Siyancuma Local Municipality

Local Economic Development Strategy

March 2012

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Section 1: Introduction

1.1. Background

Local Economic Development (LED) is an approach to sustainable economic development that encourages residents of local communities to work together to stimulate local economic activity that will result in, inter alia, an improvement in the quality of life for all in the local community.

The Department of Economic Development and Tourism in the Northern Cape has recently concluded the development of its Provincial LED Strategy in line with the Northern Cape Growth and Development Strategy. These Strategies provide the foundation for Integrated Economic Development Planning throughout the Northern Cape. To provide the necessary implementation impetus at the local level, the Siyancuma Local Municipality embarked on a process of developing its own LED Strategy in line with provincial planning imperatives.

1.2. The LED Vision for Development

The Municipality convened a community and LED role player Visioning Workshop on the 19th of August 2011. During this workshop, participants highlighted the following main visioning elements:

1. Sustainable development
2. Economic growth and development
3. Local employment creation and a high quality of life for all
4. Diversified local economy
5. Education and skills development

These elements were then discussed and finally packaged into the following Vision Statement:

"A sustainable and growing local economy that aims to create employment opportunities for local communities, while working towards providing a high quality of life for all. This will be achieved through education and skills development and diversification of the local economy"

This vision for Local Economic Development sets the tone for the study, provides guidance for analysis and informs the outcomes or recommendation of the Strategy.

1.3. The Purpose and Objectives of the Study

The purpose of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation to advance the economic identity, based on a local competitive and comparative economic profile.

The aim of the Siyancuma LED Strategy is to build horizontal planning and development consensus among the Local Municipality, local businesses and civil society towards building the local economy together through a shared vision. The LED Strategy will also facilitate vertical integration between local and other spheres of government to facilitate proper regional planning alignment and development coordination in the District and Province. The LED Strategy will focus on enhancing competitiveness and increasing sustainable growth while ensuring that this growth is inclusive.

The main objectives for the study have been identified as:

1. Defining LED in the context of the Siyancuma Local Municipality.
2. To develop an LED Development Framework and Strategy for the Municipality.
3. Broadly assessing the provision for LED within the municipal area and more specifically, the institutional infrastructure and programmes available to implement LED initiatives.
4. Broadly identifying economic opportunities across the Municipal area.
5. A proposed Implementation Plan to address gaps and solutions that contribute to a more coherent and coordinated LED approach.

The challenge of the project is to understand the current economic development imperatives of the Siyancuma Local Municipality, within the context of the regional and larger economy, as well as to understand the current institutional arrangements that support local economic development.

In this context the goal of the study has been formulated as follows:

To formulate a LED Strategy for the Siyancuma Local Municipality aimed at enhancing competitiveness, information dissemination, investment facilitation and trade promotion and interpret and package this as a practical implementation strategy to guide investment and trade development in line with the LED Vision and Objectives.

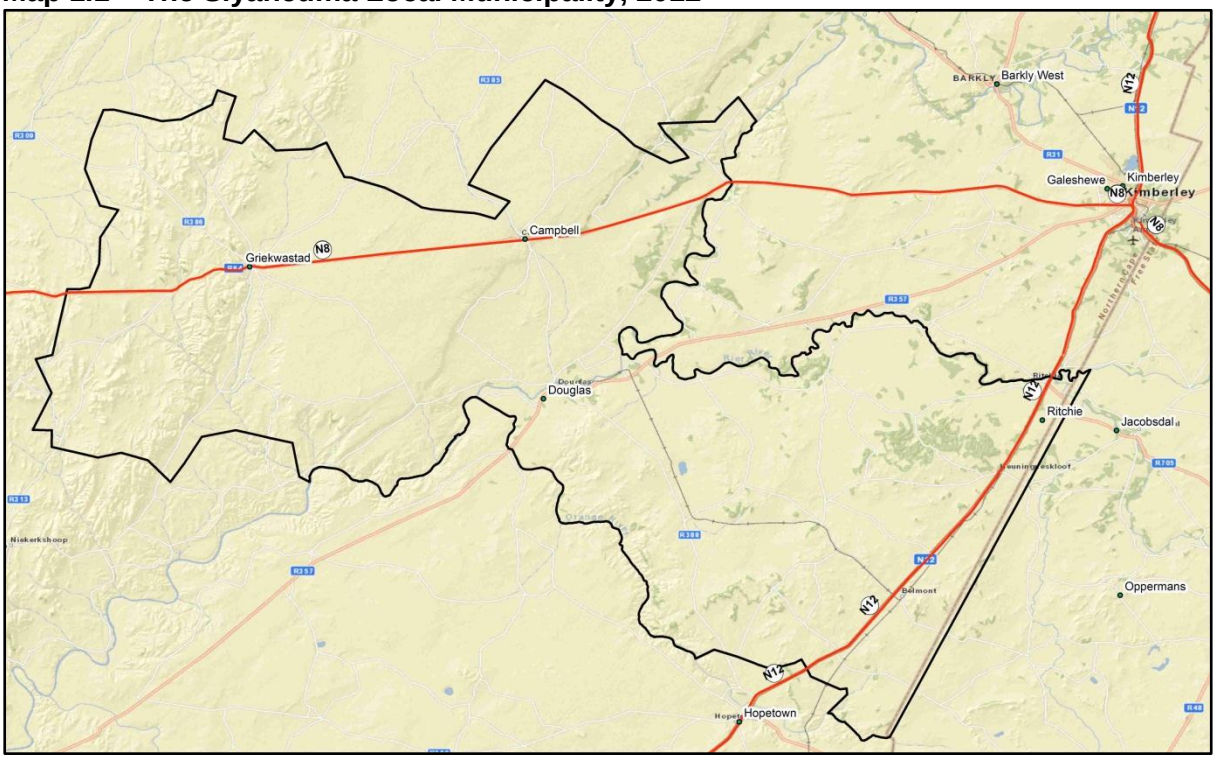
1.4. Geographic Context

1.4.1. Siyancuma in Local Context

Map 1.1 depicts the Siyancuma local municipal boundary. From this map it is evident that the municipal area includes the following main towns:

