are the largest contributor (68.9%) in this sector followed by community services (31.1%). General Government services decreased with 0.4% from 2004 to 2007 and Community, Social and other personal services increased by 0.5% from 2004 to 2007.

Figure 4.14: CKDM Service Sector



General Government Services

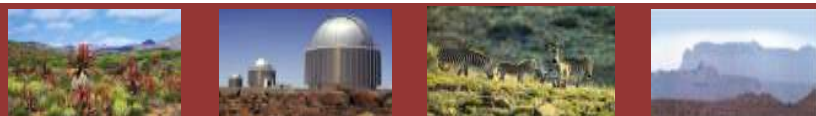
This Service sector mainly includes activities related to government services in the Central Karoo. Activities in this sector can mainly be found in the established urban nodes of the Central Karoo, where a larger concentration of people and economic activities are found. Beaufort West hosts most of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

Community Services

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

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

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



focus therefore needs to shift towards vocational and artisanal training in order to meet the demand for specific skills in the Central Karoo economy.

Infrastructure and Basic Services

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

Education

Approximately 12% of the CKDM's population is without any schooling/ illiterate. Only a limited portion (12.8%) of the population has passed Grade 12. The illiteracy rate and situation in the Central Karoo is very problematic at this stage. Adult literacy and youth between the ages of 15-19 is problematic for the CKDM.

Table 4.6: Economic Snapshot of the CKDM Service Sector

ECONOMIC INDICATOR	SERVICES
GGP Contribution (2007)	15%
Average Growth Rate (1995 – 2007)	30.1%
Employment Contribution	0.7%
Main Sub- Sectors	<ul style="list-style-type: none"> Community Services General Government Services

Health

<p>STRENGTHS</p> <ul style="list-style-type: none"> Sufficient state hospitals & clinics Regional HIV/AIDS strategies & programmes Mobile services to reach all areas 	<p>WEAKNESSES</p> <ul style="list-style-type: none"> Poor location of state hospitals in relation to ADI settlements/town ships Insufficient access to doctors (doctor patient ratio skewed) Insufficient access to medical facilities Lack of permanent GP's in smaller settlements Large distance from nearest private clinics/specialist
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<p>THREAT</p> <ul style="list-style-type: none"> • HIV/AIDS • TB, Fetal alcohol syndrome, alcohol abuse, teenage pregnancies • Unemployment • Dependency on the state grants and illegal credit system sole income & resource for medical expenses. 	<ul style="list-style-type: none"> • Lack of services for private patients (state officials & service industry)
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FACTORS IN THE ANALYSIS OF DEVELOPMENT POTENTIAL

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

Logistics

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

Infrastructure

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

CONSTRAINTS

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

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

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

DEVELOPMENT POTENTIAL

- In terms of the education sector, it is important to undertake an **identification of specific skills shortages** within the Central Karoo. These identified shortages should then be addressed by the establishment of **tertiary training facilities** in the Central Karoo Region that can train the local labour force in the desired skills areas. Skills shortage has also been acknowledged as a major development constraint within ASGISA, and several medium-term educational interventions are being implemented by national government. ASGISA also encourages the development of an **Employment Services System**, which matches potential employers to employees, as well as a **scarce skills database**.
- Further potential also exists in the business services sector for the development of a **Call Centre**, since **business process outsourcing (BPO)** is one of the fastest growing markets in South Africa. Foreign direct investment has also increased in the call centre industry. Business process outsourcing has also been identified as a priority sector within ASGISA, and a joint project between government and business is currently focusing on strategies and incentives to create 100,000 direct and indirect jobs in this industry by 2009.
- Improve **access to basic service** throughout the region.



- Provide land for **housing developments**.
- Create an **enabling environment** for development and investment.
- **Private Hospital** in Beaufort West

Synthesis:

This section analysed the economic potential which exists in the Central Karoo Region, and the identification of development opportunities and constraints within the different economic sectors. The main challenge for local economic development in the Central Karoo is to diversify the economic base and add value to the primary products produced in the area.

Forward and backward linkages within the economy should also be strengthened, and a unique opportunity exists for utilising the by-products of different economic sectors, e.g. agriculture and manufacturing, etc. for beneficiation and value-adding. This entails the processing and recycling of agricultural products. The value chain analyses of several industries which hold potential for the Central Karoo have also pointed to certain gaps that need to be addressed in order to further develop these value chains.

Conclusion

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

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



4.3.2.7 Tourism Industry

TOURISM INDUSTRY

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

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



TOURISM IN THE CKDM

Tourism has been identified as one of the sectors with the largest potential for growth and development in the Western Cape. This is particularly valid in the CKDM, where the unique diversity of communities, cultures and natural resources imply huge potential for sustainable tourism. The Central Karoo does not share in the tourism industry of the Western Cape, though. Only 2.2% of all tourists to the Western Cape visit the region. The length of stay and the average expenditure per day is also significantly lower than the rest of the province

The Central Karoo host one of the countries busiest national roads, the N1, and is in proximity to the Garden Route and the newly established R62 tour route that passes through the Klein Karoo to Oudtshoorn.



The prime attractive value of the Central Karoo is its natural beauty, wide-open spaces, magnificent landscapes, panoramas, largest eco system in South Africa and the sense of solitude. These attributes, although appealing to both the domestic and international tourist markets, require careful planning to convert into sustainable tourist attractions without destroying the original resource that attracted the visitor in the first instance. In addition to the open landscapes, the Karoo vegetation is able to support large herds of arid area wildlife and limited numbers of predators, as well as the “big five” on extensive tracks of land.

The “passing tourist” plays an important role in this sector due to the locality of towns like Beaufort West and Laingsburg on the N1 national road. Accommodation and other services to these tourists provide a number of employment opportunities in this region. As this category of tourist is normally on route to other destinations their length of stay in the region is very short. Even a very successful overnight destination such as the Karoo National Park testifies that the majority of their visitors are passing through and only stay for very short periods.



The main source markets are Gauteng and Western Cape for domestic visitors and Germany for overseas tourists.

The Karoo National Park is however one of the most successful tourist attractions in the region. Occupancy in the overnight facilities of the park exceeds 95% throughout the year. A significant limitation is the inadequate fencing of the park. This prohibits the park from introducing the dangerous animals that the tourists are coming to see in



our country. Herein are the economic opportunities for this area.

Prince Albert seems to have good ties with the Garden Route and receives a significant number of Garden Route tourists. The Swartberg pass and Gamkaskloof attract a constant flow of visitors, which ensures that the 35 guesthouses and other accommodation establishments are often fully occupied. There are a number of opportunities that could be exploited in this area and some initiatives, like the pontoon over the Gamkapoort dam may unlock a significant new market for tourism in this area.

Other true tourist destinations include the fossil sites that scattered through the region.

The following tourist activities exist in the Central Karoo region

- Luxury trains Rovos rail and the Blue train both stop in Matjiesfontien in south western Central Karoo.
- The Karoo National Park offers hiking trails, accommodation, conference facilities and some species of game.
- Places of historic interest include the Victorian town of Matjiesfontein and the Chris Barnard Museum



Accommodation facilities in the region include:

Accommodation	Beds
Hotels	302
Self Catering	213
B&B	100
Guesthouse	99
Backpackers	4

FACTORS IN THE ANALYSIS OF DEVELOPMENT POTENTIAL

The following factors, specific to the Central Karoo, have an influence on development potential within the Tourism Industry:



Market trends

Various trends are starting to develop in the tourism industry. One of the trends is the development of medical tourism and activities related to this. Medical tourism usually has a specific target market, and it should be specifically developed to cater for those needs. Central Karoo has a number of cultural aspects and landmarks and the packaging of these landmarks is a great opportunity to develop cultural tourism. Beaufort West as the largest town of the Central Karoo should also position itself within the conference market and supply facilities to cater for this market.

Economic linkages

Tourism as an industry is an activity that can be part of most economic sectors. As such tourism can be part of trade for the selling of arts and crafts. It also provides accommodation which is normally a business service activity. The transport sector can also benefit from tourism as the tourist will need transportation to get from one area to the other.

Agglomeration advantages

The larger amount of activities and attractions in a specific area, the larger number of tourists they will attract and keep for longer periods. An important aspect of tourism is to keep the tourist in an area as long as possible so that they can spend a large amount of money. This money in turn creates spin-off effects and generates employment opportunities in various sectors. Local areas should address this issue by developing a larger number of attractions and facilities to keep the tourist in the region for longer periods of time.

Logistics

Information centres that supply the tourist with directions help and guidance to tourism activities, accommodation facilities, history etc. should be established in strategic positions throughout the region. This will enable the tourist to get all the information that they need. This will also package the tourism products in an organised manner.

Regional service delivery

The national roads in the region mean that the CKDM is an important entry point. The location of a number of tourism agencies and operators within the region provide a regional service to the tourist.

Labour

Skills development in specifically educating the staff of tourism information centres/ The SMME development in the short stay accommodation market should be promoted by using local labour and skills. Training in accommodation and the hospitality industry for staff should also be provided.

Availability of raw materials

The Central Karoo area is characterised with wide-open spaces, magnificent landscapes which offers great tourist sites and destinations for development. The Karoo National Park just outside Beaufort West is one of the most attractive tourist attraction sites in the region. The promotion of tourism can be done by also focusing on eco-tourism development, the utilisation of the Agritourism and game farms in the region.

DEVELOPMENT POTENTIAL

OPPORTUNITIES WITHIN THE TOURISM INDUSTRY

Promotion, information and infrastructure	<ul style="list-style-type: none"> ● Improved and focused marketing of the area as a tourist destination ● Development of tourism packages ● Improvement of tourism infrastructure, incl. transport links, signage, information services ● Urban renewal projects ● Stop crime
Development of tourism attractions	<ul style="list-style-type: none"> ● Focusing resources on development of existing tourism potential, especially SANPARKS and Prins Albert ● Development of edu-tourism ● Development of eco-tourism ● Development of sports related tourism



	<ul style="list-style-type: none"> • Agriculture based tourism • Mining Tourism
Development of specific tourist routes	<ul style="list-style-type: none"> • Eco-tourist route • Mine route • Restoring paleontological heritage such as was done at “Cradle of Humankind” tourist route
Tourism and hospitality training	<ul style="list-style-type: none"> • Ensure that the demand for skilled and semi-skilled labour in the tourism sector is met through e.g. a hospitality training college, training programmes, bursaries
Tourism facilities	<ul style="list-style-type: none"> • Development and improvement of tourism facilities and accommodation for the emerging, middle and high income tourist market • Specific focus should fall on ensuring tourism demand and needs can be met in terms of the 2010 FIFA World Cup
SMME's in tourism	<ul style="list-style-type: none"> • Focus on strengthening the role of SMME's within the tourism sector in order to maximize employment creation
Accommodation	<ul style="list-style-type: none"> • This opportunity needs to be exploited in particular five star hotels and resort
African cuisine restaurant (Organic) and retail outlet (Multipurpose Centre)	<ul style="list-style-type: none"> • A restaurant that offer purely African food, ranging from morogo to potjiekos. Retail outlet which sell textile and clothing produced from the areas mohair and leather products, including a curio shop (arts and craft).
Conferencing	<ul style="list-style-type: none"> • This opportunity must be exploited to host National Events especially with government departments (Provincial Gov) hosted in the Central Karoo to bring public participation and engagement processes such as Imbizo's, Summits, Launches to BFW as the most central point of the node.
Tourist Guide Sector	<ul style="list-style-type: none"> • Opportunity in developing black tourist guides
BFW Airport	<ul style="list-style-type: none"> • Service providers like the transport sector and accommodation facilities need to support this structure. Tourist will need transport from the airport to various attractions including a high impact accommodation facility.
Fun Train Project	<ul style="list-style-type: none"> • Opportunity for service providers to develop a fun train to serve the district
Astronomy Tourism	<ul style="list-style-type: none"> • CKDM area has a potential to be developed into an astronomy area. It has a very clear sky and wide open space. This could be an attraction.
Heritage and Museum Tourism	<ul style="list-style-type: none"> • Matjiesfontien • Restoring Karoo Style architecture (Murraysburg, Merweville and Nelspoort)
Nightlife and Entertainment	<ul style="list-style-type: none"> • That caters for all ages (youth and adults) interests ranging jazz music to disco. This can be an opportunity to keep passing tourist longer in the district.

TOURISM VALUE CHAIN AND GAP ANALYSIS

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

TOURISM VALUE CHAIN

Two trends are notable with regard to the manner in which the value chain has and is continually evolving. Firstly there has been some backward integration by intermediaries, for example by the acquisition of various forms of suppliers. This may in part explain another trend: the rise of the internet as an end customer tool to access information and conduct transactions related to tourist activities. Supplier websites provide the end customer with the means to choose between and make payments on preferred options for travel and accommodation.

AREAS OF OPPORTUNITY

The value chain was analysed in terms of areas within which further value could be added in order to grow the sector, increasing employment and advancing transformation and empowerment. The areas of **distribution, intermediaries and customers** in the value chain can be seen as those areas that can (and should) be targeted in terms of **marketing and promoting** the CKDM to increase the number of tourist visitors. The core role of distribution and intermediaries is to ensure the supply product gets to the market and that the market has the necessary information to make informed purchase decisions.

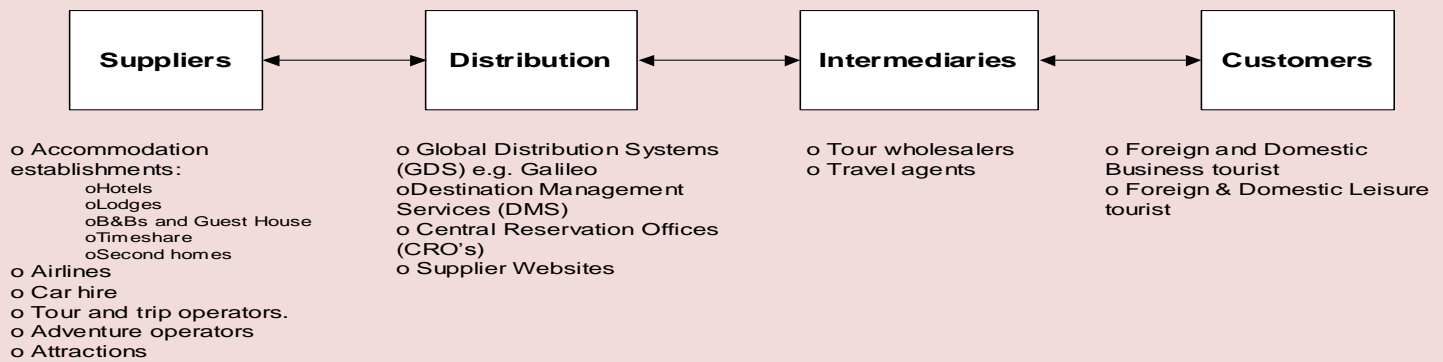


Along with Professional Conference Organisers (PCO's), it is important to encourage the location of such intermediaries within the District. Doing so supports the incentive to attract tourists from outside the district and also to grow internal volumes. There will, however, always be a need to have externally based intermediaries who may be closer to and understand more of potential domestic and international source markets.

The intermediary component of the value chain, comprising tour operators, constitutes a potential area within which **SMME development** can take place; particularly focusing on increasing awareness of products, and its geographic spread within the CKDM. Group affiliation is an important part of accessing business. Role players in the district, including government, private sector supplier groups and community structures, must provide a united and compelling value proposition to influence intermediaries to communicate and sell tourism to customers.

In terms of value adding in the tourism sector, the **supplier component** of the value chain is a core area, with a focus on accommodation facilities. The supplier component greatly determines the ability of the area to attract targeted overnight tourists. Beneficiation in the context of tourism can be understood in terms of rejuvenation of the existing products through repackaging and expansion (through complimentary products). As indicated in the value chain diagrams above, suppliers are made up of accommodation, transport, and trip operators as well as attraction providers. The experience of the tourist hinges on the extent to which these are packaged as a seamless whole and value for money realised. The supplier component of the value chain is another opportunity for potential **SMME development**, especially in the areas of smaller scale accommodation e.g. B&B's, guesthouses and lodges, tour and trip operators and interpreters of historical/heritage sites. SMME access to the market, via distributors and intermediaries, is critical to their long-term success.

There are **4 core** components to the tourism sector value chain. These are shown below with a description of each:



The following **gaps** have been identified in the CKDM tourism value chain, which presents opportunities for the development of this sector:

Tourism infrastructure – Infrastructure that has an effect on the tourism sector includes transport infrastructure and linkages, road signage, access to clean water, sanitation and electricity, safety and security, as well as tourism information services. All these elements need to be addressed in order to create an environment which enables tourism to thrive.