- Douglas (the seat of the Local Municipality)
- Campbell
- Griekwastad

Map 1.1 – The Siyancuma Local Municipality, 2012



Source: Boundary data provided by the Municipal Demarcation Board, 2012

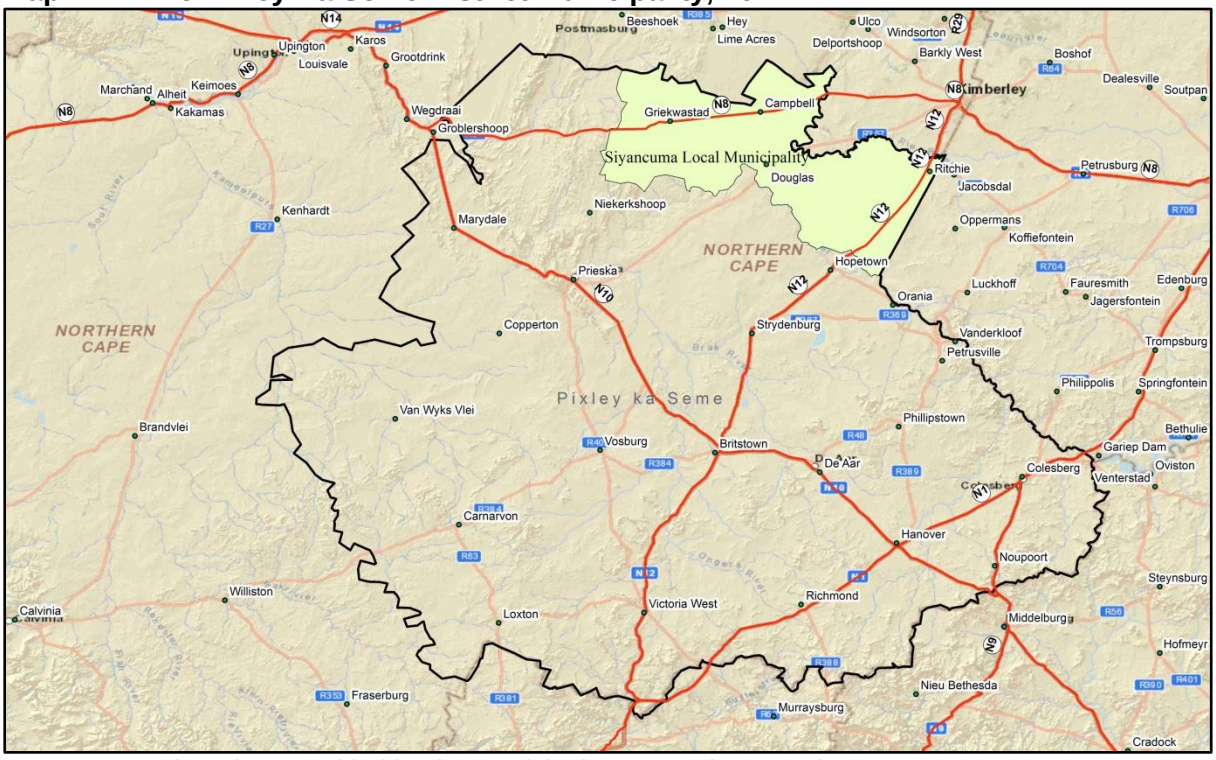
The municipal area encompasses a geographic area of some 10,041 km^2 which implies that Siyancuma accounts for some 9.8% of the total District surface area. The local economy is mainly agriculture based and highly dependent on the Orange River, which converges with the Vaal River near Douglas.

1.4.2. Siyancuma in Regional Context

Siyancuma is one of eight Local Municipalities in the Pixley Ka Seme District. The other seven Municipalities are:

1. Thembelihle Local Municipality
2. Emthanjeni Local Municipality
3. Siyathemba Local Municipality
4. Umsobomvu Local Municipality
5. Ubuntu Local Municipality
6. Kareeberg Local Municipality
7. Renosterberg Local Municipality

Map 1.2 – The Pixley Ka Seme District Municipality, 2012



Source: Boundary data provided by the Municipal Demarcation Board, 2011

De Aar is the seat of the Pixley Ka Seme District Municipality (located in the Emthanjeni LM). Douglas is located some 257 km from De Aar and 107 km from Kimberley. Spatially, Siyancuma is very distant from South Africa's largest consumer markets. In this regard, the road transport distances illustrated by Table 1.1 would apply to LED initiatives.

Table 1.1 – Transport Distances from Siyancuma

City	Distance from Douglas (km)
Upington	328
De Aar	257
Kimberley	107
Bloemfontein	269
Cape Town	909
Johannesburg	586
Pretoria	646
Durban	901

Section 2: Situational Analysis

The purpose of this Section is to describe the current reality of the area in the context of the larger region, Northern Cape and South Africa. The situational analysis forms the basis for the LED Strategy and sets the point of departure.

In order to plan for Local Economic Development, a good understanding of the economic base, markets and how the local economy functions is vital. The situational analysis investigates the economic and socio-economic trends of Siyancuma and provides base data to identify and prioritise important issues for consideration in the LED planning process. This facilitates an understanding of local resources, local businesses, what they produce, where businesses' inputs come from, the marketplace, etc.

2.1. Demographic Profile

The local population of an area and its socio-economic implications lie at the root of the need for LED planning and decision making by both government and the private sector. In the strategic planning process this information informs forecasting and scenario development towards potential future outcomes.

This sub-section intends to provide basic data on the local population in regional and national context. Population growth trends will be illustrated to enable the study team to plan for adverse situations, explore opportunities and to extrapolate the future. Local communities form an integral part of the local economy. They are the primary source of labour and entrepreneurship for economic growth and also the consumers of local products and services. It is thus vital to analyse demographic indicators to provide the proper context for socio-economic and economic realities as well as for strategic planning.

2.1.1. The Population

The local and regional population is illustrated by Table 2.1. From this Table, it is evident that Siyancuma had a local population of just more than 38,500 people during 2010.

Table 2.1 – The Local and Regional Population

Region	2004	2006	2008	2010
South Africa	46,745,940	47,827,370	48,911,245	49,991,472
Northern Cape	1,088,672	1,089,227	1,093,823	1,103,918
Pixley Ka Seme	190,396	185,334	180,082	179,507
Siyancuma Local Municipality	40,980	39,880	38,680	38,540

Source: Quantec Research, 2012

In regional context, this meant that Siyancuma contributed 21.8% to the District population (i.e. the second largest LM in the District by population) and 3.4% to the population of the Northern Cape.

Figure 2.1 – The Siyancuma Population Age & Gender Profile, 2000 & 2010

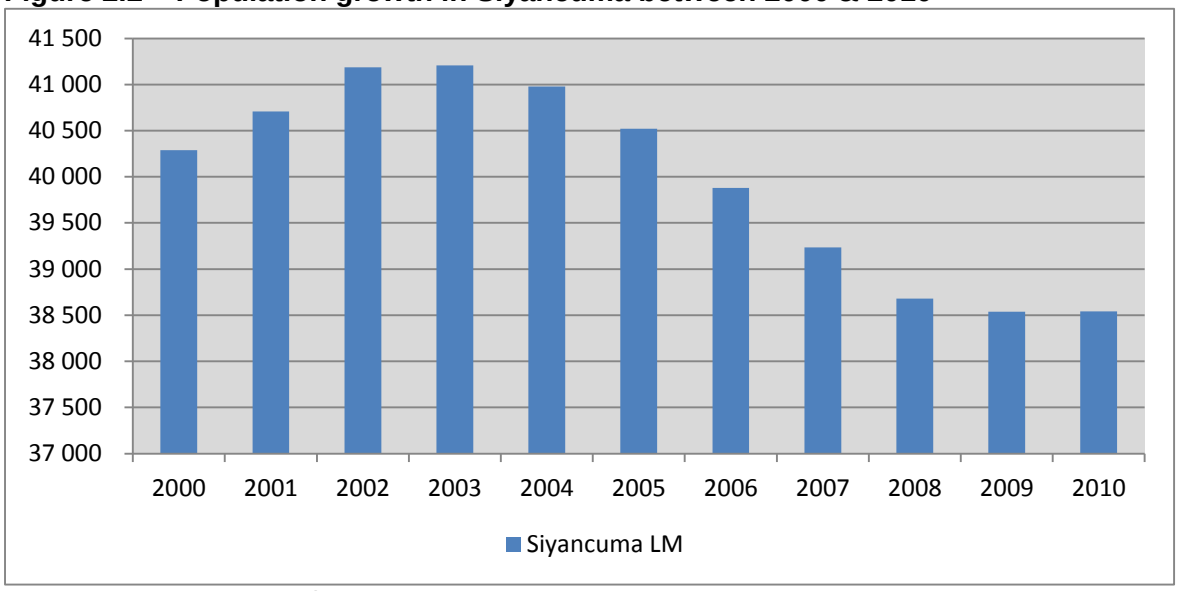
Source: Quantec Research, 2012

The Age & Gender Profile of the local population is illustrated by Figure 2.1. With regards to this profile the following observations were made:

1. There were slightly more females (51.5%) than males (48.5%) among the local population during 2010. It was, however, noted that the population became slightly more female dominant since 2000 when 50.3% of the population were female.
2. The working age group (15 to 64) contributed 63.8% to the local population in 2010. This age group has increased proportionately (from 58.9% to 63.8%) in relation to the other age groups, however, since 2000 this group increased by just approximately 874 people.
3. The working age population is slightly female dominant. Since 2000, females working age population increased by around 578 women in absolute terms, while the number of men increased by about 296.
4. The age dependency ratio declined from 0.7 in 2000 to 0.6 dependents (children & the elderly) in 2010 for every working age adult.
5. Since 2000, the proportion of children under the age of 15 declined by 5.2%. This means that the age profile of the local population is becoming older. The number of children in the area also declined from around 14,700 during 2000 to just above 12,000 in 2010.

The population of Siyancuma declined from just over 40,200 people in 2000 to about 38,500 in 2010 (see Figure 2.2). This implies that the population contracted by 0.4% on average per annum. This growth rate is slightly lower in the Pixley Ka Seme DM, which contracted 0.7% p.a. The decline of the Siyancuma population was mainly driven by lower fertility rates.

Figure 2.2 – Population growth in Siyancuma between 2000 & 2010



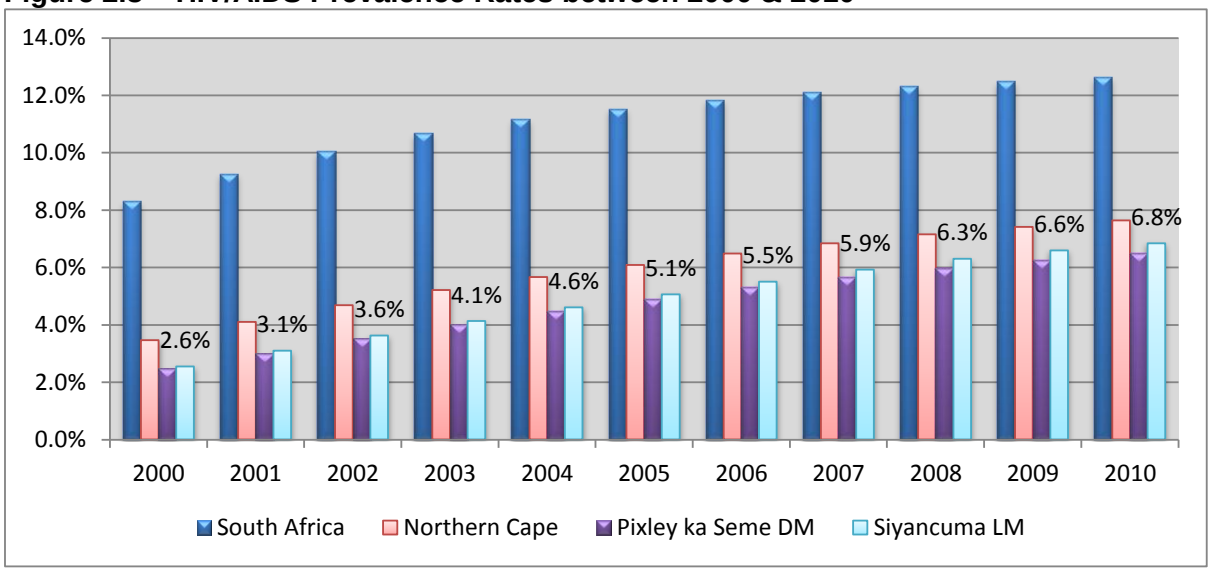
Source: Quantec Research, 2012

The death rate (i.e. the number of deaths per 1,000 people in year) experienced a relative increase from 10.4 deaths per 1,000 people in 1995 to 11.3 during 2010. During 2010, the death rate for Pixley Ka Seme was 11.9 deaths per 1,000 people, while it was 13 for the Northern Cape and 16.4 for the South African population. The reason for the lower death rate in the study area was mainly the result of lower HIV/AIDS prevalence rates when compared with South African averages.

2.1.2. HIV/AIDS Prevalence

The prevalence rate for HIV/AIDS in South Africa, the study area and the region is illustrated by Figure 2.3. During 2010, the HIV/AIDS prevalence rate of the Siyancuma population was 6.8% compared to the District rate of 6.5%. These rates compared well to the Northern Cape (7.6%) and South African (12.6%) averages in the same year.

Figure 2.3 – HIV/AIDS Prevalence Rates between 2000 & 2010



Source: Actuarial Society of South Africa, 2012

Since 2000, the number of people living with HIV/AIDS in the Siyancuma municipal area more than doubled from about 1,000 to just over 2,600 people in 2010. This means that while the local population compares well with South African averages (in terms of HIV/AIDS) the prevalence rate is expanding faster in Siyancuma (at 9.9% p.a.) when compared with South Africa (at 5.5% on average per annum since 2000).

2.2. Socio-Economic Profile

2.2.1. Adult Education

The levels of adult education (persons older than twenty years) in Siyancuma and the larger region are illustrated by Table 2.2. From this Table, it is evident that 22.9% of local adults did not complete any type of formal education whatsoever. This observation is relatively higher than the District, Provincial and National averages.