Marketing/branding – The marketing of the CKDM as a unique tourist destination is crucial in creating a compelling brand or marketing message that will lure tourists to the area. The development of tourist packages from the available products, including attractions, accommodation and transport, should provide tourists with value for money and a pleasant, hassle-free experience.

Tourism information database – A database containing information on **all** attractions, accommodation facilities, transport services, tour and trip operators could go a long way in improving the marketing of the area and enabling sufficient information to reach potential markets.

Encouragement of intermediaries and distributors to operate within the CKDM – Tourism intermediaries and distributors play an important role in matching up tourism supply to demand, i.e. ensuring information on tourism products reach the potential markets and enabling tourists to make informed decisions. A greater presence of these market players within the CKDM, together with greater cooperation with intermediaries outside the CKDM, could increase tourist volumes. This area of influence provides some opportunities for SMME development.

Product rejuvenation/innovation – This element represents the “supply side” of the tourism value chain. By developing, improving and linking the different tourism facilities, including attractions, leisure activities, accommodation and complementary products, a more varied “package” of products can be presented to potential markets. The supply element of the value chain also provides opportunities for SMME development, especially in terms of accommodation, e.g. B & B's, guesthouses.

Stakeholder relationships – Relationships and cooperation between the different stakeholders, such as different government departments, the private sector and SMME's is vital in ensuring that the tourism sector will contribute to the local economic development of the Central Karoo Region. This is important, since tourism development is a cross-cutting concern, which includes



government departments such as Agriculture; Culture, Sports and Recreation; Local Government and Housing; Roads and Transport; Safety and Security. Partnerships with the private sector are also crucial in assisting SMME's to gain access to the tourism market.

Human capital – The presence of appropriate skills, entrepreneurial abilities and culture of service within the Central Karoo will play an important role in the ability of the area to attract and retain a substantial portion of the tourism market. Facilities that provide training in hospitality and business management could address this issue.

Conclusion

In order to maximise the benefits that the CKDM can derive from the development of tourism focus should be placed on areas that provide the most potential. Allocation of resources for tourism development in the short to medium term should therefore be focussed on strengthening the existing tourism supply base in the CKDM.

This will allow the area to capitalise on the significance of the region's primary tourism attraction by strengthening the critical mass of existing and complimentary product supply, upgrading access and linkage infrastructure, and improving product standards and service levels.

In terms of development constraints in the tourism sector, the improvement of transport linkages, infrastructure, tourism facilities, information and tourist services, as well as the development and implementation of a strong tourism marketing strategy for the area, are the main factors to be addressed.



SECTION 5: PROJECT IMPLEMENTATION GUIDELINES

5.1 Purpose

This chapter serves as to guide the implementation of the CKDM LED projects identified. The implementation of LED projects is mainly driven by strategic actions and should be carefully planned and executed. Project implementation is not as clear-cut as the strategy documents itself, due to external influences and the consistently changing environment. Strategic thought should therefore occur prior to every project in order to ensure the successful development of CKDM economy.

This section covers the identified projects from the opportunities scan. This is followed by, what the public sector can do in order to bring about a favourable environment for economic growth. Next, various support structures that are necessary for the implementation of LED projects will be explored. Then general guidelines for project implementation will be given with variations for Central Karoo District projects by way of a projects matrix.

5.2 General Guidelines

In order to allow the CKDM to plan and implement the LED Strategy in an effective, successful and sustainable manner, it is important that general step-by-step implementation guidelines are provided. The guidelines describe the process to follow toward project implementation from identification to completion. In order to understand the importance of implementing of LED projects it is necessary to give a brief description of what core functions the LED process entails.

5.2.1 PROJECTS FROM POTENTIAL ANALYSIS

In this section, identified opportunities and gaps from the Potential Analysis Phase are broken down into individual LED projects for the Central Karoo District Municipality.

Table 5.1 shows opportunities identified results in the identified Projects

TABLE 5.1: CKDM PROJECTS FROM POTENTIAL ANALYSIS

CKDM PROJECT		
Public Sector	Private Sector	Project Description
AGRICULTURE EXPANSION		
<ul style="list-style-type: none"> • Soya bean production • Organic Seed Production • Organic farming 	<ul style="list-style-type: none"> • Food cluster, with focus on processing, packaging & exporting • Breeding Rare Game Species 	<p>These projects include the introduction of new Agriculture products within the CKDM, with a special focus on small-scale farming and niche products.</p>
AGRICULTURE AND BENEFICATION DEVELOPMENT		
<ul style="list-style-type: none"> • Industrial investment incentive packages • Bicycle Manufacturing 	<ul style="list-style-type: none"> • Production of organic seed and fertilizers for agricultural practices 	<p>Projects has been identified to strengthen backward and forward linkages in the Central Karoo economy and to add value to primary sector products.</p>



CKDM PROJECT

Public Sector	Private Sector	Project Description
<ul style="list-style-type: none"> Industrial marketing campaign Food development and research centre Industrial development strategy 	<ul style="list-style-type: none"> Regional Fresh produce market (including organic) Deciduous Fruit processing and packaging plant Red meat processing facilities Horticulture logistics development (transport, storage, cooling facilities) Warehouse and Milling Operation (Agriculture) Manufacture Agriculture feed equipment, machinery and parts Wool and mohair processing plant Uranium Processing (Nuclear Fuel) Soya oil processing facilities (candle making, Soy based foams, Biodiesel) Manufacture of protective clothing used for skiing/snow (Mohair and wool) 	
WASTE RECYCLING/PROCESSING		
<ul style="list-style-type: none"> Waste Management Systems 	<ul style="list-style-type: none"> Research and Innovation Centre for Waste Recycling/Processing Agriculture Waste-to-energy project 	<p>These Projects is identified to establish the Central Karoo as a centre of innovation in waste processing and recycling.</p>
SMME DEVELOPMENT		
<ul style="list-style-type: none"> Establishment of SMME Command Centre for the CKDM Business support centre SMME procurement/outsourcing database Small business forum 	<ul style="list-style-type: none"> Agri Tourism SMME Catering, cleaning, laundry services Involvement of SMME's in jewellery design/manufacture SMME tour operators 	<p>To promote small business development and establish an "SMME Command Centre" that acts as a coordinating and integrating centre for small business development in the Central Karoo. The main purpose for projects identified include:</p> <ul style="list-style-type: none"> Support, networking and matchmaking SMME Beneficiation and value adding



CKDM PROJECT

Public Sector	Private Sector	Project Description
<ul style="list-style-type: none"> • linked to Agriculture sector • Small business forum linked to manufacturing sector • Small business development in accommodation facilities 	<ul style="list-style-type: none"> • Call Centre (BPO) • Wholesalers (Agriculture produced products) • Multipurpose Retail Facility (all local produced products) 	<p>activities</p> <ul style="list-style-type: none"> • SMME's in Tourism

HUMAN RESOURCE DEVELOPMENT

<ul style="list-style-type: none"> • Tertiary training facilities (technical, hospitality, business, agriculture) • Identification of skills shortages per economic sector (Community skills surveys) • Recruitment database 	<ul style="list-style-type: none"> • On-site training facilities/projects 	<p>To facilitate the development of specific skills needed for the local economy to grow. The main purpose for projects identified include:</p> <ul style="list-style-type: none"> • Skills matchmaking • Training facilities/projects
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TRANSPORT DEVELOPMENT

<ul style="list-style-type: none"> • Upgrading of Railway lines and reopening of railway stations • Regional public transport corridor development plan • Improvement of transport infrastructure and linkages 	<ul style="list-style-type: none"> • Passenger rail transport service between a town centre, and outer suburbs and commuter towns • A public transport hub behind the main railway station, to facilitate connections with other modes of transport available • Logistic / distribution Centre • Freight – Export Contracts, Warehousing shipping • Aviation – Medical Evacuation/Medical Tourism (BFW Airport) 	<p>To facilitate the development of transport sector for the local economy to grow. The main purpose for projects identified include:</p> <ul style="list-style-type: none"> • Improvement of transport infrastructure and linkages • Increase Transport accessibility • Transport Corridor Development
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TOURISM DEVELOPMENT

<ul style="list-style-type: none"> • Development and improvement of existing tourist 	<ul style="list-style-type: none"> • Urban renewal projects • Development of 	<p>To develop the Central Karoo into an integrated tourism zone. The main purpose for projects identified include:</p>
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CKDM PROJECT		
Public Sector	Private Sector	Project Description
<ul style="list-style-type: none"> • attractions • Development of specific tourist routes • Tourism database (attractions, accommodation, operators) • Tourism forum • Provision of training and bursaries in tourism/hospitality training • Improvement of signage 	<ul style="list-style-type: none"> • tourist packages • Provision of on-the-job training opportunities • African Cuisine Restaurant (Organic) And Retail Outlet (Multipurpose Centre) • Conferencing • Tourist Guides • Fun Train Project • Karoo Astronomy Tourism • Heritage and Museum Tourism • Nightlife and Entertainment • Casino • Private Hospital (Medical Tourism) 	<ul style="list-style-type: none"> • Marketing of the Central Karoo as a tourism destination • Tourism infrastructure and support services • Tourism product innovation and expansion • Stakeholder relations • Tourism skills development
Other private sector projects under the ISRDP includes:		
<ul style="list-style-type: none"> • Uranium mining which is still undergoing feasibility studies • Karoo Tourism Gateway • Cold Storage Facilities • Agriculture Beehive development • Hydro production of fresh herbs; and • Correctional service facility • Karoo Skin Processing 		

5.2.2 PUBLIC SECTOR PROJECTS

Within the Potential Analysis, no distinction was made between projects that are implementable by the private sector and those implementable by the public sector. In this part of the report, the projects that can be implemented by the **public sector and what informs that as critical for the enabling environment** are listed as follows:

Table 5.2 shows the projects to be implemented by the public sector.

TABLE 5.2: PUBLIC SECTOR PROJECTS AND ENABLING CONDITIONS

Public Project	Enabling Conditions
AGRICULTURE EXPANSION	
<ul style="list-style-type: none"> • Soya bean production • Organic Seed Production • Organic farming 	<ul style="list-style-type: none"> • Projects focussed on the emerging farmers. CKDM should facilitate engagement with the district farmers Association to ensure that projects are introduced to emerging farmers. This can create a niche market, address food



	<ul style="list-style-type: none"> insecurity, generate income and equip farmers with skills and training opportunities. A marketing agent is needed.
AGRICULTURE AND BENEFICATION DEVELOPMENT	
<ul style="list-style-type: none"> Industrial investment incentive packages Bicycle Manufacturing Industrial marketing campaign Food development and research centre Industrial development strategy Tertiary training facility 	<ul style="list-style-type: none"> Incentives on Bulk services will be required to attract investors A marketing campaign to market the area as a industrial destination Land should be available A strategy showing industrial opportunities
WASTE RECYCLING/PROCESSING	
<ul style="list-style-type: none"> Waste Management Systems 	<ul style="list-style-type: none"> To promote/stimulate waste recycling in the CKDM which relate to the agriculture sector.
OTHER PROJECTS	
<ul style="list-style-type: none"> Karoo Skin Processing 	<ul style="list-style-type: none"> Skin processing is a water intensive process – water availability is currently limited; Water purification technology will also be required to clean water at the end of the process
<ul style="list-style-type: none"> Correctional Facility 	<ul style="list-style-type: none"> Land for the facility Buy-in from National Government
<ul style="list-style-type: none"> Hydroponics Expansion 	<ul style="list-style-type: none"> To expand production, 2 additional greenhouses will be required The delivery fleet must be expanded to 3 trucks A marketing agent to increase sales reach Management capacity to drive business growth Estimated investment required: R4 million

5.3 General Step by Step Guidelines

The following section contains a description of the specific tasks and activities necessary to implement the projects identified for the CKDM.

5.3.1 LED PRIORITISATION AND IDP INTEGRATION

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

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

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



5.3.2 PROJECT PRIORITIZATION

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

The criteria used to prioritise projects include:

1. Does the project provide opportunity for job creation, especially for the previously disadvantaged communities?
 2. Would the project create economic growth in order to continuously meet the ASGISA growth target of 4.5% per annum?
 3. Would the project help diversify the economic base?
 4. Is the project a wealth creating project or only a poverty alleviation project?
 5. Would the project attract new investors to the Greater Central Karoo Area?
- A projects prioritisation matrix is used to assign values to the projects.
 - These values represent the project evaluation.
 - Project evaluations are assigned weightings.
 - The weightings are used to calculate scores for each project.
 - If projects have the same total score, the project that scores highest on the most important criteria is selected as the one that is more important.

See **Table 5.3** for an example of a project prioritisation matrix.

TABLE 5.3 EXAMPLE OF PROJECT PRIORITISATION MATRIX

PROJECT	JOB CREATION	ECONOMIC GROWTH	DIVERSIFY ECONOMIC BASE	WEALTH CREATION	ATTRACT INVESTORS	PROJECT EVALUATION			VALUE / SCORE	PRIORITY
						HIGH IMPACT (3)	MEDIUM IMPACT (2)	LOW IMPACT (1)		
Soya Bean Production	4	2	2	3	1	1	5	0	52.6	1
Breeding Rare Game species	2	2	2	2	1	0	5	1	37.2	5
Training Facility	2	2	2	2	2	0	3	3	50.4	3
Organic Seed production/Farming	2	2	2	4	2	1	5	0	50.4	2
Warehouse and milling Operation	2	2	2	2	1	2	3	1	50.0	4
Regional Correctional Facility	3	2	3	5	4	0	6	0	33.2	6

- The prioritisation criteria are in columns
- Projects are listed in rows
- The numbers under the criteria show the evaluation, i.e. does the project have a high, medium or low impact to that criterion
- 'High impact' has been assigned a weighting of 10
- 'Medium impact' has been assigned a weighting of 6
- 'Low impact' has been assigned a weighting of 2
- The value/score is the sum of the values assigned multiplied by the weightings
- Priorities are determined by the scores (There are three projects with the highest score of 40, thus they are all number 1 projects)
- Projects with the same scores need to be further prioritised according to what are considered the most important criteria



5.3.3 IDENTIFICATION

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

5.3.4 IDENTIFICATION OF LOCATION

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

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

The location choice is made by considering:

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

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

5.3.5 PRE-FEASIBILITY

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

Pre - Feasibility assessments essentially comprise of:

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

5.3.6 DETAILED FEASIBILITY STUDIES

A feasibility study is an analysis of the viability of an idea.

Feasibility assessments essentially comprise of:

1. A location analysis



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

The development concept is then refined and concrete concept designing and planning is done. An independent consultant may be involved with the pre- and feasibility study, but the CKDM should be involved. This is an opportunity to understand the issues of project development.

5.3.7 PARTNERSHIP IDENTIFICATION AND PROJECT MATCH-MAKING

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

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

1. Hosting an Opportunities Awareness Campaign.
This campaign will assist the LED agency to find interested parties, who will be willing to run with the project by bringing various quotas of the District population into contact with each other.
2. Project-specific workshops can follow the initial one to ensure that the interested parties identified understand the project. At this stage the training requirements, if any, are identified.
3. The campaigns will also assist to match investors to projects that are already running in the District and also to the identified but not yet implemented projects.

5.3.8 DEVELOPMENT OF BUSINESS PLAN

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

1. Description of the Proposed Development Project
2. Development of an operational plan – to give a concise, clear and understandable description of the input and capital requirements, production, operational and logistical strategies and systems that will be applied by the proposed development.
3. Impact assessment – to assess the project's economic impact on the market as well as potential risks.
4. Development of an organizational, management and staffing plan
5. Development of a financial plan – Analyses envisaged income and expenditure of project
6. Draw up Implementation Action Plan - to provide clear, functional guidelines with respect to implementing the preferred development concept
7. Monitoring, Evaluation and Mitigation framework – This highlights Key Performance Indicators and remedial actions to take should KPI's fail to be achieved.

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

5.3.9 MUNICIPALITY BUDGETING AND FUNDING

Central Karoo District Municipality has a role to play in funding economic development. The District was assigned, among other responsibilities, Integrated Planning for the District, Tourism Development, and Regulation of Passenger Transport, Municipal airports, abattoirs and fresh produce markets.

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

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



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

5.3.9.1 FINANCIAL ASSISTANCE

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

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

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

Initially, when considering funding sources, the municipality or the entrepreneur needs to look at the project focus. Funding available is normally allocated to strategic industries which assist government to attain goals such as economic development, job-creation, skills enhancement etc. Industries identified to best meet these goals in the South Africa context are Clothing and Textiles; Capital Equipment manufacture and Metals Beneficiation; Chemicals, Pharmaceuticals and Plastic manufacture; and Forestry and downstream industries that flow from it like Paper and Furniture Manufacture (IPAP, 2007).