Table 2.2 – The levels of Adult Education in Siyancuma and the larger region, 2010

Level of Adult Education	South Africa	Northern Cape	Pixley Ka Seme DM	Siyancuma LM
Grade 0/No schooling	10.8%	12.7%	18.6%	22.9%
Grade 1/Sub A	1.3%	1.3%	1.7%	1.6%
Grade 2/Sub B	1.9%	1.9%	2.5%	2.2%
Grade 3/Standard 1	2.5%	3.0%	3.7%	4.1%
Grade 4/Standard 2	3.1%	3.9%	4.0%	3.5%
Grade 5/Standard 3	3.3%	4.4%	5.4%	5.7%
Grade 6/Standard 4	4.2%	5.7%	5.4%	5.5%
Grade 7/Standard 5	5.7%	7.3%	7.6%	8.0%
Grade 8/Standard 6/Form 1	7.0%	8.7%	8.6%	9.1%
Grade 9/Standard 7/Form 2	6.4%	7.0%	6.5%	6.7%
Grade 10/Standard 8/Form 3/NTC1	9.2%	9.8%	8.1%	8.4%
Grade 11/Standard 9/Form 4/NTC11	12.1%	7.2%	5.9%	4.5%
Grade 12/Standard 10/Form 5/Matric/NTC111	19.8%	17.4%	13.4%	11.1%
Less than matric & certif/dip	2.8%	2.3%	2.4%	1.9%
Certificate with Grade 12	2.0%	1.9%	1.7%	0.9%
Diploma with Grade 12	3.3%	2.5%	2.2%	2.0%
Bachelor's Degree	2.2%	1.2%	0.9%	0.7%
Bachelor's Degree and Diploma	1.0%	0.7%	0.9%	0.3%
Honours degree	0.9%	0.6%	0.3%	0.4%
Higher Degree (Master's, Doctorate)	0.7%	0.4%	0.3%	0.4%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Source: Quantec Research, 2012

Adults who live within the Siyancuma municipal area do not compare well with the average for the Northern Cape in terms of adults who obtained a matric certificate. In Siyancuma, around 15% of adults have a matric certificate compared to 19.7% of adults in Pixley Ka Seme and 24.7% in the Northern Cape. In terms of the proportion of adults who obtained a tertiary qualification, Siyancuma (4.7%) fared relatively better that the District (6.3%) and Northern Cape (7.3%).

The adult education profile of Siyancuma did improve over the past ten years. Since 2000, the number of adults with a matric certificate increased from about 3,045 (or 15.3% of the adult population) to around 3,400 in 2010 (i.e. an average decrease of 0.1% per annum). It was also noted that the portion of adults with a tertiary qualification had decreased from about 1,029 in 2000 to around 1,020 in 2010.

2.2.2. Poverty & Social Needs

2.2.2.1. Household Access to Services

A total of around 9,700 household dwellings were estimated to exist in the Siyancuma municipal area during 2010. This accounted for some 20.7% of all household dwellings in the District, which ranked Siyancuma second among Pixley Ka Seme's Local Municipalities. Since 2000, the number of dwellings decreased by 0.1% on average per annum compared to 0.1% decline in the District and 0.5% growth in the Province. The decline in household numbers is in line with the decline in population in the region.

Table 2.3 – Household Access to Services, 2000 & 2010

Household Indicator	2000	2010	Access	Growth
House or brick structure	6,672	7,020	75.6%	0.5%
Electricity	6,592	8,163	84.0%	2.2%
Piped Water	9,206	9,067	95.0%	-0.2%
Refuse removal	4,999	6,867	72.1%	3.2%
Flush or chemical toilet	4,339	5,876	60.9%	3.1%

Source: Quantec Research, 2012

Table 2.3 illustrates the type of dwellings found in Siyancuma and the level of household access to municipal services. In this regard the following observations were made:

1. More than 75% of household dwellings found in Siyancuma can be classified as houses or brick structures on separate stands. This indicator is relatively lower when compared with the average for Pixley Ka Seme (80.1%) and the Northern Cape (77.4%). Some 16% of local dwellings can be described as shacks.
2. Around 84% of household dwellings found in Siyancuma have access to electricity. This indicator is on par with the District and Provincial average.
3. Around 95% of household dwellings found in Siyancuma have access to piped water, while the remainder mostly rely on boreholes as a source. The area rated on par in terms of this indicator when compared with Pixley Ka Seme (96.8%) and the Northern Cape (96.2%).
4. Around 72% of local households enjoyed a weekly refuse removal service by the Local Municipality compared to 76.2% in Pixley Ka Seme and 68.8% in the Northern Cape.
5. Approximately 61% of local households have access to flush or chemical toilets. This indicator is relatively lower when compared with the District (67.8%) and Provincial

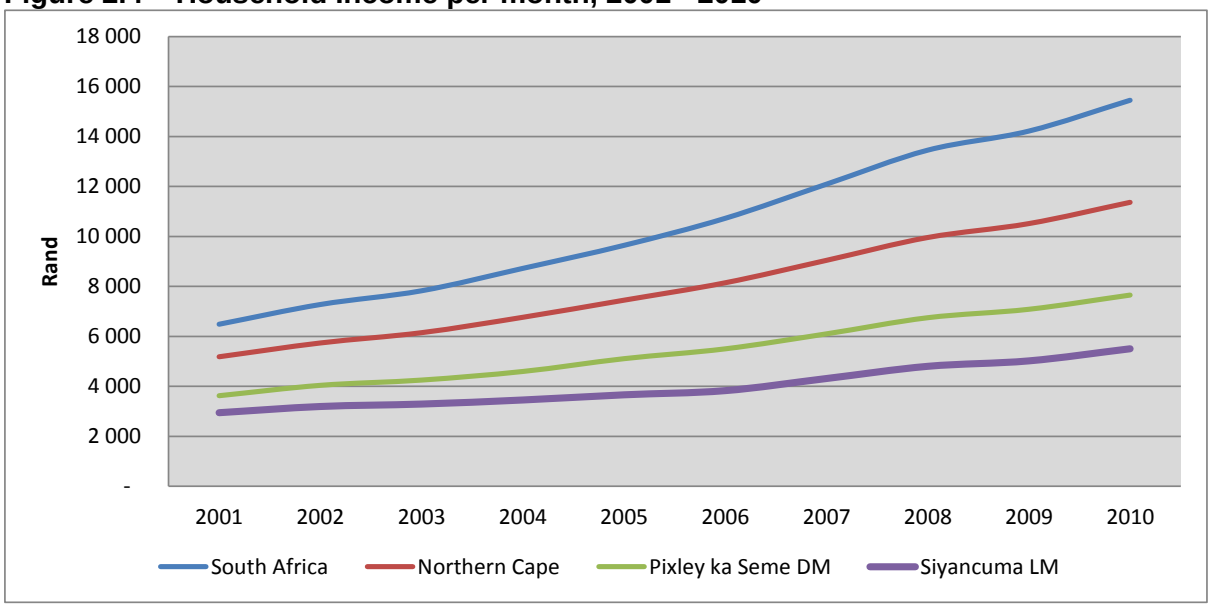
(67.8%) average. Those households that do not have access to flush or chemical toilets, mainly make use of pit latrines as their main source of sanitation.