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

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

1. The Central Karoo District Municipality:

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

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

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



3. **The Industrial Development Corporation (IDC)** is a self-financing, national Development Finance Institution (DFI). It was established in 1940 to promote economic growth and industrial development in South Africa. The forms of funding provided by the IDC are shown in Annexure A.
4. **Municipal Infrastructure Grant (MIG)** - MIG¹ was created as a coordinated and integrated funding system for projects that develop infrastructure necessary for municipal services. MIG funds may be used to upgrade and build new infrastructure up to a basic level of service as well as to rehabilitate existing infrastructure, so long as the infrastructure is for basic services for the poor. MIG funds can be used to fund the installation of infrastructure necessary for water, electricity, sanitation, street lighting, refuse removal, roads, schools, clinics, sports facilities and public buildings. MIG funds could be applied for to supplement funding of necessary infrastructural enabling public sector projects. The main criterion for funding is that the project will benefit the poor.
5. **Enterprise Investment Programme:**

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

 - Total Qualifying Investment less than R5 million: benefit calculated at 30% of the qualifying investment, over a three year period
 - Total Qualifying Investment between R5 million and R200 million: benefit calculated on a regressive scale of 30% to 15% of the total qualifying investment, over a two year period
 - The total benefit is limited to a maximum of R30 million over the period of the Incentive term
6. **The Development Bank of Southern Africa (DBSA)** is a development finance institution whose purpose is to accelerate sustainable socio-economic development by funding physical, social and economic infrastructure (DBSA website, 2008). DBSA Development Fund is a section 21 company which supports municipalities in service delivery and local economic development. The Siyenza Manje initiative which provides hands-on support to municipalities by facilitating and fast-tracking infrastructure development and service delivery is supported by the DBSA Development Fund (DBSA website, 2008).
7. **Small and Medium Enterprise Development Programme (SMEDP)** provides grants to small businesses in manufacturing, tourism, agro-processing, IT, arts and crafts, aqua culture and high value agricultures that require training or land, machinery or buildings for expanding existing projects or starting up new ones. Entrepreneurs who will participate in making the agro-processing hub functional will benefit from this fund.
8. **National Treasury** provides funding for infrastructure projects.
9. **DEAT:** The department of environmental affairs and tourism provides funding through various programmes to promote LED and tourism issues.
10. **The Chief Directorate:** Tourism Development has an annual budget for funding projects which help to grow the tourism industry. This growth can be realised in many ways, for example through job creation, training or infrastructure development. Eligibility for funding is limited to a range of entities, such as Section 21 companies or NGOs, which are locally focussed and community-based.
11. **The poverty-relief programme** was established by government to alleviate poverty in South Africa. The tourism branch within the Department of Environmental Affairs and Tourism was allocated funding to support projects of a tourism nature. The fund is aimed at:
 - creating jobs through the development of tourism infrastructure
 - developing new tourism products
 - providing training and capacity-building
 - Ensuring that the projects are sustainable in the long-term.

¹ <http://www.dplg.gov.za/subwebsites/mig/index.html#>



- 12. Tourism Help Desk Funding:** A number of tourism help desks have been set up in various areas of the WC province. The THD filter micro projects. It can be required at the THD in the Central Karoo if projects with merit support under the THD Fund exist.
- 13. Rural Economic Assistance Fund (REAF)** – is aimed at providing local economic role –players access to provincial and non-financial support for LED opportunities for development. This engagement also intends to deliver on the follow up request received by municipalities around the challenges with securing LED funding projects.
- 14. DoA:** The Western Cape Department of Agriculture is a provincial government department that provides a wide range of development, research and support services to the agricultural community in the Western Cape Province.

Annexure A gives a comprehensive list of funding sources available to South African businesses.

5.3.9.2 SMME's & PPP's

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

- In CKDM, there is a **Red Door** and Plek Plan office in Beaufort West, the administrative node of the District. The Red Door facilitates the establishment of SMMEs, provides business development support services, facilitates and co-ordinates SMME participation in mainstream economic activities.
- **Plek Plan-** In order to accelerate Local Economic Development (LED) across the province, the Provincial Government of the Western Cape, in partnership with the CSIR and Casidra, has developed an innovative intervention called 'Die PLEK Plan'. "DIE PLAaslike EKonomiese PLAN" aims to identify potential local and regional economic opportunities and develop these into REAL BUSINESS OPPORTUNITIES; and to assist local municipalities in defining and formulating realistic LED strategies and implementation plans.
- **The Small Enterprise Development Agency (SEDA)** was established in December 2004 in terms of the National Small Business Amendment Act. A key function of SEDA is to provide information to small enterprises and prospective entrepreneurs that will help and encourage them to start and build sustainable businesses. Information is provided online on the SEDA webpage. There is also a National Information Centre contactable by telephone on 0860 103 703. The SEDA Technology Programme provides support services and incubation facilities to small technology enterprises.
- The **Department of Labour** also provides support to employers including SMMEs by way of legislature that guides employment conditions (Department of Labour website, 2009).
- **Business Partners** is a specialist investment company which provides debt and equity investment, mentorship and property management services to SMEs in South Africa (Business Partners website, 2009).
- **Independent Development Trust (IDT)** is a development agency which supports government in managing the implementation of development programmes that are directed at poverty reduction, employment creation, and local economic development. The IDT also acts as a link between poor communities and government in meeting resource needs and invests in enhancing institutional capacity for programme delivery and for sustainable development.
- The **NAMAC Trust** is an SMME support agency within the DTI which provides advisory and information services to new and existing SMMEs in line with best practices globally.
- **Business Referral and Information Network (BRAIN):** Gives up-to-date information for business owners on everything from guidelines on starting a small business, to where to find finance, locate news on tenders and how to find out about more on drawing up a business plan.



- **Council for Scientific and Industrial Research (CSIR):** Assists business owners who want to improve on or develop a product with market-related research and product testing.
- **The National African Federated Chamber of Commerce (Nafcoc):** Represents the interests of black business and provides networking and lobbying for small business members.
- **The SA Bureau of Standards (SABS):** Assists small business with accreditation of products and services with a 50% subsidy.
- **Small Business Project:** Assists small businesses through their Linkage Programme with link-ups and joint ventures with corporates.

5.3.9.3 Economic Enabling Environment and Labour Market

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

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

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

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

The availability of clean water for human consumption and for industry is imperative. The district source 100% of its water needs from its own sources. It has four dams. Each municipality is responsible for the sourcing of their own water. As water resources are scarce within the Central Karoo each municipality are faced with the challenge to research and implement alternative water sources to deal with backlogs that exist particularly in the light of the economic development initiatives envisaged. This refers to residential developments, the uranium mine and Cold Storage facilities. This will require bulk water supply systems. Smaller agricultural projects identified can make use irrigation and ground water.

Hand in hand, with that need is that of good sanitation. The Central Karoo made progress in access to sanitation. The majority of households have access to flush toilets with offsite disposal. Water-borne sanitation systems are known to be the most efficient.

In 2007, the department of water affairs and forestry has allocated R1-billion to eradicate bucket toilets in established settlements by December 2007. Buckets are replaced with ventilated improved pit latrines (VIP). In the CKDM the farming community is worst punished by sanitation problems with a major part of households not adequately serviced. It should be a priority of council to eradicate sanitation problems in rural areas. In Beaufort West sanitation is above basic RDP standards and most toilets in the farming areas are VIP standard. It is argued that the advantage of VIP toilets is that they function without water but they pose serious hygiene problems.

Efficient sanitation systems are required in order to allow for the implementation of the mining projects, the agro-processing hubs, and for the manufacturing of leather goods and farming equipment. The higher the



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

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

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

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

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

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

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

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

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



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

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

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

Effective Private Sector Engagement to Development in the CKDM

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

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

- Establishment of a LED forum/Task team with include members of the CKDM, LM's, business owners (business chambers), and local community members.

Improve business confidence through continues business engagements through:

- a monthly municipal newsletter
- Improving access to government through better use of the web site (public opinion poll), to provide feedback on service
- Compile Business Expectations Survey (BES),
- Customer satisfaction surveys.
- Interest Group Note.
- Identify a detailed list of infrastructure projects and related information like funding sources and timetables, so that the public can help ensure that these investments are really put in areas where economic and social returns are high.
- Allow for public participation in the formulation of the CKDM budget and how much of the money is devolved as untied funds to take up works suggested by the public.
- Implement a credible, legitimate and accountable mechanism by which the Council/ private sector decides which works should receive priorities over others.
- Investment in human development by providing decent working conditions with water and sanitation, public transport, crèches for every 1,000 population, and proper schools and primary health centres.

Attracting Investment

- Identify "lead" LED sectors within the district that can drive development and attract investment
- Identify sectors with potential to attract investment to the area.
- Improve public Safety
- Improving the business climate by reducing unnecessary government regulations/red tape to speed up the development process
- Improving economic and business conditions to attract both domestic and foreign investment
- Providing technical assistance for skills training and improving microeconomic conditions.
- Focus resources on infrastructure development.



- Lobby Provincial, national and international funding
- Became a member of LED network groups (example South African LED network)
- Led Manager should network more
- Identify resource availability (grants available at provincial level, land, infrastructure)
- Maintain strong relationship with the province
- Market the CKDM according to labour availability, cost, skills availability, infrastructure, level of technological development and the presence of strong financial markets.
- Host investment indaba's

Generate Revenue

- Encourage economic development to generate revenue from development fees
- Trough projects implemented by a Special purpose vehicle (CKEDA)
- Central government funds.
- Municipal Land(Hire land to developers etc)

Improve Capacity

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

Business Retention and Expansion

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

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

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

5.3.10 LABOUR MARKET

• Skills Required

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

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



There are 27 SETAs in South Africa. However, none present in the Central Karoo. **Table 5.4** below shows identified projects and the skills required are for the projects listed as well as for the already present economic activity within the district. The SETAs expected to be operational in the Central Karoo are also shown in **Table 5.4**. Other stakeholders that may provide further training or advice are also listed.

TABLE 5.4: SKILLS REQUIREMENTS IN THE CENTRAL KAROO DISTRICT MUNICIPALITY

PROJECTS	SKILLS REQUIRED	SETA/STAKEHOLDER
<ul style="list-style-type: none"> • Organic Seed Production • Organic Farming • Soya bean production 	<ul style="list-style-type: none"> • Irrigation techniques • Produce-grading Landscaping • Planting Skills • Farming Techniques 	<ul style="list-style-type: none"> • Agriculture Sector Education and Training Authority (AGISETA) • Department of Agriculture • Experienced farmers • Agriculture Research Council • Small Farmers Association
<ul style="list-style-type: none"> • Built a Casino • Built a Private Hospital • Nightlife and entertainment (Club) • Logistic distribution Centre • Tertiary Training Facility 	<ul style="list-style-type: none"> • Bricklaying • Plumbing • Civil engineering • Surveying skills • Health and Safety skills • Architectural and design skills 	<ul style="list-style-type: none"> • Construction Education and Training Authority (CETA) • Department of Health • Established construction companies
<ul style="list-style-type: none"> • Deciduous fruit processing and packaging plant • Value adding red meat processing facilities • Wool and mohair processing • Uranium processing • Soya oil processing • Establish Food Development and Research Centre 	<ul style="list-style-type: none"> • Processing Skills • Machine Operating Skills • Quality Controlling • IT Skills • Research Science & Technology • Food technologists • Fitters and turners • Electricians 	<ul style="list-style-type: none"> • Food and Beverages Manufacturing Industry Sector Education and Training Authority (FOODBEV) • South African National Halaal Authority
<ul style="list-style-type: none"> • Regional Fresh produce Market • Manufacturing of protective clothing used for skiing/snow(export) • Research and innovative centre for waste recycling/processing 	<ul style="list-style-type: none"> • Real Agriculture/business know-how, expertise and experience • Technical and legal business advice specialists to design the minimum support needs and matching processes. • Research and development skills • Export Development Skills 	<ul style="list-style-type: none"> • Food and Beverages Manufacturing Industry Sector Education and Training Authority (FOODBEV) • Clothing, Textiles, Footwear and Leather Sector Education and Training Authority (CTFL)
<ul style="list-style-type: none"> • Industrial Development Strategy • Industrial Investment incentive packages • Industrial Marketing campaign • Distribution Hub • Manufacture of agriculture equipment machinery and parts • Jewellery production 	<ul style="list-style-type: none"> • Research and development skills • Report writing skills • Artisans • Mechanical • Chemical engineers 	<ul style="list-style-type: none"> • Manufacturing, Engineering and Related Services Sector Education and Training Authority (MERSETA)
<ul style="list-style-type: none"> • SMME command Centre • SMME catering, cleaning , laundry Services • SMME tour operators • Call Centre (BPO) 	<ul style="list-style-type: none"> • Business Management Skills • Financial Management Skills • SMME development 	<ul style="list-style-type: none"> • Banking Sector Education and Training Authority(Bank Seta) • Reddooor • Plek Plan



PROJECTS	SKILLS REQUIRED	SETA/STAKEHOLDER
<ul style="list-style-type: none"> Multi-purpose retail facility 		<ul style="list-style-type: none"> Business Chambers
<ul style="list-style-type: none"> Procurement/outsourcing database Tertiary Training facility Recruitment database 	<ul style="list-style-type: none"> Data capturing skills Educators Sector skills planning Teaching skills Curriculum development 	<ul style="list-style-type: none"> Education Training and Development Practices (ETDP SETA) Services Sector Education and Training Authorities CKDM Dept. of education
<ul style="list-style-type: none"> Regional public transport corridor development plan Upgrading of railway lines and re-opening of railway stations Public transport hub Medical Evacuation 	<ul style="list-style-type: none"> Driving skills (Truck/Bus/Car) Road transport planning Management and administration skills 	<ul style="list-style-type: none"> Transport Education and Training Authority (TETA) Department of Transport South African Civil Aviation Authority Airports Company of South Africa
<ul style="list-style-type: none"> Development and improvement of existing tourist attractions Development of tourist routes Tourism database African Cuisine Restaurant Karoo Fun train project Karoo Astronomy Casino 	<ul style="list-style-type: none"> Travel Processor Site Guiding Hospitality 	<ul style="list-style-type: none"> The Tourism, Hospitality, Sport education and Training Authority (THETA) DEAT CKDM Tourism

(Sources: The South African Labour Guide and SETA websites)

● *Attracting the Skilled*

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

Therefore, there are two options for the District:

1. Train the current population
2. Bringing in skills from outside the District

Option two is what we will explore at this stage.

● *Why Live Here?*

The factors that most human beings consider when choosing where to live and work are the following:

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



10. Is the transport network operational and efficient?
11. What hobbies can be pursued there?

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

- ***Solving the Asymmetric Information Problem***

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

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

1. Hosting Careers and Employment Expo
2. Publicizing the type of employees sought in the District using media and the internet
3. Producing documentaries/infomercials to show the opportunities within the District
4. Educating learners within the District about the opportunities available to them therein to keep them from migrating

- ***District Municipality's Role in Training Facilitation***

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

- **LED Awareness Campaign:** LED is a buzz word among public servants and consultants in the public sector, yet it has not made its way to the general public. Therefore, an awareness campaign would close the dialogue gap between the public and the private sector. The Central Karoo Development Agency and LED unit can do this first at a larger scale to the community at large and then from that level, the LED forum could continue LED discourse for the Central Karoo District.
- **Opportunities Marketing:** This will ensure that the public – both within the District and in South Africa – will know the opportunities that are ready to be exploited within the District. Such publicity will begin the mobilisation of investors and labour into the District.
- **Municipality as Mediator:** The LED officials in the LED unit and the Development agency, having listened to potential investors as well as those already present within the District, will convey training needs to tertiary institutions in the Province.
- **Training PPPs:** At government level, it is more cost effective to offer general training, rather than specialised training, which should really be undertaken by the private sector. However, since this private sector investment in skilling portions of the population is of benefit to the District, they may contribute financial resources and possibly training facilities for specialised private sector training. This partnership will ensure that there are leaders in those sectors in which training is offered. What normally happens is that people will hear of training opportunities and they will attend the training workshops. Yet, thereafter, if there is no leadership in that sector in the form of an entrepreneur/visionary, they fall by the wayside losing the training gained. Therefore, where there is leadership, there is likely to be continued growth.
- **Skills Audit and JIPSA:** Earlier in this report, a skills audit was recommended. This, in conjunction with nationally determined priority skills, will highlight the priority skills for the Central Karoo District Municipality.



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

5.3.11 PROJECT HANDOVER AND MENTORING

Initially, the LED unit, in conjunction with the CKEDA will assist with initialising projects as discussed above. The Central Karoo Economic District Development Agency having facilitated implementation needs to communicate deliverables achieved to the LED unit and LED forum. Further deliverables for the project leaders need to be set.

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

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

5.4 Application Guidelines

This section highlights the projects identified for Central Karoo District according to project groupings. The groupings are useful for understanding the process to be followed for any new projects identified by the CKDM in the future. The projects identified for the CKDM are grouped into five separate groups by project type, as shown in **Table 3.1** below.

5.4.1 PROJECT GROUPINGS

The projects identified for the Central Karoo District will be grouped into seven separate groups by project type. This will be done to enable us to show the variations in generic steps listed in the General Guidelines.

TABLE 5.5: CKDM PROJECT GROUPING

Project type	List of Projects
HUBS	<ul style="list-style-type: none"> ❖ Food Cluster ❖ Agro-processing ❖ Wool and mohair processing ❖ Distribution/Logistic Centre ❖ Uranium Processing ❖ Horticulture Logistic Development ❖ Food Development and research ❖ Research and innovative Centre for agriculture waste recycling/processing ❖ Public Transport Hub
STUDIES	<ul style="list-style-type: none"> ❖ Industrial Development Strategy ❖ Industrial marketing Campaign ❖ Industrial Investment Incentive packages ❖ Regional Transport corridor development plan



Project type	List of Projects
FARMING	<ul style="list-style-type: none"> ❖ Soya Bean Production ❖ Organic seed production ❖ Organic Farming ❖ Breeding Rare Game species ❖ Warehouse and Milling Operation
MANUFACTURING	<ul style="list-style-type: none"> ❖ Nuclear Fuel ❖ Protective clothing ❖ Agriculture feed Equipment, machinery and parts ❖ Soya ❖ Bicycle ❖ Jewellery
INFRASTRUCTURE	<ul style="list-style-type: none"> ❖ Upgrade roads and railway lines ❖ Water-borne Sanitation systems ❖ Upgrade roads ❖ Improvement of infrastructure and linkages ❖ Set-up passenger rail transport
TOURISM	<ul style="list-style-type: none"> ❖ Tourist Guides ❖ Tourism Database ❖ Improve signage ❖ African Cuisine Restaurant ❖ Casino ❖ Karoo Fun train ❖ Karoo Astronomy Tourism ❖ Development of specific tourist routes ❖ Development and improvement of specific tourist attractions ❖ Tourist packages ❖ Improvement of signage ❖ Heritage and museum tourism ❖ Nightlife and entertainment ❖ Private Hospital (Medical Tourism)
OTHER	<ul style="list-style-type: none"> ❖ Agriculture Waste to energy projects ❖ Waste management systems ❖ Regional Fresh produce market ❖ Call Centre (BPO) ❖ Recruitment database ❖ SMME outsourcing/Database ❖ Multipurpose retail facility ❖ Tertiary Training facility ❖ Wholesalers ❖ Freight Export contracts/ Warehouse shipping ❖ Medical Evacuation



5.4.2 PROJECT MATRIX

Table 5.6 on the following page shows the variations per project type to the general guidelines given in Section five above.

As shown in **table 5.6**, all projects have to be considered during the project prioritisation stage, i.e. before any projects are to be implemented. The Studies can be carried out from any location, therefore, the identification of location step is not considered. In order to implement the setting up of the hubs, each of the implementation steps must be taken and none can be left out in order to ensure successful implementation and to limit losses.

For the farming projects, multipurpose retail facility and tertiary training facility, it may not be necessary to do pre-feasibility studies a detailed feasibility study should suffice. As can be seen from the projects matrix in **Table 5.6**, public sector may not need business plans if the correct partnerships are forged and there is buy-in from national departments who should assist with funding. Infrastructure projects first need to be planned for, thereafter, an Infrastructure Programme Management Plan (IPMP) needs to be drawn up, followed by an Infrastructure Programme Implementation Plan (IPIP). The project design phase follows these planning stages and it give details of the project. After the project has been designed, the project tender phase can commence, at the completion of tendering and after a contractor has been found, the actual project is then implemented. In total, this is expected to take about four years. However, project design, project tender and initial implementation should all be done within 12 months. This breakdown in steps to be taken was recommended to avoid over budgeting per financial period and which leads to under-expenditure of the Infrastructure allocation from the national budget (National Treasury, 2008).

As part of ensuring that labour is skilled, a tertiary institution should be encouraged. The major planning is done by these institutions, which government assistance, thus a pre-feasibility study and business plan are not seen as obligatory.



TABLE 5.6: PROJECTS MATRIX – IMPLEMENTATION STEPS TO BE FOLLOWED FOR VARIOUS PROJECT TYPES

		PRIORITISATION	LOCATION IDENTIFICATION	PRE-FEASIBILITY STUDY	FEASIBILITY STUDY	PARTNERSHIP IDENTIFICATION	PROJECT MATCHMAKING	DEVELOP BUSINESS PLAN	ALLOCATE MUNICIPAL FUNDING	PROJECT HANDOVER & MENTORING	
PROJECT TYPES	Hubs	√	√	√	√	√	√	√	√	√	
	Studies	√				√	√	√	√	√	
	Farming	√	√		√	√	√	√	√	√	
	Manufacturing	√	√		√	√	√	√	√	√	
	Infrastructure	√	√	√	√	√			√	√	
	Tourism	√	√		√	√			√		
	Other	Waste to Energy	√	√	√	√	√	√		√	√
		Waste management	√				√			√	
		Regional Fresh produce market	√	√		√	√	√	√	√	√
		Call Centre	√	√			√	√		√	√
		Recruitment Database	√	√			√	√		√	√
		SMME outsourcing/Database	√	√			√	√		√	√



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	Multipurpose Retail facility	√	√		√	√	√	√	√	√
	Tertiary Training facility	√	√		√	√	√	√	√	√
	Wholesalers	√	√			√	√		√	√
	Freight Export Contracts	√	√			√	√	√	√	√
	Medical Evacuation	√	√			√	√		√	√



Observations from Table 5.6:

- All projects have to be considered during the project prioritisation stage, i.e. before any project begins to be implemented.
- The location of projects also need to be considered for all projects as a project needs to be implemented at a specific location i.e. address.
- In order to implement the development of hubs the process should be carried out thoroughly involving each of the implementation steps to ensure successful implementation and to limit losses.
- In terms of the agricultural (farming), projects may not be necessary to do pre-feasibility study, a detailed feasibility study should suffice. A pre-feasibility study is also not required for skills training and development, however a feasibility study is required for the development of training facilities such as Tertiary training institution.
- The public sector may not need business plans, as public sector efforts can work independently, however if the correct partnerships are forged and there is buy-in from national departments assist with funding, project implementation could proceed more efficiently.
- Infrastructure projects and the provision of utilities first need to be planned for, thereafter, an Infrastructure Programme Management Plan (IPMP) needs to be drawn up, followed by an Infrastructure Programme Implementation Plan (IPIP). The project design phases follow these planning stages and give details of the project. After the project has been designed, the project tender phase can commence, at the completion of tendering and after a contractor has been found, the actual project is then implemented. In total, this is expected to take about four years. However, project design, project tender and initial implementation should all be done within 12 months. This breakdown in steps to be taken was recommended to avoid over budgeting per financial period and which leads to under-expenditure of the infrastructure allocation from the national budget (National Treasury, 2008).
- The tourism projects as well as manufacturing projects would generally not require a pre-feasibility report as a detailed feasibility study would suffice.
- In terms of the transport projects it is clear that all of the implementation steps are involved as the success of these projects will be greatly influenced by both the private and public sectors. The locations that need to be identified are a feasibility study that needs to be carried out, followed by a business plan in order to obtain funding.
- As part of ensuring that labour is skilled, a great deal of attention should be paid to skills development and training and the setting up of campuses of already established tertiary institutions should be encouraged. The major planning is done by these institutions, with government assistance, therefore a pre-feasibility study and business plan is not always necessary.

5.5 Conclusion

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



Section 6: Strategic Alignment & Institutional Framework

6.1 Purpose of Section

The implementation of an LED Strategy is mainly driven by strategic actions and should be carefully planned and executed. Strategy implementation is not as clear-cut as the strategy documents itself, due to external influences and the consistently changing environment. Strategic thought should therefore occur prior to every project in order to ensure the successful development of the Central Karoo's local economy.

This section covers the institutional arrangements that are required to support LED initiatives in the CKDM. The purpose of this section is to assess the capacity of the CKDM LED structure; to provide practical recommendations to attract investment; and to guide successful implementation & M&E of LED projects.

6.2 Contents of the Section

The remainder of the document is structured in such a way as to best interpret the strategic framework that will guide economic development within the CKDM.

Sections		Purpose
1	Project overview (this section)	Provides an overview of the section and the purpose of this document
2	Status of LED in Municipal Structure	This section illustrates the purpose of the LED unit within the CKDM municipal structure
3	LED Institutional Structure Revisited and Recommendations	This section provides overview of the role of different types of structures to support LED and provide recommendations on the ideal implementation vehicle for the CKDM given the nature of projects and opportunities identified.
4	Relationships and Mentorships	This section provides the current status of the relationship of the CKDM with other spheres of government and the management of and benefits of structures that could be utilized or created to normalize the relationships.
5	Place Marketing and LED Promotion	This section refers to the marketing the CKDM by highlighting the positive aspects of the area to attract Investment into the CKDM.
6	Development Facilitation	The purpose of this section is to illustrate the factors “that makes LED work”. This section highlights the important role that the CKDM should take in creating an enabling environment for economic development to take place.
7	Integrated Programming of Projects and Action Plan	In this section the institutional drivers that need to be identified with the accompanied political ambition and ownership of the programmes with the implementation of the LED strategy is identified.
8	Monitoring and Evaluation	This section focus on the M&E technique which include the measures to assess whether the implementation is taking place and measures to access weather the outcomes are achieved once programme activities are planned for in the CKDM.



6.3 Status of LED in Municipal Structures

The purpose of this section is to provide a profile of the Central Karoo District Municipality in terms of the administration of their structure and functions in terms of LED. It is important to understand the structure and capacity of the municipality to implement the LED strategy and facilitating LED in the region. The CKDM has an LED Strategy Framework. This strategy is very outdated (2005) and very incomplete. The Strategy does not provide socio-economic profile of the area or any key LED objectives. The LED merely states certain identified initiatives. The Districts' Integrated Development Plan (IDP) of 2007-2011 does, however provide some socio-economic data (which is outdated) and lists some LED objectives. Thus, while a single LED document is still required, this document serves to replace the existing LED Strategy Framework as well as the LED component of the IDP.

This project was conceptualised by DTI in order to assist the CKDM to develop a credible Local Economic Development Strategy which integrate seamlessly with their IDP.

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

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

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

6.4 Current Municipal Structure of CKDM

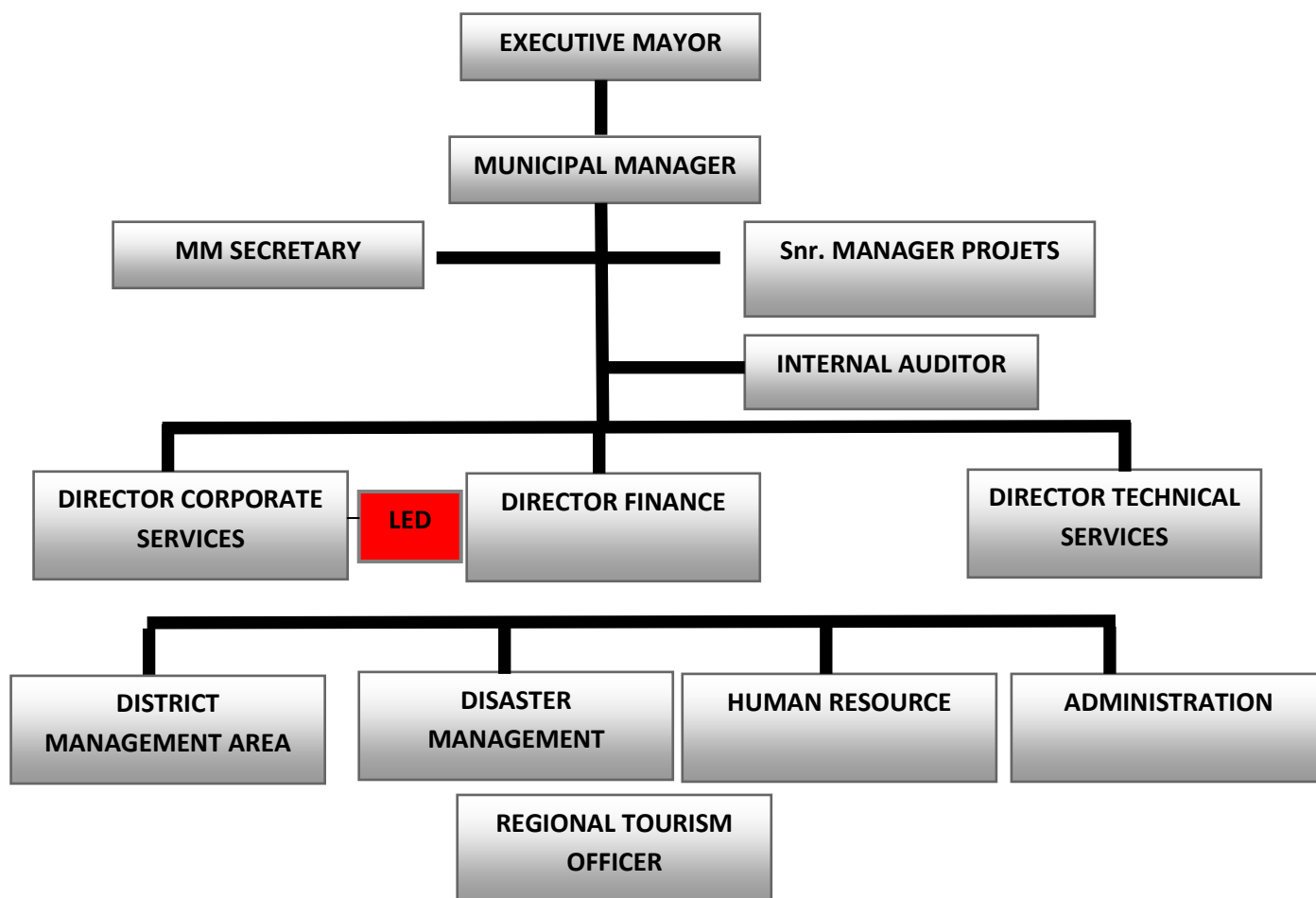
The Central Karoo Municipality's organisational structure is designed in such a way as to ensure optimum efficiency with the limited human resources currently available within the DM. As illustrated in **Figure 6.1** the Central Karoo DM has clustered its administration into three main directives: Corporate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



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FIGURE 6.1: CKDM ORGANISATIONAL STRUCTURE



(Source: Economic Profile of the poverty Nodes, 2006)

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

The tourism manager has undergone LED training through the IDC LED learnerships. Therefore, in building capacity it is of importance that the CKDM employ officials that are trained in LED. Understanding of the policies relating to LED is important issues that district councillors and officials need to be aware of to support LED. The CKDM council have to annually review the needs priorities and participatory mechanisms of the communities they serve while also reviewing their own delivery mechanisms and performance in meeting their constitutional objectives.

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

6.5 Ideal CKDM LED Structure

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

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



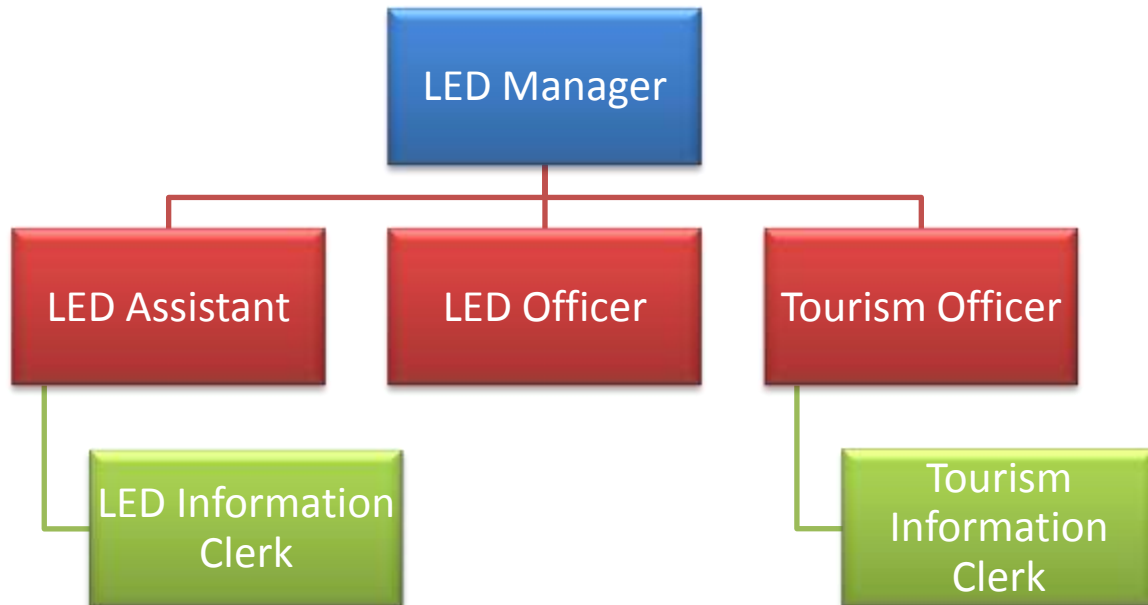
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- **Additional LED stakeholders:** Finance; Human Resources; Mayor`s office; Funders; project/sector role players; community members
- **Good HR practices** that is fair, valid, reliable and practicable.