2.2.2.2. Household Income & Expenditure

Trends in the level of monthly household income are portrayed by Figure 2.4. From this Figure, it is evident that households in Siyancuma experience lower levels of income (on average) when compared with the other regions illustrated in Figure 2.4. During 2010, the average monthly income per household was R5,502 in Siyancuma, relatively lower than the District average of R7,652.

Since 2001, household income has grown by 7.2% on average p.a. in Siyancuma compared to 8.7% in Pixley Ka Seme and 9.1% in the Northern Cape. This means that there is a growing welfare gap between households in Siyancuma and the larger region. Income from sources other than labour remuneration has also been increasing. Such non-remuneration income mostly includes social grants and other forms of transfers. Over the past nine years, the monthly non-remuneration income contribution (per household) increased from R978 in 2001 to R1,556 in 2010 (i.e. by 5.3% p.a.). This means that local communities are becoming more dependent on social grants (and other transfers).

Figure 2.4 – Household Income per month, 2001 - 2010



Source: Quantec Research, 2012

From a community development perspective, one should also consider the distribution of income among local households to reflect the gaps between local income levels. A simple average (as indicated by Figure 2.4) may provide a skewed picture of reality if there are a few households that receive incomes that are substantially higher (or lower) than others in an area. From Table 2.4 it is evident that the distribution of income among local households is indeed highly skewed. Around 71% of local households earn less than R3,200 per month and are regarded as poor. In comparison, some 67.8% of households in Pixley Ka Seme and 63.8% in the Northern Cape fall in this category. The largest income group (representing 27.9% of local households) in Siyancuma are households who earn between R800 and R1,600 per month. On the other side of the income scale, it can be observed that households who earn more than R12,800 per month only represent 8.7% of households in Siyancuma compared to 7.7% in the District and 9.9% in the Province.

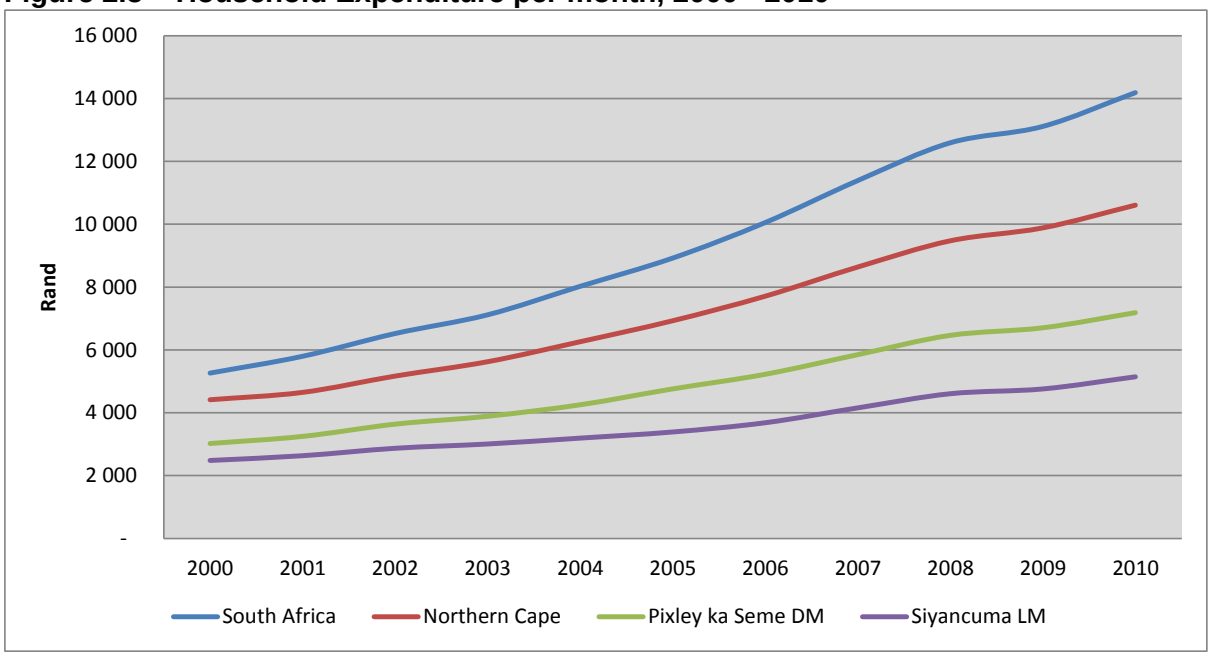
Table 2.4 – Household Income Distribution, 2007

Monthly Income	South Africa	Northern Cape	Pixley Ka Seme DM	Siyancuma LM
R1 - R400	6.2%	4.4%	4.7%	2.3%
R401 - R800	11.1%	9.8%	9.1%	13.2%
R801 - R1 600	23.5%	25.1%	26.8%	27.9%
R1 601 - R3 200	23.7%	24.5%	27.1%	27.8%
R3 201 - R6 400	14.2%	16.4%	16.2%	14.7%
R6 401 - R12 800	9.4%	10.0%	8.3%	5.5%
R12 801 - R25 600	6.6%	5.8%	4.7%	5.7%
R25 601 - R51 200	3.5%	2.8%	1.7%	1.7%
R51 201 - R102 400	1.2%	0.7%	0.4%	0.2%
R102 401 - R204 800	0.4%	0.3%	0.7%	0.8%
R204 801 or more	0.3%	0.3%	0.2%	0.3%

Source: Statistics South Africa – Community Survey, 2007

Trends in the level of monthly household expenditure are portrayed by Figure 2.5. From this Figure, it is evident that households in Siyancuma have experienced only moderate increases in expenditure levels (7.6% on average p.a.) over the past decade in comparison with Pixley Ka Seme (10.1%) and the Northern Cape (9.2%).

Figure 2.5 – Household Expenditure per month, 2000 - 2010



Source: Quantec Research, 2012

Table 2.5 illustrates the distribution in household consumption expenditure in the study area and the larger region. From this Table, it is evident that households in all the areas under observation spend most of their disposable income on food, beverages and tobacco. This is especially the case with regards to households in Siyancuma, which spend around 27% of their income on this product group. In comparison, local households spend slightly less (6.9%) on durable goods such as furniture and personal transport equipment when compared to the Northern Cape (7.2%).