Figure 6.2 provides the organogram of the CKDM LED Unit.

FIGURE 6.2: CKDM LED UNIT ORGANOGRAM



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

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

The training should aim at a concrete final product. Participants will receive training with specific emphasis on the CKDM institutional structure, function and skills for marketing and export, knowledge, product and technology development attracting direct investments and small enterprise development. For all these aspects the roles of government (national, provincial and local) and the private sector (business community) will be utilised.

It is recommended that the programme be followed up regularly to monitor the dissemination and implementation of the action plans and to identify the eventual need for further support. **Possible responsible stakeholders should include:** CKDM, Red Door, Plek Plan, IDC, LGSEDA LED Learnership/ Partnering Universities and DTI.



6.6 How to Optimize Existing Capacity

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

- **Governance Programme:** This programme aims to bring about a more effective process of co-ordination, capacity building and skills development initiatives between governments departments and all stakeholders of society with can contribute to LED. Furthermore this programme aims to create synergies between different elements of the development project, by promoting leadership, skills development programmes and other educational interventions that will enhance the efficiency and effectiveness of the LED Unit and the provision of basic services from this department.
- **Learnerships Programme:** This programme aims to educate prospective LED Unit members by providing National Qualification Framework (level 4, 5, 6) educational opportunities. *Further detail is available on Local Government SETA website.*

Capacity Building Programmes:

- Urban-Econ has provided officials of the CKDM with a range of Capacity Building Workshops relating to the Khulis'umnotho Project. The Capacity Building programmes included the following:
 - a. Data Profiling Capacity Building Workshop (How to conduct a Data Profile and the main findings of the Data Profile) held on the 1st and 2nd of June 2008
 - b. Opportunity Analysis Capacity Building Workshop (How to conduct a Opportunity Analysis and the main findings of the Opportunity Analysis)held on the 6th of October 2008
 - c. Final Capacity Building Workshop (Overview of the LED Strategy and main findings of the Strategic Alignment and Institutional Framework of CKDM) held on the 8th of July 2009

The main constraints regarding these capacity building programmes were that all role players such as Local private sector representatives were not always present. A possible solution to this constraint includes the implementation of the LERD training and capacity building programme mentioned above. The long term objectives of the programme are to contribute to the development of an institutional capacity for LED in the region from which local government officials will participate. The programme aims at clarifying what the minimum requirements in the institutional environment are in terms of possible roles of different stakeholders, functions, capacities and resources to initiate a focussed LED strategy. Participants of the programme are expected to act as initiators of a LED practise in the region. Therefore they need to have a clear vision on the constraints and potentials existing in the CKDM and on ways to overcome the constraints. They need to be able to mobilise stakeholders and other resources.

A capacity building programme should aim at the following:

- Building sustainable partnerships between the relevant stakeholders
- Promote exchange of knowledge and learning
- Establish effective, innovative and highly adaptable LED management functions for the municipal area
- Establish a baseline for enabling environment through training and skills development

Initiative that work well during capacitating processes are:

- Mentoring (e.g. LED manger, LGSEDA LED Learnerships/ Partnering University professors)
- Training Programmes



- Seminars and Lectures
- Networking
- Marketing and Communication

6.7 Institutional Structure Revisited & Recommendations

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

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

6.8 Role & Structure of the LED Forums

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

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

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

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



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The **role** of the LED Forum is as follows:

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

6.8.1 LED Forum Operating Mechanism

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

6.8.2 Coordination of Meetings

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

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

6.8.3 Decision Making

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

6.9 Relationship with External Implementation Agencies

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

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



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

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

6.9.1 IDC Involvement

The IDC has a dedicated unit that support municipalities with financial resources and technical expertise, namely Agency Development Support. The IDC has set aside funding to help municipalities set up agencies. Assistance from the IDC comes in the form of three grants, totalling R18,5 million. **Table 6.1** shows the different funding phases of the IDC to establish EDA's.

TABLE 6.1: IDC FUNDING

Phase 1:	Pre-funding phase	R 800 000	Acceptance of "agency concept & resolution by governing body
Phase 2:	Pre-Establishment phase	R 2,5 m	Pre-feasibility study, interim business plan and appointment of CEO
Phase 3:	Establishment phase	R 5 m pa (3 years)	Work plan, performance management system, 3-year business plan and packaging of bankable projects
Phase 4:	Operational phase	Project funding	Launch projects, pursue investment and oversee implementation
Phase 5:	Exit Phase	Normal Project funding	IDC exists development agency, normal funding programmes apply for projects

(Source: IDC, 2009)

6.9.2 Central Karoo Development Agency Establishment process

The IDC has been approached by the CKEDA to help fund the process of establishing the CK development agency. The CKEDA determined a set of bankable projects which have been scoped for viability, for which funding are sourced.

6.9.2.1 Approach to a LEDA

The DA Establishment process needs to adhere to specific legal procedure to be valid according to the MFMA and MSA.

Based on the amount of work already completed by the CKDM and the service providers on the project, the following can be noted as achievements to date: This work complies with the IDC approach and methodology to establish a DA.

- 1) A Shift-Impact Assessment Report has been compiled to investigate the feasibility of a Regional Development Agency for the Central Karoo District Municipality and to evaluate service delivery options available to the municipality.



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- 2) The concept and principles of the CKEDA is widely supported by the public sector representatives (as was indicated at a number of workshops). Consequently, a Council Resolution was taken to promote the establishment of the agency. (90 Day comment period)
- 3) A Feasibility Assessment has been undertaken to determine the feasibility of an external delivery mechanism for economic service delivery in the CKDM.
- 4) The project driver has been appointed
- 5) It has been decided that the legal structure of the Agency will take the form of a Private Company
- 6) Requests have been submitted to Council to provide input in the assets and resources that could be transferred to the agency
- 7) The Concept document has been submitted to IDC that serves as application for Pre –Establishment funding for the CKEDA. The concept document can be seen as a practical plan of how the agency would operate. The IDC has set out clear guidelines/requirements which potential development Agencies needs to comply with for the application of pre-establishment funding. These requirements include:

1. Appoint driver (Council Resolution)	2. Establish legal entity (Register Entity)
3. Appoint Board & Audit Committee <ul style="list-style-type: none"> • Draft TOR for Board • Advertise • Call for nominations • Selection/adjudication • Council resolution • Letters of appointment 	4. Office <ul style="list-style-type: none"> • Secure office space • Purchase of assets • Compile Fixed asset register
5. Policies and Procedures (Define Mandate & Operational systems before agency is set up) <ul style="list-style-type: none"> • Agency Master Plan • Human resources • Procurement policy in line with the municipality's and Supply Chain Management Policy • Implementation of sound corporate governance practices • Establish sound Financial systems • Communication plan • Sustainability plan • Develop job descriptions • Develop staff contracts 	6. Project Development (Focus on specific and bankable projects in target sectors) <ul style="list-style-type: none"> • Develop scoping of approved concept projects • Develop a strategic plan both long term and for next phases application • Develop SLA for each project • Submit strategic plan to the shareholder and the IDC.
7. Preparation for next phase <ul style="list-style-type: none"> • Have financial audit done • Have milestone audit done by the ADS • Initiate appointment of the CEO • Submit application for Establishment Phase funding to the ADS 	

6.9.2.2 Role and Function of the CKDA

The role and function of the CKEDA

Give the development status and need in the Central Karoo, the CKEDA will **focus** on the following areas

1. Agriculture development
2. SMME/ Business Promotion
3. Investment for Project Implementation
4. Tourism Development
5. Creating favourable conditions for private sector investment



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In addressing these focus areas, the Agency will be responsible for the identification, planning, conceptualisation, packaging, facilitation, development and monitoring of economic projects and initiatives that are commercially viable and sustainable. These projects refer to any sectoral spatial, community – based or industry – specific project or any other focused initiatives that will achieve the strategic objectives forward for the agency.

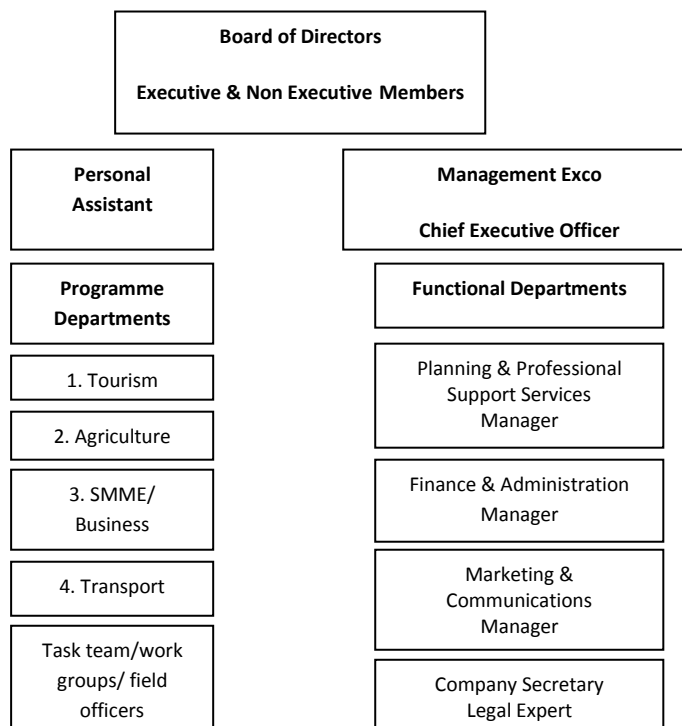
The **Functions** of the Agency include:

- ❖ Stimulating, developing, promoting and supporting catalytic and turn key projects that will contribute to economic growth and diversification;
- ❖ Facilitation and management of area-based and sectoral regeneration initiatives;
- ❖ Promotion and initiation of economic projects that will specifically create employment and direct invest opportunities;
- ❖ Harnessing of available, but dormant public and private resources and assets;
- ❖ The application of sound corporate governance principles;
- ❖ The attraction of new business and the promotion of investment in all sectors of the Central Karoo economy;
- ❖ To promote business retention and renewal, especially in terms of area-specific and relevant initiatives;
- ❖ To provide development support to all tiers of business for example SMME and large businesses – with a special focus on priority sectors as identified by the various regional, and provincial growth and development documents;
- ❖ The implementation and manage projects directed through the Agency as a SPV for nation and provincial government programmes such as the provincial MEDS Strategy etc.

6.9.2.3 CKEDA Organizational Structure and Agency Focus

The organisational structure of the Central Karoo Economic Development Agency is indicated in **Figure 6.3**. This organogram indicates the mature structure that will be achieved over a period of 4 to 6 years. *The structure is seen as the most efficient option, given the expected mandate and tasks allocated to the CKEDA (as discussed in Section 3) and the envisaged focus areas.* The structure allows for the following:

Figure 6.3 – Organogram for Central Karoo Economic Development Agency



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The CKEDA will be owned by the Central Karoo District Municipality. It will have an independent Board of Directors appointed by the Council of the CKDM, which will remain accountable to the CKDM in terms of its mandate and strategic targets.

6.10 Summary

It should be noted that the CKEDA is not a solution to all the local economic development challenges of the LED unit as it is only involved with the physical implementation of projects, marketing of the CKDM or attracting investment to the CKDM. All municipal functions other than these applications cannot be effectively rendered by the CK Development Agencies. The CKEDA is therefore just the implementation extension of functions the municipality could also undertake, but due to capacity constraints are not able to.

6.11 SMME Support Structures

The CKDM currently have a SMME support structures in the form of Red Door. Red door aims to harness the entrepreneurial drive of unemployed and self-employed South Africans. The concept is supported by international research revealing the power of the small business sector to reduce unemployment. The RED Door is a one-stop shop for new and existing businesses looking for help and advice, from the most basic to the most sophisticated.

Business mentors and advisers speaking Afrikaans, English and isiXhosa offer a range of support, including help with the following:

- writing a business plan
- identifying weak areas in a business
- accessing finance
- finding accountants and lawyers
- taking advantage of government incentives and tenders
- Improving general business skills
- Learning how to import and export.

Going through the RED Door also means getting access to the internet, to a growing network of business service providers, and occasional use of small conference facilities.

It is important that the CKDM plays a partnership and mentoring role with Red door, for the emerging SMME's. This includes directing the potential individuals to the right resources to provide them with assistance. The SMME Support Programme (Red Door) is good initiative to which the individuals could be guided in their business drive.

Thus the idea is to establish a SMME help desk and aftercare centre for the SMME's in the CKDM in partnership with Red Door. It is important that the CKDM does not duplicate the services provided by Red Door, but rather complement these services in their Support Programme.

6.12 Cooperatives

A general definition for a cooperative is an **“autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.”** Therefore a cooperative indicates an association where members join voluntarily; there is a dependency between partners, joint ownership and management on the basis of democratic principles.

In this sense it can be said that a cooperative is simply a stokvel that is legalised and enjoys the protection of government and the law. To ensure that the rights of interests of all members a protected, a cooperative must



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adhere to certain legal requirements and in return has certain obligations.

A cooperative is in many ways the same as a business, but important to note that the following are the main distinguishes between a cooperative and a business:

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

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

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

The highlighted cooperatives would be the most important types of cooperatives for the CKDM.

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

The implication for the CKDM would be to facilitate the formation of dedicated Cooperatives and the CKDM should aim to develop a cooperative support policy and training. Coops training must skill members in entrepreneurship, coops values and principles, responsibility to communities. SEDA has a comprehensive training programme for SMME's and Cooperatives. The CKDM should enrol in partnership with SEDA in creating an awareness campaign of cooperatives which include training programmes. This role can also be fulfilled by Red Door. It should also be acknowledged that the Umsobomvu Youth Fund provides comprehensive cooperative training support for women and Youth. The Cooperatives programme is specifically an intervention that is targeting youth cooperatives from all backgrounds to register with the UYF Skills Development Programme.

It is recommended that the education and training for cooperatives in the CKDM should include the following

- Build and strengthen outreach systems
- Member education should go with member empowerment and entrepreneurship development



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- More efforts need to be invested in co-operative education and training, funded by the co-operative movement itself.
- The training programme must be demand led
- Training should be customized to the needs of the type of Co-operative.
- Study tours nationally and internationally be promoted as part of training (capture good practice)
- Budget for education and training of Cooperatives must be established
- Networks of trainers should be formed in all the areas

6.12.1 Finances External to a Co-operative

There are a number financial programs directed at co-op development. These include:

- **Grants and Donations:** Some co-operatives try to raise additional funds from donor and development agencies, NGOs or governmental sources. Occasionally some of these institutions set aside funds to support co-operative development. Grants and donations available to co-operatives can be researched by looking at the various corporate social investment schemes offered by private companies, parastatals, and government departments.
- **Loans:** Most small business enterprises in the world obtain funding through the lending cycle. Applying for loans is an important way for co-operatives to access the capital needed to purchase equipment and pay for training of co-operative members. The drawback to this form of funding is the limited access many poor South Africans have to financial institutions as well as the high interest rates and services fees charged to people. The CKDM should play a facilitator role in this regards.

In SA the following institutions play an important role in providing loans through the lending cycle:

- a. Loans from Commercial Banks
- b. Loans from State Owned Development Banks and Agencies

State owned institutions are also market driven. These institutions often have a focus for lending to small, medium and micro enterprises (SMMEs). Emerging businesses often find that these institutions offer services that are not available to them by commercial banks. The following provides a brief description of these agencies:

- **The Land Bank:** provides finance to all sectors of the agricultural economy and agri-business. Co-operatives that are involved in these activities are entitled to apply for finance. For more information on services visit the Land Bank website www.landbank.co.za or call the toll free queries number: 0800 00 52 59.
- **The Development Bank of Southern Africa (DBSA):** provides finances to projects related to the development of infrastructure. Co-operatives whose work focuses on development of infrastructure are entitled to apply for funds from this bank. The operations office can be contacted at 011 313 3911
- **Department of Trade and Industry's Industrial Development Corporation:** the IDC finances initiatives in different sectors, such as: manufacturing, small scale mining, agriculture, transport, tourism, fishing, information and communication technology, business services, etc. Clients of this loan must show assets and/or a certain amount of savings. This is a drawback for many emerging co-operatives that are just beginning. The IDC can be contacted at www.idc.co.za
- **Department of Trade and Industry's Khula Enterprise Finance Ltd:** Khula provides loans for smaller enterprises that do not qualify for IDC loans. Khula works through Retail Financial Intermediaries to disperse the loans. One way in which co-operatives can access these loans is through a SACCO (Savings and Credit Co-operative) that can act as an RFI. More information on the Khula project can be accessed at www.khula.org.za
- **DTI CIS:** The Co-operative Incentive Scheme (CIS) aims to reinforce the initiatives of government towards the development and promotion of co-operatives as a viable form of enterprise in South Africa. The CIS is one of the government support measures towards realising the 2004-2014 objectives presented in the Government's Co-operatives Development Strategy. The incentive scheme targets registered co-operatives operating in the emerging economy. It covers the whole country and makes use of appointed



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field officials to reach co-operative enterprises. Ideally, one field officer could be responsible for coordinating projects in two designated provinces. CIS is offered as a 90% matching grant towards the qualifying expenditure incurred/to be incurred by the co-operative. The incentive scheme has been extended for a period of five years, 2009- 2014. A co-operative is eligible for a total grant not exceeding R300 000-00.

It is important that the CKDM acknowledge that Coops need an environment free of political interference.

6.13 Recommendations

Taking cognisance of the nature of projects and alignment to provincial policy it is clear that the establishment and support of cooperatives should be highest priority in order for local business to gain agglomeration advantages. This will increase their competitiveness and enable these businesses to compete with larger businesses and corporations that currently have the market monopoly.

The Cooperative model for organizing a business or an enterprise at grassroots level has generated a lot of interest and excitement within communities, donors and government agencies lately. All these groups of people are looking for practicable programmes that can support the unemployed, underemployed or working poor to improve their financial or economic conditions. In South Africa Cooperatives can potentially overcome many of the problems associated with attempts to establish more conventional enterprises in previously disadvantaged communities; however it has been realised that many of these institutions that are often run/managed by young people are operating in the informal economy and are unable to meet some of their development needs. The urge to register with a Skills Programme is a stepping stone to formalization of informal coops and a great capacity building intervention to coops that are already in business.

In the CKDM SMME's, emerging farmers, craftsmen and -women are affected by deep social and economic changes. Despite efforts of the Government the majority still lack adequate access to support and services for sustainable livelihoods and enterprise development, as well as sustainable access to financial services (savings, credit, insurance, and housing).

This situation calls for a much stronger emphasis on mutual self-help and reliance on own resources of people especially in rural and semi-urban areas and a reduced expectation that Government intervenes to assist them. Entrepreneurship at grassroots level and thus small and medium enterprise development could be strengthened through the creation and development of co-operative organisations in the CKDM.

6.14 Relationship & Mentorship

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

The main challenges regarding these relationships are interaction and communication between the different role players. CKDM and the Local Municipalities meet on a regular basis, through the CKDM IDP process. Since the CKDM does not have an active LED Unit and since LED is a sub-directive of the IDP process role players involved within the different municipal areas are always certain what other role players are doing regarding LED. Since the Beaufort West Municipality are situated within the area of the CKDM, role players of the other municipalities feels that with regards to LED Beaufort West always get preference over the other LM's. This is also the case with the potential establishment of the CKEDA which will be hosted in Beaufort West LM.



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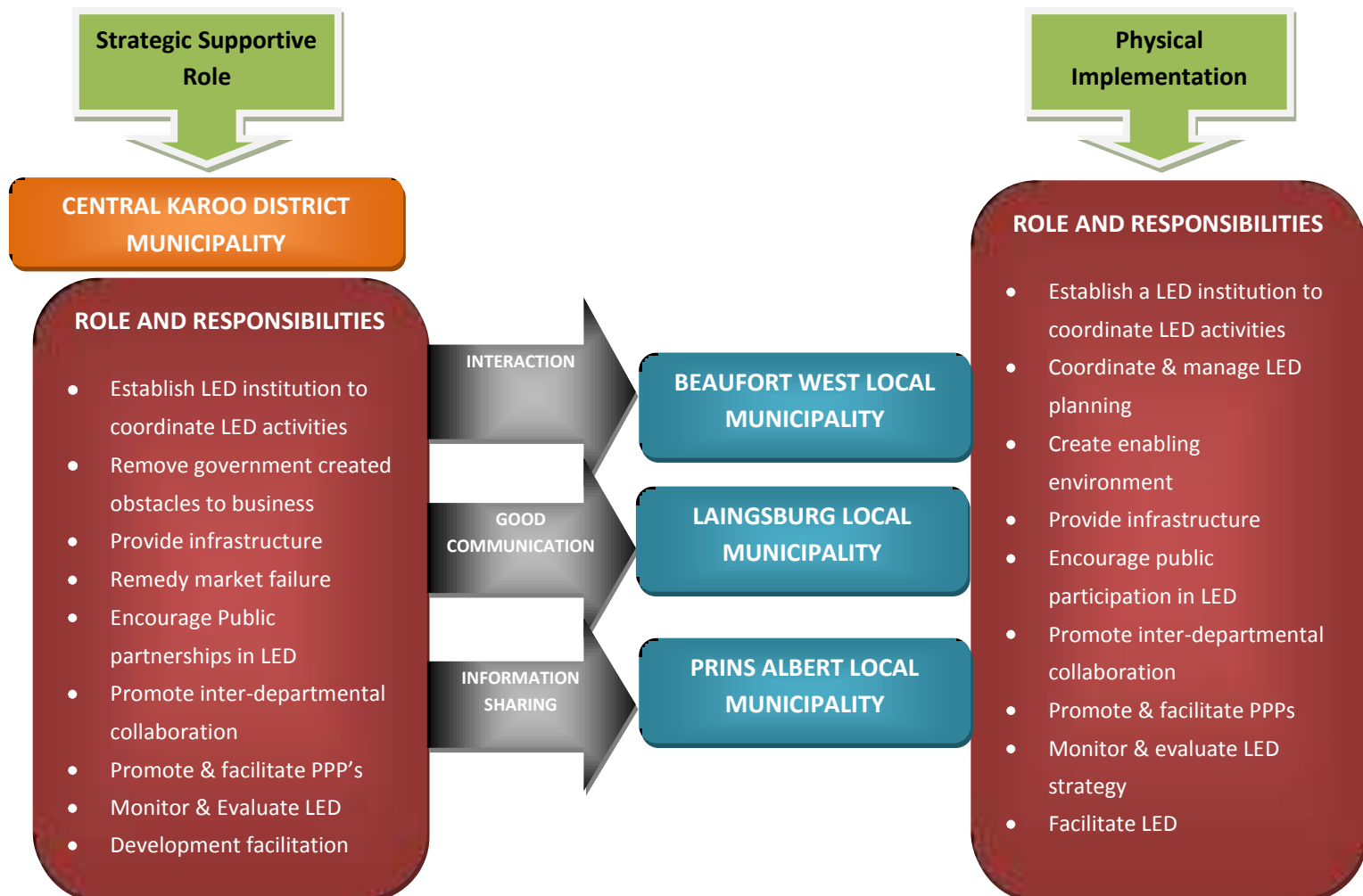
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If good communication systems are in place it would create an opportunity for various role player to share experiences (positive or negative) and establish good networking basis. In order to strengthen the relationships between the CKDM and Local Municipalities it is recommended that good practice guidelines are implemented to regulate the relationships and communication channels in the following manner:

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

From the above it is clear to see the importance of the relationship between the CKDM and Local Municipalities with regards to the economic development of the region as a whole. **Figure 6.4** illustrates the ideal structure of the relationship between CKDM and the four Local Municipalities within its borders.

FIGURE 6.4: IDEAL RELATIONSHIP STRUCTURE BETWEEN CKDM AND LM'S



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6.15 Alignment with the IDP and SDF

6.15.1 CKDM IDP

All municipalities should establish an IDP co-ordinating function to play the role of co-ordinating LED strategies and activities with the rest of the function of the municipality.

As stated in **Section 6.3** of this report the LED Strategy should form part of the IDP process and therefore the projects identified within the LED Strategy should be included in the IDP. It is also important that the objectives of the IDP and the objectives (Trusts) identified in the LED are aligned so that both the IDP and LED prioritise the same growth potential within the CKDM.

The IDP will highlight the need for co-ordination of municipal activities to meet LED objectives. Including budget and administrative support will be identified for LED. The CKDM IDP currently recognises the importance of the main Local Economic Development (LED) initiatives of adding value to products through agro-processing. It would be important for the next review of the IDP to take note that the Thrusts of the LED should more prominently be represented in the IDP.

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

Current Inventory of LED projects in the CKDM IDP

The projects/ led initiatives that are currently underway in the CKDM are listed below. These projects are listed in the five-year strategic plan (IDP) of the district and the local municipalities and in the CKDM GDS. **Table 6.2** shows the current inventory of LED projects in the CKDM.

TABLE 6.2: CKDM LED PROJECTS

Project	Description	Estimate Budgets	Proposed Partners
Tourism Gateway Development	Promote tourism and create job opportunities	R2 400 000	DEAT, CTRU
Establishment of EDA	Feasibility study developed B/plan and funding application	R92 000	Urban Econ, CKDM
The establishment of PPP with Score supermarket & PEP to locate in Murraysburg	To expand the Economic Base and create Employment opportunities	R500 000 (feasibility study) R 5 m	CKDM, DEADP Investors
B/West Airport expansion	Engage with B/west on type of support needed. Source Funding	R50 m	BEAUFORT WEST, CKDM, Plek Plan
Establishment of Cold Storage /agri processing facilities in L/Burg & Prins Albert	Feasibility done for Prins Albert Support to source funding	R 4 505 000	CKDM, LAINGSBURG, PRINCE ALBERT, Plek Plan, DEDT
Feasibility :Agriculture beehive (Beaufort West)	Support, Source funding for implementation	R200 000 (feasibility study) R4m(implementation)	Beaufort West Investors
	Transport logistics hub	R200 000 (feasibility)	B/WEST, DEATP



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Feasibility: Freight village/inland port	for transport companies. Halfway between J/burg and Cape town on the N1	R5 million implementation	Investors
Regional correctional facility	A correctional facility to be built in the area of Beaufort West. Feasibility Study Needed	R200 000 Feasibility R50 million	BFW, DEADP

6.15.2 SDF

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

The vision and objectives of the CKDM draft IDP (2007-2011) is adopted but altered slightly to express the same vision and objectives in a spatial sense. The CKDM SDF have been developed to indicate desired patterns of land use, to address spatial reconstruction and to provide guidance in respect of the location and nature of future development.

Since the draft IDP for the CKDM has been developed prior to the SDF, the development strategies and projects for the development of land (as identified in the IDP) has been assessed, commented on and spatially placed as part of the SDF. There is a scope for GIS work in the CKDM which can add value to the SDF and assists in decision making through spatially mapping LED projects and socio economic statistics.



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Map 4.1 shows the land management areas for the CKDM identifies in the CKDM SDF.

MAP 4.1: CKDM LAND MANAGEMENT AREAS



6.16 Coordination with National and Provincial Initiatives

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

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

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

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

In order to accelerate Local Economic Development (LED) across the province, the Provincial Government of the Western Cape, in partnership with the CSIR and Casidra, has developed an innovative intervention called '**Die PLEK Plan**'. "DIE PLAaslike EKonomiese PLAN" aims to identify potential local and regional economic opportunities and develop these into REAL BUSINESS OPPORTUNITIES; and to assist local municipalities in defining and formulating realistic LED strategies and implementation plans. To deliver on this programme, fully trained staff is placed in the 5 regions of the Western Cape with full 'head office' support (from provincial government and its service providers) to implement high quality LED initiatives at all municipalities. The CKDM is host to a Plek Plan office situated in BW.

- Corporate governance is a key element of success when it comes to supporting economic development. DEAT recently launched two LED initiatives for the participating of the Central Karoo economic role-players and stakeholders at impacting on economic development in the region. This initiatives include
 - **Red Networking Club** – The aim of this club is to create a platform for Red Door Clients and stakeholders in the region to strengthen, maintain and develop relationships.
 - **Rural Economic Assistance Fund (REAF)** – is aimed at providing local economic role –player's access to provincial and non-financial support for LED opportunities for development. This engagement also intends to deliver on the follow up request received by municipalities around the challenges with securing LED funding projects.

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

6.17 Place Marketing and LED Promotion

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



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

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

The CKDM has no formal market plan in place. Since LED is nonexistent within the municipality no marketing approaches in followed to promote and market LED. Tourism within the district is well market. Marketing tools for tourism in the district includes:

- Regional Tourism DVD
- Website: www.tourismcentralkaroo.co.za
- Advertisements include the Travel Companion pocket book
- Yearly shows: Indaba Travel and Trade Show
Karoo Heart Festival

6.18 Doing Business in the DM

It is important that the CKDM are marketed according to expectations of visitors and investors. Therefore the CKDM needs to be aware of the criteria investors will take into account in assessing the development potential prior to investing in a specific area. Thus, it is important for the CKDM to promote the area to potential investors by highlighting the positive aspects of the CKDM. The following aspects would be regarded as important when marketing the CKDM to potential investors:

Transportation

- There are 409 km of tarred main roads and 355 km of national road in the district.
- There are 31 railway stations, many of which are no longer operational.
- The N1 and N12 national highways join in Beaufort West.

Terrain and natural resources

- Central Karoo forms part of the Great Karoo and is classified as a unique arid zone.
- The Karoo plateau is the largest of its kind outside Asia.
- The land is rich in fossils, and is home to the largest variety of succulents in the world.
- Several mountain ranges border the district.

Besides the well-developed road infrastructure, the CKDM is poised to be a distribution centre for road freight. This is reflected in the prominence of the Transport and Communications sector. Approximately 7000 vehicles pass through Beaufort West per day, and this doubles during peak holiday periods. In addition, there is a railway line that runs parallel to the **N1 highway**, and this railway is the lifeblood of towns such as Matjiesfontein, Laingsburg, Prince Albert, Leeu-Gamka and Nelspoort.

The CKDM is also a major supplier for **Cape Mohair** for Export market. CKDM hosts one of 20 parks belonging to the South African National Parks (SANParks)

Place marketing should focus on the on the specific comparative advantages of the CKDM and should focus on specific types of funding sources/investors that could be attracted to the region. Marketing creates an awareness of an area that would otherwise not have existed or only might have developed over time.



The marketing strategy is in essence the marketing of CKDM as an **attractive development destination**. The marketing effort should be directed towards the broader public and those who are new in the area (tourists, international investors, etc).

6.19 Creating and Maintaining a Economic Information System

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

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

- Number of businesses (sector, contact details)
- Available labour and skills
- Infrastructure and development opportunities
- List of community stakeholders
- GDP per sector and specific comparative advantages
- District imports and Exports
- Available land for development
- socioeconomic data sources
- LED Project Information

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

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

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

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

6.20 Making use of Business Chambers and Organised Bodies

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

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

Currently there are formal business bodies or business chambers in the CKDM. For this reason the Municipality should motivate members of the LED forum or influential community members to ensure a network of business chambers in the District that could assist with the promotion of local economic development.



The challenge for the municipality is that there is a lack of trust from business chambers in the CKDM. The CKDM therefore have to acknowledge that the function of network patterns with Business and civil society is highly dependent on good governance and that these network patterns require a certain amount of social trust. Therefore the CKDM should focus on providing good local governance, reliable and effective services and sound administration. Possible solutions to fill this gap and get private sector involvement and trust in the CKDM are indentified in the previous chapter.

The case study below illustrates a successful participatory process followed in Prince Albert to engage in LED planning. The CKDM should follow in this example:

In Prince Albert, one of the LM's within the CKDM, the municipality set aside a week for planning and consultation. The purpose is to gain a wide variety of opinions on the needs, opportunities and constraints for development in the town. The desired outcome is to come up with an agreed set of development priorities by the end of the week, which would inform the LED strategy to be followed.