Table 2.5 – Household Consumption Expenditure, 2010

Household Expenditure Item	South Africa	Northern Cape	Pixley Ka Seme DM	Siyancuma LM
Furniture, household appliances, etc.	1.6%	1.3%	1.1%	1.1%
Personal transport equipment	4.2%	3.8%	3.7%	3.5%
Recreational and entertainment goods	1.4%	1.6%	1.7%	1.7%
Other durable goods	0.7%	0.6%	0.6%	0.6%
Clothing and footwear	5.2%	4.3%	4.0%	3.6%
Household textiles, furnishings, glassware, etc.	1.4%	1.2%	1.0%	1.0%
Motor car tyres, parts and accessories	1.4%	1.2%	1.2%	1.2%
Recreational and entertainment goods	0.8%	0.9%	0.9%	0.9%
Miscellaneous goods	0.5%	0.6%	0.6%	0.5%
Food, beverages and tobacco	26.4%	27.3%	26.5%	27.1%
Household fuel and power	3.5%	3.0%	3.1%	2.9%
Household consumer goods	4.0%	3.9%	3.8%	3.7%
Medical and pharmaceutical products	1.8%	1.8%	1.9%	2.0%
Petroleum products	3.5%	3.2%	3.0%	2.8%
Recreational and entertainment goods	0.8%	0.7%	0.8%	0.7%
Rent	12.3%	14.7%	15.2%	16.7%
Household services, including domestic servants	2.7%	2.7%	2.8%	2.9%
Medical services	6.1%	6.0%	6.3%	6.0%
Transport and communication services	8.9%	8.9%	9.1%	8.7%
Recreational, entertainment and educational services	4.3%	3.9%	3.9%	3.5%
Miscellaneous services	8.8%	8.5%	8.7%	8.8%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

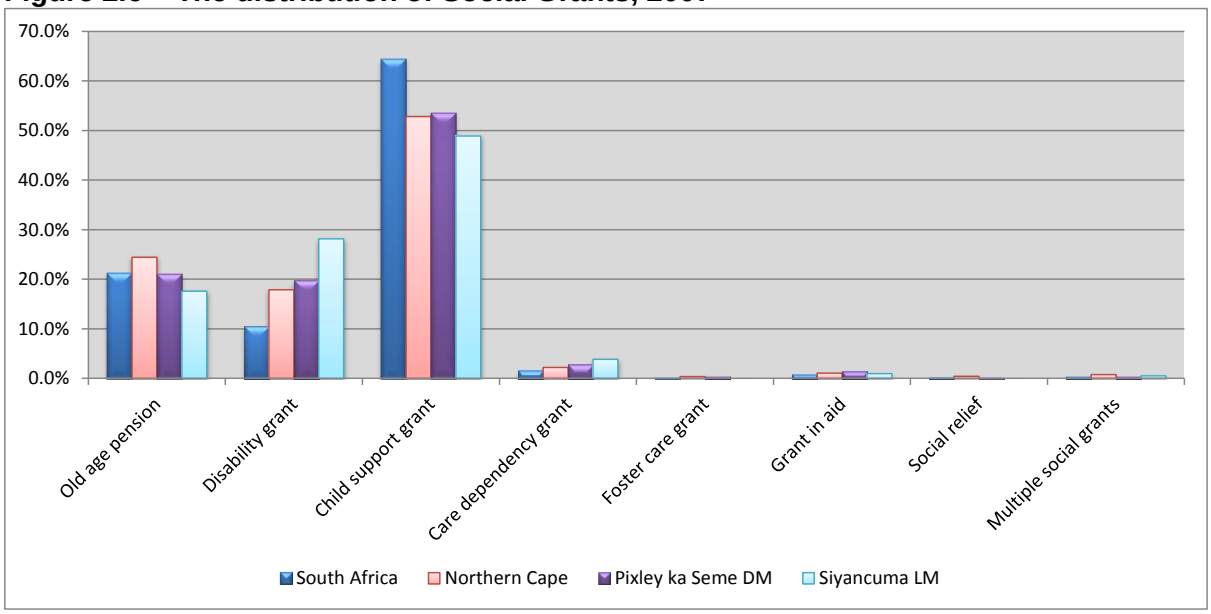
Source: Quantec Research, 2012

Other observations in this regard reveal that households in Siyancuma typically spend less on entertainment, medical services & pharmaceutical products and transport. Although this expenditure profile would also be skewed in relation to the income profile, it does reveal that local communities spend a larger part of their income on “necessary” items rather than “luxury” items.

2.2.2.3. Access to Social Grants

During 2007, some 9,900 people in Siyancuma received social grants which accounted for 22.3% of such grants in the District. The most popular grant received by dependents in all four regions under observation was the child support grant. In Siyancuma around 4,800 people received this grant during 2007. In fact, the child support grant made up 48.9% of all social grants received in Siyancuma, slightly lower that Pixley Ka Seme, Northern Cape and South African during 2007.

Figure 2.6 – The distribution of Social Grants, 2007



Source: Statistics South Africa – Community Survey, 2007

The second most popular social grant received by dependents in all four regions was disability, followed by old age pensions grants. In Siyancuma, some 2,800 people received a disability grant, while about 1,700 received an old age pension grant during 2007.

2.2.3. Crime

During 2010, some 1,500 crimes were reported at police stations in the Siyancuma municipal area. Since 2005, the total number of reported crimes has decreased by 5.6% on average per annum. Table 2.6 presents the distribution of crimes reported at local police stations during 2010.

In Siyancuma the most crimes were reported at the Douglas (1,092 reported incidents) police station during 2010, followed by Griekwastad (210 reported incidents). In this regard, the following observations were made:

- **Douglas** – The most common type of reported incidence here during 2010 was *assault with the intent to inflict grievous bodily harm,* followed by *theft.* The number of crimes reported at the local police station increased from 997 in 2009 to 1,092 in 2010. The fastest growing crime type is currently *drug related crime.*
- **Griekwastad–** The most frequently reported crime reported in 2010 was *assault with the intent to inflict grievous bodily harm,* followed by *stock theft.* The number of crimes reported at the local police station increased from 210 in 2009 to 242 in 2010. The fastest growing crime type is currently *common robbery.*
- **Campbell –** For this region, the most often-reported incidence during 2010 was *assault with the intent to inflict grievous bodily harm,* followed by *common assault.* The number of crimes reported at the local police station increased from 107 in 2009 to 196 2010. The fastest growing crime type is currently *stock theft.*
- **Plooysburg –** During 2010, *assault with the intent to inflict grievous bodily harm,* followed by *theft* was the most regularly reported instances of crime. The number of crimes reported at the local police station increased from 40 in 2009 to 50 2010. The fastest growing crime type is currently *common assault.*