In order to ensure broad participation, a wide variety of stakeholders is represented. These included:

- hospitals
- clinics
- doctors
- youth
- schools
- churches
- crèches
- government departments
- women's organisations
- political organisations
- farm workers' association
- local businesses
- welfare groups
- sport and recreation groups
- municipality
- civics
- tourism committee
- farmers' association
- rate payers association
- ABET groups
- Local elderly centre.

The stakeholders participate in a series of workshops on the following topics:

- Developments in community-based welfare services
- Priorities for social and community development
- Putting Prince Albert on the Tourism Map
- Expanding economic and employment opportunities in business
- Promoting innovations in agriculture
- Youth development – needs and opportunities
- Organisation structures for effective development
- Planning the way ahead

The business chambers and organised business bodies could be most effectively utilised by identifying and assigning a strategic partner for each catalytic projects. It is imperative that these strategic partners retain the required skill and resources to assist the facilitation of the catalytic projects they have been assigned to. In some cases it will be essential to assign broad target groups for the implementation of large scale projects such as a broad base infrastructure development.

6.21 Utilizing Marketing Opportunities to Promote LED

As indicated above the CKDM, businesses and community stakeholders forms the core of the planning group to market an area. Other factors such as infrastructure, attractions, the people, image and quality of life etc. are part of the marketing tools that can be used to market the CKDM. There are different types of marketing tools that can be used to market a destination. **Table 6.3** shows the different options of supportive media available to municipalities. Each of the methods that will be mentioned in **Table 6.3** has a certain target market and therefore the layout and communication style would differ for each method. The advantages and disadvantages of the methods are also included for discussion.



6.21.1 Marketing methods

TABLE 6.3: CKDM Marketing Methods

Media Type	Purpose	Contents	Advantages	Disadvantages
Printed Media				
Introductory brochure	The purpose of an introductory brochure is to provide social and economic information about the CKDM. A high quality attractive brochure is the first step in showing potential investors government's dedication in pro-active approach to business development.	Map and location of CKDM <ul style="list-style-type: none"> • Background to the area • Geographical information e.g. size, climate and natural resources • Demographic and Economic background • Infrastructural overview • Tourism overview • Existing institutions e.g. education, business support, non-government organisations • Incentives available for business promotion 	<ul style="list-style-type: none"> • Target market within a Geographic area • Size and shape Colour Presentation • High accessibility • Can provide in-depth information • Wide variety of distribution methods Discussion reference • Provides in-depth information to interested prospects. Can be kept for reference after sales discussion, or as follow-up to ads, telemarketing, etc • The ad has size and shape, and can be as large as necessary to communicate as much of a story as you care to tell. Free help is usually available to create and publish your ad. • Fast closings: 	<ul style="list-style-type: none"> • Presentation could be potentially poor Short lifespan Expensive • High competition • Regular updating is costly • Can be expensive and unnecessary if distributed to people who haven't expressed interest. Can require vigilance to continually update its look and feel, pricing and product information. • Clutter: • Your ad has to compete for attention against large ads run by supermarkets, etc. • Poor photo reproduction limits creativity. • A price-orientated medium. • Short-shelf life: The day after a newspaper appears it is history.
Business portfolio	This portfolio is designed to supply information on quality investment and partner CKDM. It is used to market the area to the investors. The business opportunity portfolio serves as a preliminary business plan that can be given to an investor to indicate the local opportunities with regard to specific industries and	A collection of brief profiles of business prospects in the CKDM for each priority industry.	<ul style="list-style-type: none"> • The ad has size and shape, and can be as large as necessary to communicate as much of a story as you care to tell. Free help is usually available to create and publish your ad. • Fast closings: 	<ul style="list-style-type: none"> • Clutter: • Your ad has to compete for attention against large ads run by supermarkets, etc. • Poor photo reproduction limits creativity. • A price-orientated medium. • Short-shelf life: The day after a newspaper appears it is history.



	businesses.			
Business Directory brochure	The purpose of this brochure is to provide a detailed directory of local businesses, imposing business networking of existing companies in the area. The target market of the brochure should mainly be businesses that plan to expand or establish a new company in the area, and therefore, need to identify suppliers and buyers, as well as to know their competitors. The brochure should be updated on regularly.	<ul style="list-style-type: none"> • A brief introduction of the CKDM and 3 LM's • Regional road and local street maps • Sector and resources allocation map indicating spatial distribution of economic sectors and location of natural resources • Details of the local businesses: (e.g.) postal and physical address, e-mail, website, contact numbers, operating hours and product offered. 	If you decide to run an ad today it can be in the customers' hands two days from now.	
Newspapers	The distribution of the message can be limited to your geographic area.	<p>Clutter:</p> <ul style="list-style-type: none"> • Ads have to compete for attention against large ads run by supermarkets, etc. • Poor photo reproduction limits creativity. • A price-orientated medium. • Short-shelf life: The day after a newspaper appears it is history. 		
Electronic Media				
Website	The website could also be used for communication with potential investors	<ul style="list-style-type: none"> • Introductory brochure (summary) • Extracts from sector studies • Database of local 	<ul style="list-style-type: none"> • Ability to be creative • Interactivity with client • Global 	<ul style="list-style-type: none"> • Difficulty to access • Unawareness by general public • Difficulty



	requesting them to submit their enquiries. A website will need to be manned by a person from the Municipality	businesses	medium <ul style="list-style-type: none"> • Easy to update/change 	to attract repeated visits
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Other marketing tools which can be include for the CKDM:

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

6.22 Development Facilitation

As indicated in previous chapters the workforce in the Central Karoo is generally less skilled in comparison to other regions and the rest of the province.

The CKDM should therefore commit them in creating a skilled and suitably trained workforce. The following section provides information on the approach the CKDM could undertake to ensure that the population attains the required skills.

6.23 Assess the Level of Skill of the Local Population

As a starting point the status quo level of education and skill needs to be determined. This could involve secondary data from sources such as Statistics South Africa. However this information is already available in the IDP and the CKDM: Social Economic profile (2007), conducted by province and treasury. However, the best sought after scenario would involve surveys to assess the exact skill level and provide a recent and accurate profile. This survey should include current skills, desired skills etc.

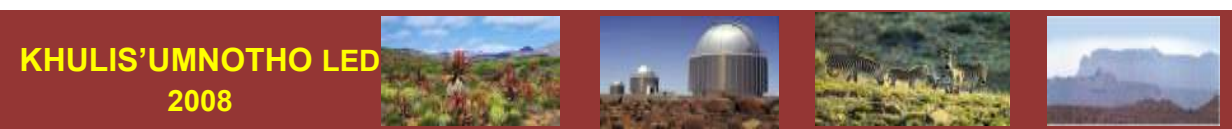
The CKDM CDW's could be employed to conduct such research as they have direct connections with local communities within the CK area. It is important that the CKDM maintain a database of the captured survey and update it on a regular basis.

6.23.1 Scan existing economic activities

A detailed scan of existing economic activities would involve actions to audit all of the existing businesses and economic activities within the value chain of the CKDM economy. The purpose of this step is to understand the current employment situation in terms of the labour requirements of the existing businesses.

6.23.2 Economic activities to be generated by LED projects

This step would involve projections of the future economic activities to be developed in the CKDM due to LED intervention or market growth, economic stimulation and development within the CKDM.



6.23.3 Skills requirement assessment

The skills requirement assessment relates to analysis based on the existing and projected economic activities in the District to determine the skills needed to suitably provide adequate labour for the employment opportunities evident. The skills already available in the CKDM area then needs to be compared to the skills required in order to determine the skills gap which exists. This information would create an opportunity for the CKDM to implement a **structured skills development plan** where the CKDM would need to provide structured steps by which they would address the skills gap in the CKDM. The result of a skills gap would be the sourcing of skills from other areas which would be negative for the already unemployed individuals in the CKDM which need to benefit from the economic development opportunities in the area.

6.23.4 Sources of skills & training

In this step the municipality, taking cognisance of the exact skills requirements of the District, should aim to identify partners in skills development and training to provide the necessary skills training in terms of workshops and courses.

6.23.5 Organisation of skill acquisition

In this final concluding step the municipality should play the facilitating role to ensure the local population gains access to skills training and development.

6.24 Infrastructure Development

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

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

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

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

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

Sanitation: Hand in hand, with water need is that of good sanitation. The Central Karoo made progress in access to sanitation. The majority of households have access to flush toilets with offsite disposal.

In the CKDM the farming community is worst punished by sanitation problems with a major part of households not adequately serviced. It should be a priority of council to eradicate sanitation problems in rural areas. In 2007, the department of water affairs and forestry has allocated R1-billion to eradicate bucket toilets in established settlements by December 2007. Buckets are replaced with ventilated improved pit latrines (VIP). The DWAF provide many water and sanitation related projects and programmes which the CKDM can enrol in. This includes:



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

2020 VfwSEP currently runs three projects, namely **Curriculum Support**, the **Baswa Le Meetse Awards** and the **South African Youth Water Prize**.

Curriculum Support

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

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

Transport Infrastructure

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

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

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

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

6.25 Rural Development

Former President Thabo Mbeki announced the Integrated Sustainable Rural Development Programme (isrdp) and the Urban Renewal Programme (urp) in February 2001, during the State of the Nation Address.

The aim of these programmes was articulated as being:

**KHULIS'UMNOTHO LED
2008**



“To conduct a sustained campaign against rural and urban poverty and underdevelopment, bringing in the resources of all three spheres of government in a coordinated manner”.

Cabinet mandated the Department of Provincial and Local Government (dplg) as the national coordinating institution for the ISRDP/URP, but the successful implementation of the programmes relies on the involvement of all the stakeholders.

The Central Karoo is one of the earmarked areas for intervention by the former president through the ISRDP. The interventions resulted to the proposal of key investment projects in the Central Karoo including:

- Uranium Mine which is still undergoing feasibility studies.
- Karoo Tourism Gateway
- Cold Storage facilities
- Agriculture Beehive development
- Hydro production of fresh herbs (Expansion); and
- Correctional Services Facilities

At present the probability of securing a job in areas such as the CKDM is limited compared to areas such as Cape Town, Eden District and Cape Winelands. The common factor among these areas is the well developed infrastructure and easy access to markets.

Infrastructure has a crowding effect on investment. Unless government invest in the region, there is no way that the private sector would be interested. In the current state of affairs, there are no guarantees that the proposed investments would be sustainable without infrastructure deepening in the area. The quality of the roads would attract tourist to the Karoo National Park, and also contribute in bringing down costs of transporting the agricultural produce.

6.26 Integrated Programming of Projects and Action Plan

As stakeholders plan for LED, needs and priorities are likely to arise in various areas and joint decisions will need to be made around short term priorities and areas can be deferred to other planning periods. Programmes will probably include:

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

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

6.26.1 Local Economic Development Thrusts

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



Within these thrusts, numerous programmes have been identified which concentrate the attention on specific areas of development, which support the overall goals set by the thrusts. Each programme further comprises specific development projects, as well as the facilitation issues that need to be addressed. The projects and facilitation actions are aimed at enabling the municipality to achieve the targets set by the development programmes and thrusts. This section, therefore, provides the framework as a set of thrusts, programmes for development, projects and development facilitation requirements identified in order to allow the expansion and growth of the municipality's economy.

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

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

TABLE 6.4: CKDM PROJECT THRUSTS

THRUST	PUBLIC SECTOR PROJECT
AGRICULTURE EXPANSION	<ul style="list-style-type: none"> • Soya bean production • Organic Seed Production • Organic farming
AGRICULTURE AND BENEFICATION DEVELOPMENT	<ul style="list-style-type: none"> • Industrial investment incentive packages • Bicycle Manufacturing • Industrial marketing campaign • Food development and research centre • Industrial development strategy
WASTE RECYCLING/PROCESSING	<ul style="list-style-type: none"> • Waste Management Systems
SMME DEVELOPMENT	<ul style="list-style-type: none"> • Establishment of SMME Command Centre for the CKDM • Business support centre • SMME procurement/outsourcing database • Small business forum linked to Agriculture sector • Small business forum linked to manufacturing sector • Small business development in accommodation facilities
HUMAN RESOURCE DEVELOPMENT	<ul style="list-style-type: none"> • Tertiary training facilities (technical, hospitality, business, agriculture) • Identification of skills shortages per economic sector • On-site training facilities/projects • Recruitment database
TRANSPORT DEVELOPMENT	<ul style="list-style-type: none"> • Upgrading of Railway lines and reopening of railway stations



	<ul style="list-style-type: none"> Regional public transport corridor development plan Improvement of transport infrastructure and linkages
TOURISM DEVELOPMENT	<ul style="list-style-type: none"> Development and improvement of existing tourist attractions Development of specific tourist routes Tourism database (attractions, accommodation, operators) Tourism forum Provision of training and bursaries in tourism/hospitality training Improvement of signage

6.27 Timing of the Action Plan

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

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

- **Immediate:** Projects categorised under this category needs to be implemented as a matter of urgency. The implementation of these project are important for the implementation of other projects
- **Medium Term:** projects categorised under this category are projects that would be implemented over a short term and does not require in depth research.
- **Long Term:** Project categorised under this category are projects that would require in depth research and significant amounts of funding. These projects would also need more time to be implemented effectively

Table 6.5 illustrates the Implementation Plan for CKDM LED Projects

TABLE 6.5: CKDM PROJECT TIMEFRAME ACTION PLAN

Thrust	Project	Timeframe	Guiding Action	Role Players
AGRICULTURE EXPANSION	<ul style="list-style-type: none"> Soya bean production 	Long Term	<ul style="list-style-type: none"> Draft TOR Organise meetings with district farmers Association Identify Partners hips 	<ul style="list-style-type: none"> LED Unit Dept. of Agriculture Local farmers Cooperatives CSIR/ARC
	<ul style="list-style-type: none"> Organic Seed Production 	Long Term		
	<ul style="list-style-type: none"> Organic farming 	Long Term		



Thrust	Project	Timeframe	Guiding Action	Role Players
AGRICULTURE AND BENEFICATION DEVELOPMENT	• Industrial investment incentive packages	Immediate	<ul style="list-style-type: none"> • Arrange meetings • Identify Location • Identify Partners • Allocate Municipal Funding 	<ul style="list-style-type: none"> • LED Unit • Local farmers • Cooperatives • CSIR/ARC • CKDA • Mining • DTI • Organised business
	• Bicycle Manufacturing	Medium Term		
	• Industrial marketing campaign	Immediate		
	• Food development and research centre	Long Term		
	• Industrial development strategy	Medium Term		
WASTE RECYCLING/PROCESSING	• Waste management Systems	Long Term	<ul style="list-style-type: none"> • Identify Location • Conduct Feasibility • Identify Partnerships • Develop Business plan 	<ul style="list-style-type: none"> • LED Unit • CKDA • CSIR • Agriculture houses
SMME DEVELOPMENT	• Establishment of SMME Command Centre for the CKDM	Long Term	<ul style="list-style-type: none"> • Organise Meetings • Allocate Municipal Funding • Draft TOR 	<ul style="list-style-type: none"> • LED Unit • DTI • Local SMME's • Organised business • Red Door • SEDA
	• Business support centre	Medium Term		
	• SMME procurement/outsourcing database	Medium Term		
	• Small business forum linked to Agriculture sector	Immediate		
	• Small business forum linked to manufacturing sector	Immediate		
	• Small business development in accommodation facilities	Medium Term		
HUMAN RESOURCE DEVELOPMENT	• Tertiary training facilities (technical, hospitality, business, agriculture)	Long Term	<ul style="list-style-type: none"> • Organise Meetings • Identify Location • Conduct 	<ul style="list-style-type: none"> • LED Unit • Organised business • Dept. of
	• Identification of skills shortages	Immediate		



Thrust	Project	Timeframe	Guiding Action	Role Players
	economic sector		<ul style="list-style-type: none"> Feasibility Study Develop Business plan Identify Partnerships Allocate Municipal funding 	Education <ul style="list-style-type: none"> DTI Organised business SETA DPLAG
	<ul style="list-style-type: none"> On-site training facilities/projects Recruitment database 	Long Term Immediate		
TRANSPORT DEVELOPMENT	<ul style="list-style-type: none"> Upgrading of Railway lines and reopening of railway stations 	Long Term	<ul style="list-style-type: none"> Organise meetings Conduct feasibility Study Identify Partnerships Allocate Municipal funding 	<ul style="list-style-type: none"> LED Unit Organised Transport business CKDM Transport Dept. of Transport Spoornet Metro Rail Car Hire Agencies
	<ul style="list-style-type: none"> Regional public transport corridor development plan 	Immediate		
	<ul style="list-style-type: none"> Improvement of transport infrastructure and linkages 	Medium Term		
TOURISM	<ul style="list-style-type: none"> Development and improvement of existing tourist attractions 	Medium Term	<ul style="list-style-type: none"> Draft TOR Organise Meetings Identify Partnerships Allocate Municipal funding 	<ul style="list-style-type: none"> CKDM Tourism unit Local tourism role-players Dept. of Transport DEAT
	<ul style="list-style-type: none"> Development of specific tourist routes 	Long Term		
	<ul style="list-style-type: none"> Tourism database (attractions, accommodation, operators) 	Medium Term		
	<ul style="list-style-type: none"> Tourism forum 	Immediate		
	<ul style="list-style-type: none"> Provision of training and bursaries in tourism/hospitality training 	Medium Term		
	<ul style="list-style-type: none"> Improvement of signage 	Medium term		



6.28 Process and programming

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

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

6.29 Monitoring and Evaluation Framework

Monitoring and evaluation (M&E) is essential to the management of all development activities (projects, programs, organisations). If activities are to be adaptively managed, responding to changes as they occur, feedback is needed. In the CKDM this is true for farmers, local project workers, and staff of research institutes and development organisations, both government and non-government. In relation to the CKDM, M&E enables the document and evaluate progress under the different thrusts. Indeed, M&E is an integral part of participatory research, though in the CKDM, it has not always been given sufficient attention.