Table 2.6 – Incidence of Crime reported at local Police Stations, 2010

Type of Crime	Campbell	Douglas	Griekwastad	Plooysburg
Assault with the intent to inflict grievous bodily harm	46	292	48	12
All theft not mentioned elsewhere	24	172	26	10
Burglary at residential premises	14	122	21	5
Common assault	28	56	23	6
Drug-related crime	15	72	5	0
Malicious damage to property	11	64	12	1
Stock-theft	25	25	29	5
Total Sexual Crimes	4	52	9	2
Burglary at non-residential premises	2	43	10	0
Common robbery	2	33	4	0
Driving under the influence of alcohol or drugs	8	25	3	0
Attempted murder	2	23	7	1
Theft out of or from motor vehicle	2	25	5	1
Commercial crime	1	25	2	0
Shoplifting	0	22	1	0
Aggravated robbery	1	14	0	0
Murder	3	8	2	0
Culpable homicide	3	4	0	4
Crimen injuria	2	6	1	2
Arson	2	4	1	0
Theft of motor vehicle and motorcycle	1	2	1	1
Public violence	0	1	0	0
Kidnapping	0	1	0	0
Neglect and ill-treatment of children	0	1	0	0
Illegal possession of firearms and ammunition	0	0	0	0
Total	**196**	**1092**	**210**	**50**

Source: The South African Police Service, 2012

Overall, the most commonplace type of crime during 2010 in Siyancuma was *assault with the intent to inflict grievous bodily harm* (398 reported incidents) followed by *common assault* (232 reported incidents).

2.3. Economic Profile

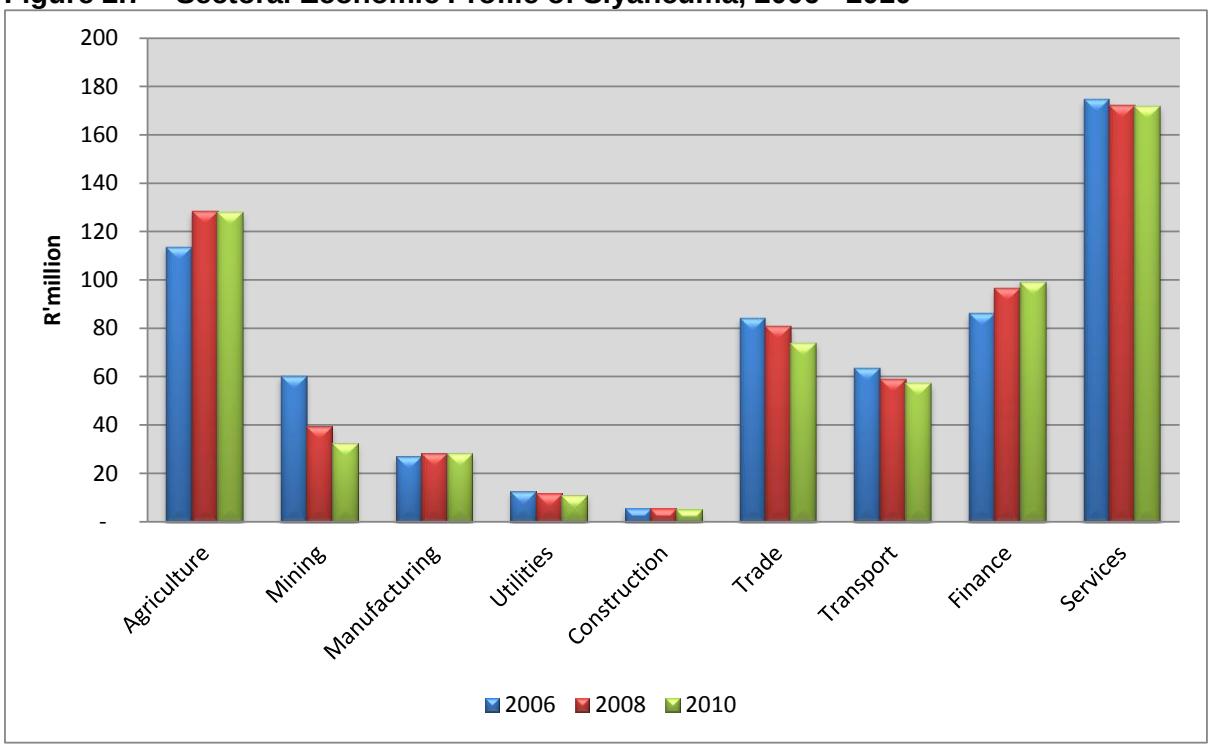
The following sub-section provides an analysis of the local economy in the context of the National, Provincial, and District environment.

2.3.1. Economic Production & Growth

Gross Domestic Product (GDP) is defined as the market value of all final goods and services produced within an area in a given period of time. The size of an economy is usually measured by its Gross Domestic Product. This value is equal to the economic wealth of the area; all the things of economic value that can be bought or sold that have been produced in the area in one year.

The Sectoral GDP Profile of Siyancuma is illustrated by Figure 2.7. From this profile, it is evident that the economy is highly unbalanced and dominated by the Government Services sector, which contributed R172 million (or 28.3%) to the local economy in 2010. This sector was followed by the Agriculture (21.1%) and Financial Services sectors (16.4%). The rest of the sectors illustrated in Figure 2.7 all contributed around 34% to the local economy.

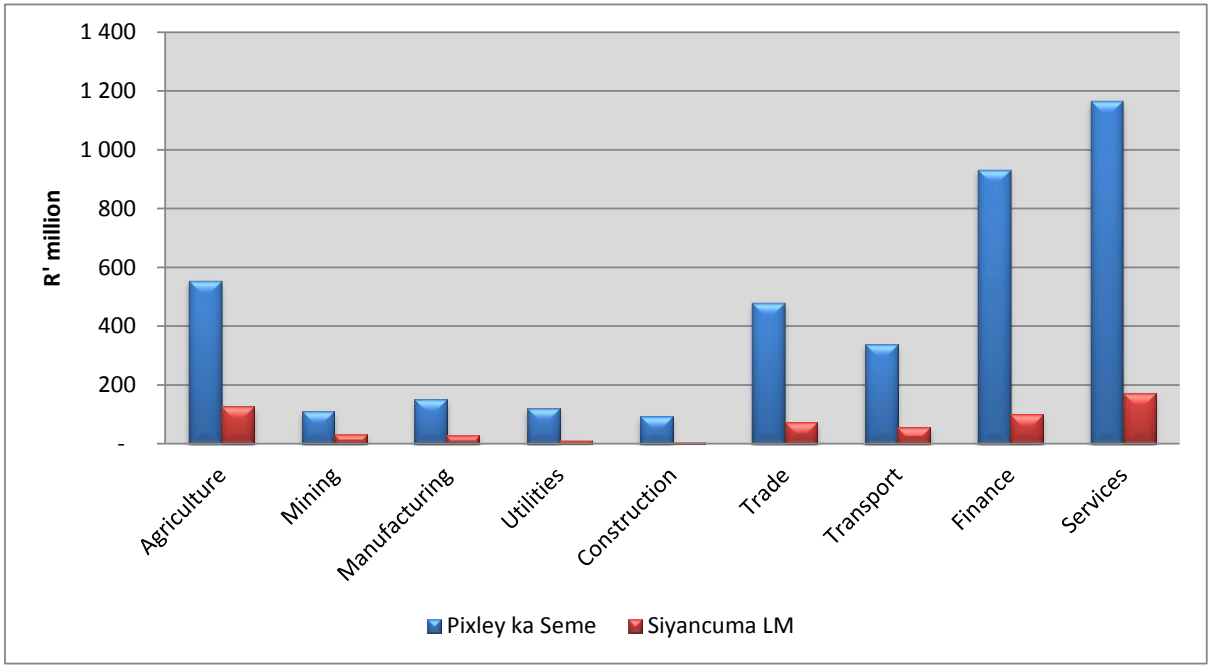
Figure 2.7 – Sectoral Economic Profile of Siyancuma, 2006 - 2010