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

6.29.1 Strategic thrusts

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

1. Agriculture Expansion
2. Agriculture and beneficiation development
3. Waste recycling/processing
4. SMME development
5. Human Resource Development
6. Transport Development
7. Tourism

As time and resources are limited, the CKDM have to be selective in what they try to measure, how they measure it, and whom to involve in the process.

The scope for M&E activities in the different thrusts is potentially enormous:

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



- There are many different actors or ‘stakeholders’ — e.g., farmers, development workers, local business owners, project leaders, government departments— each with their own information needs and perspectives. The current emphasis on ‘participation’ encourages the CKDM to involve everyone in M&E activities.
- There are many tools and methodologies available — ‘participatory’ — including structured and semi-structured interviews, community resource mapping, wealth ranking, storytelling, and so on.

6.29.2 Participatory Monitoring and Evaluation

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

TABLE 6.6: PARTICIPATORY M&E

Participatory M&E	
Who	Local Community, project staff, facilitators, departmental heads, mayors, businessmen
What	People identify own indicators of success
How	Self-evaluation; simple methods adapted to local culture; open, immediate sharing of results through local involvement in evaluation processes
When	Merging of monitoring and evaluation, hence frequent small-scale evaluations
Why	To empower local people to initiate, control and take corrective action

Four general principles or characteristics of PM&E include:

- **Participation:** There are two main ways to encourage participation in M&E — by whom it is initiated and conducted; and whose perspectives are particularly emphasised (all major stakeholders, beneficiaries, or marginalised groups).
- **Learning:** The emphasis is on practical or action-oriented learning. PM&E is also seen as a means of local capacity-building.
- **Negotiation:** PM&E is a social process for negotiating between people’s different needs, expectations and views. It is also a political process which can empower and disempower different stakeholders. Negotiation results in the selective involvement of stakeholders in the design, implementation, reporting, and use of M&E.
- **Flexibility:** PM&E emphasises flexibility and experimentation; there is no blueprint.

6.29.3 How to develop a monitoring and evaluation plan

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

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



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

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

Table 6.7 provides an example of an M&E framework for 2009 to 2013.

TABLE 6.7: M&E MATRIX

Index	Proxy Indicators	Baseline (2009)	2009/2010	2010/2011	2011/2012	2012/2013
Agriculture Expansion	Agriculture GGP					
	Agriculture Employment					
	Number of Agricultural Businesses					
	Value of Agriculture Imports					
	Value of Agriculture Exports					
Agriculture and beneficiation development	Manufacturing GGP					
	Manufacturing Employment					
	Number of Manufacturing Businesses					
	Agro processing GDP					
	Agro Processing Employment					
	Value of Manufacturing Imports					
	Value of Manufacturing Exports					
Agriculture Waste Recycling/ Processing	Number of operational waste treatment facilities within the CKDM					
	Number of recycling plants					
	Number of licenses granted for hazardous waste disposal					
	Number of waste management partnerships established (Waste management partnerships involve bringing together waste producers and product manufacturers, where the waste can be utilized as an input in					



Index	Proxy Indicators	Baseline (2009)	2009/2010	2010/2011	2011/2012	2012/2013
	manufacturing).					
	Employment within the waste processing sector					
SMME Development	Number of SMME's on the FBDM Database					
	Number of projects awarded to SMME's on the FBDM Database					
	Employment opportunities created through SMME					
Human Resource development	Number of students enrolled					
	Number of tertiary training facilities					
	Number of training related jobs created					
	Level of education statistics					
	Number of matriculates					
Transport Development	Transport GGP					
	Transport Employment					
	Number of Transport Businesses					
	Transport Exports					
Tourism Development	Number of Domestic Tourists					
	Number of International Tourists					
	Average money spent					
	Average nights stay					
	Number of accommodation facilities					
	Number of accredited accommodation facilities					
	Number of attraction					
	Number of visitors to each attraction					



6.30 Conclusion and Way Forward

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

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

- Start focusing on the sectors with the highest development potential, followed by the sectors with less potential. Ensure balanced stimulation of growth and development within all sectors by not focusing solely on one sector
- Before embarking on the implementation of specific projects, ensure that adequate funding sources and management capacity are in place
- Start implementing projects with the highest potential for stimulating economic growth and development
- Make sure that the projects that stimulate economic growth do not adversely affect the environment or human living conditions
- Set reasonable time frames for implementation and ensure effective and continuous monitoring of project progress and impacts

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

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

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

For LED to function fully LED role-players should receive constant training. There are various ways in which the Staff members can be trained and be capacitated to do LED. Firstly, training can be done by using in-house training material and on the job training, secondly, by attending courses at universities/colleges in CKDM, WC Province or South Africa.

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



ANNEXURE A: SOURCES OF FUNDING

ORGANISATION	FUND	DESCRIPTION	APPLICATION IN LDM
DTI	1. DANIDA BUSINESS TO BUSINESS PROGRAMME, CREDIT GUARANTEE SCHEME	Covers expenses connected with the transfer of management, business skills and technology from Danish to South African companies and provides access to financing for South African companies	Precious metals beneficiation to make components such as computer or cellular phones electronic chips opportunities may be marketed to Danish companies such as BB Electronics or similar manufacturers
	2. STANDARD SCHEME, CREDIT GUARANTEE SCHEME	Scheme provides cover up to R1m of the bank facility at 80%, with the fee payable at 3% p.a. in advance. The duration of the scheme is 36 months initially, but can be extended twice for periods of 12 months each time	Applicable to all identified and future projects for CKDM
	3. EMPOWERMENT SCHEME, CREDIT GUARANTEE SCHEME	<p>Provides cover up to R5m of bank facility at 60%, with the fee payable at 2.5% p.a. in advance. Duration is 36 months initially but can be extended twice for a period of 12 months each time. Applicants must have one of the following qualifying criteria in relation to the nature, purpose for the business or its effect on SMME's:</p> <ul style="list-style-type: none"> ➤ Substantial job creation in an area where very little economic activity takes place. ➤ Labour intensive projects. ➤ An economic empowerment transaction which entitles the borrower to acquire a controlling interest in the SMME within a period of two years from the date the facility is granted by the bank. ➤ Management buy-out which entitles the borrower to acquire a controlling interest in the SMME within a period of two years from the date the facility is granted by the bank. ➤ Sub - contracting 	Investors in the Distribution Hub and the agro-processing industries may be able to qualify for this scheme



ORGANISATION	FUND	DESCRIPTION	APPLICATION IN LDM
		<ul style="list-style-type: none"> ➤ Outsourcing transactions or ➤ Any similar economic empowerment venture 	
	4. EMERGING ENTREPRENEUR SCHEME, CREDIT GUARANTEE SCHEME	Provides up to R100 000 with the fee payable at 4% p.a. in advance. The duration is 24 months initially but can be extended three times for periods of 12 months each time. The conditions are mentorship of the loan	Small farmers under mentorship of established farmers that undertake in soya production and Organic technique of farming may obtain this form of funding
	5. BLACK BUSINESS DEVELOPMENT GRANT (BBDP) SUPPLIER PROGRAMME	<ul style="list-style-type: none"> • An 80:20 cost-sharing grant which offers support (business development services, improvement of core competencies, restructuring of processes) to black-owned enterprises in South Africa. • The maximum grant amount that a single enterprise can qualify for is limited to R100 000. • The requested amount should not exceed 25% of the entity's previous year's turnover. 	Black entrepreneurs, who exploit projects identified in the District, will be able to qualify for this grant.
	6. THE CO-OPERATIVE INCENTIVE SCHEME (CIS)	<ul style="list-style-type: none"> • A 90:10 matching cash grant for registered co-operatives. • Maximum grant that can be offered to one co-operative entity under the scheme is R300 000. 	The organic seed farming can be undertaken by such co-operatives who would then seek finance from the CIS.
	7. EXPORT MARKETING & INVESTMENT ASSISTANCE SCHEME (EMIA)	To partially compensate exporters for costs incurred in respect of activities aimed at developing export markets for South African products and services and to recruit new foreign direct investment into South Africa.	This funding is applicable for the products that will be exported from the Agro-processing hub projects.
	8. THE GODISA TRUST	<ul style="list-style-type: none"> • Provides funding to qualifying technology centres • Helps South Africans to cultivate their innovations and business ideas 	The District Research and Development Centre, which should be able to conduct multi-sectoral researches, would require funding of this nature in order to carry out thorough and detailed research that will assist government and the private sector to make informed decisions pertaining to future



ORGANISATION	FUND	DESCRIPTION	APPLICATION IN LDM
			investments <i>Source: DTI website, 2009</i>
IDC	1. RISK CAPITAL FACILITY SBU Manages funds sourced from both foreign donors and the IDC's internal funds, these include the Risk Capital Facility (RCF), the W.K. Kellogg Foundation, the IDC Development Fund and the IDC Foundation Fund.	Funds are used to facilitate BEE investments in the SME sector.	Projects such as the extraction of energy from agricultural waste, the mining of uranium, the farming and production of soya oils and jewellery production may be undertaken by HDI and small sector businesses for eligibility for this fund.
	2. SUPPORT PROGRAMME FOR INDUSTRIAL INNOVATION (SPII)	<ul style="list-style-type: none"> Provides financial assistance for projects that develop innovative products and/or processes. Is focussed specifically on the phase that begins at the conclusion of basic research (at the stage of proof of concept) and ends at the point where a pre-production prototype has been produced. 	The manufacturing projects may obtain funding from this programme, providing new processes are identified for food processing, soya processing, manufacture of agriculture Feed & farming equipment, meat processing and jewellery fabrication.
	3. METAL, TRANSPORT AND MACHINERY STRATEGIC BUSINESS UNIT (SBU)	Finance is provided in the following focus areas: <ul style="list-style-type: none"> Basic iron, steel and non-ferrous fabricated metal products Plant, machinery and equipment Motor vehicles, components and accessories Diverse transport products such as boats, planes and trains 	The first two on the above list apply to Central Karoo District for the agriculture feed and farming equipment manufacture project.
	4. CHEMICALS, TEXTILE AND ALLIED INDUSTRIES SBU	Finance is provided in the following areas: <ul style="list-style-type: none"> Ceramics, concrete and stone products Glass products Leather and footwear The conversion of natural fibres into fabrics The conversion of fabrics into clothing Primary and secondary chemical manufacturing Plastic and rubber conversion 	Investors who take up leadership in running with the wool and mohair processing and the manufacturing of protective clothing in the Central Karoo will be able to benefit from this SBU.



ORGANISATION	FUND	DESCRIPTION	APPLICATION IN LDM
		<ul style="list-style-type: none"> Waste purification Water recycling 	
	5. WOOD, PAPER AND OTHER INDUSTRIES SBU	Finances projects and investments in the following industries: <ul style="list-style-type: none"> Forestry Pulp & paper Furniture Sawmilling, board production, etc Renewable energy industries 	Implementers of the agriculture waste to Energy projects should be able to apply for this funding.
	6. FOOD, BEVERAGE AND AGRO INDUSTRIES SBU	Focus areas financed: <ul style="list-style-type: none"> Horticulture primary agricultural sector Food processing sector Agro-industrial sector Beverage sector Fishing and aquaculture sectors 	The Food and Beverage sector is potentially the one in which there will be the most economic activity with the potential to create many jobs. This SBU should be able to make funding available for CKDM's agro-processing hub.
	7. TECHNO INDUSTRIES	Focuses on funding projects in the following areas: <ul style="list-style-type: none"> Information technology Telecommunications Electronics Electrical services 	
	8. TOURISM	This SBU seeks to: <ul style="list-style-type: none"> Contribute to government's strategy for the tourism industry Participate in the establishment of good quality hotels in South Africa and the rest of Africa Diversify its portfolio into other subsectors such as cultural and heritage products, arts and crafts and business tourism. 	Investors in the tourism sector can approach the IDC Tourism SBU in order to find the funding packages available within this sector.



ORGANISATION	FUND	DESCRIPTION	APPLICATION IN LDM
		<ul style="list-style-type: none"> Support BEE projects with significant development impact in townships and rural areas whilst adhering to the Tourism BEE Charter requirements Increase participation in projects related to the 2010 Soccer World Cup 	
	9. TRANSPORTATION, AND FINANCIAL SERVICES	<p>The projects that are funded include:</p> <ul style="list-style-type: none"> Transport services (road freight, logistics, maritime, aviation and bus sector) Financial services (retail banking acquisitions and commercial micro-finance) 	The IDC SBU can also be approached for funding of projects in the transport service sector to increase the rail network and to improve the standard of roads in the District.
	10. MINING AND BENEFICIATION	<p>The projects that are financed by this SBU are:</p> <ul style="list-style-type: none"> Development of mining, beneficiation and metals projects in South Africa and the rest of the continent Junior and emerging mining houses and mining-related activities such as contract mining Facilitating the acquisition of mining assets by historically disadvantaged persons (HDPs) Developing the South African jewellery manufacturing industry and optimising value-addition beneficiation opportunities 	Jewellery production and uranium mining projects should be able to obtain funding from the Mining and Beneficiation SBU. The funding may be released faster, if there is partnership between big mining companies and small scale miners preferably HDPs. This partnership should allow skills transfer and eventually part ownership by the HDPs of the mining operation.
	11. PUBLIC-PRIVATE PARTNERSHIPS	<p>The unit focuses on facilitating the provision of electricity, water, transport and telecommunications through projects in the following sectors:</p> <ul style="list-style-type: none"> Energy Telecommunications and IT Transportation Bulk water and solid waste management e-Government 	<p>The public sector projects identified will all require funding and what better way of ensuring that the job is done, than by way of Public-private partnerships. That way, funding from the PPP SBU may be obtained in addition to the previously mentioned advantages of combining efforts from both the public and the private sector.</p> <p><i>Source: www.idc.co.za</i></p>



ORGANISATION	FUND	DESCRIPTION	APPLICATION IN LDM
ARTPAC Lending Services Association		Financial capacity support for small contractors and artisans	
Business Partners		Funding for SMMEs	
DOL		Provides funding for skills support programmes	
DPLG		Social plans funding	
DWAF		Funds working for water programmes	
ECIC		Underwrites bank loans outside South Africa for foreign buyers to purchase SA capital goods	
Emia		Provides funding to small business exporters	
Khethani Business Finance		A non-profit organisation that assists with finance small businesses whose loan applications would normally be turned down by the banks.	
Khula Enterprise Finance Ltd		Financial institution for SMEs	
NEF		Provides funding to BBBEE businesses	
National Productivity Institute (NPI)		Project management funding	



ORGANISATION	FUND	DESCRIPTION	APPLICATION IN LDM
Ntsika		Funding for SMMEs	
South African Micro-finance Apex Fund (SAMAF)		Provides funding to SMEs	
South Africa International Business Linkages (Saibl)		American government-sponsored fund to assist historically-disadvantaged South African small businesses to grow and links them up with trade and investment partnerships both in the country and abroad.	
Sizanani		Arrange guarantees for small businesses with little or no collateral, while providing mentoring services to go hand-in-hand with the bank guarantees.	
Technology and Human Resources for Industry Programme (Thrip)	THRIP is a partnership programme between the DTI and the National Research Foundation, which challenges companies to match government funding for innovative research and development in the country.	Provides incentive funding for research and technological advancement of a firm to a business owner.	Players in all sectors would benefit from this programme.
Umsobumvu Youth Fund		Provides various subsidized business services to young entrepreneurs between 18 and 35.	
Zimele Trust		Provides funding through loan and equity finance to junior mining companies	



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