Source: Quantec Research, 2012

Since 2006, the local economy declined by 0.8% on average per annum. The fastest growing sectors during this period were Financial Services (3.6%) and Agriculture (3.0%).

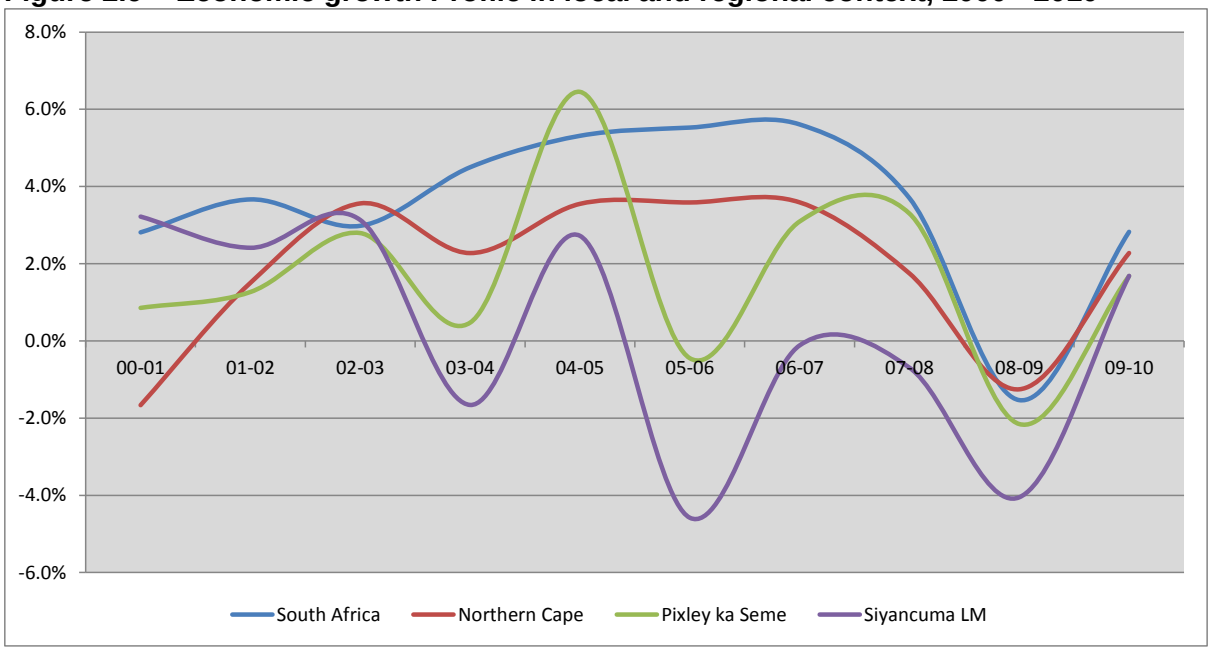
Figure 2.8 – Sectoral Economic Profile of Siyancuma compared to Pixley Ka Seme, 2010



Source: Quantec Research, 2012

The local economy in District context is illustrated by Figure 2.8. From this profile, it is evident that the Mining sector of Siyancuma makes a significant contribution to that of Pixley Ka Seme (some 29.2% in 2010). Overall, the local economy contributed 15.4% to the District economy during 2010.

Figure 2.9 – Economic growth Profile in local and regional context, 2000 - 2010



Source: Quantec Research, 2012

The local economy grew by 1.7% during 2009/10 compared to the District (1.7%), Provincial (2.3%) and National (2.8%) growth rates (see Figure 2.9). From 2000 to 2010, an average

growth rate of 0.2% can be observed in Siyancuma, which was inadequate to create sufficient jobs in the local economy to reduce the unemployment rate. Local economic growth is not strongly linked with that of the District, which reflects a local economy that is highly concentrated (in Agriculture), with a less balanced profile when compared with the larger region. This implies that the local economy is more vulnerable to market fluctuations (especially in terms of fluctuations that have an impact on regional agriculture).

Table 2.7 illustrates the ten year average annual economic growth rates (2000 to 2010) in Siyancuma and the larger region. From this Table, is evident that growth in the local economy was mainly driven by Financial Services (4.1% p.a.), Agriculture (2.6%) and Manufacturing (2.0% p.a.). The other sectors in the local economy contracted over the past ten years (most notably in the Mining and Construction).

Table 2.7 – Average Annual Economic Growth by Sector, 2000 - 2010

Sector	South Africa	Northern Cape	Pixley Ka Seme DM	Siyancuma LM
Agriculture	1.7%	3.0%	2.0%	2.6%
Mining	0.1%	-1.3%	-5.0%	-9.2%
Manufacturing	2.3%	2.6%	3.9%	2.0%
Utilities	1.8%	-0.5%	-0.7%	-2.6%
Construction	8.3%	5.4%	2.8%	-4.5%
Trade	3.1%	2.5%	-0.2%	-0.8%
Transport	5.0%	4.1%	-1.3%	0.0%
Finance	5.9%	4.3%	6.6%	4.1%
Services	2.8%	2.9%	1.3%	0.5%
Total	**3.5%**	**1.9%**	**1.7%**	**0.2%**

Source: Quantec Research, 2012

When compared to the larger region, it can be observed that local growth in the Finance sector (4.1% p.a.) is relatively in line with the District (6.2% p.a.), indicating a strong growth correlation and the importance of Siyancuma to Pixley Ka Seme in terms of its contribution to District Financial Services.

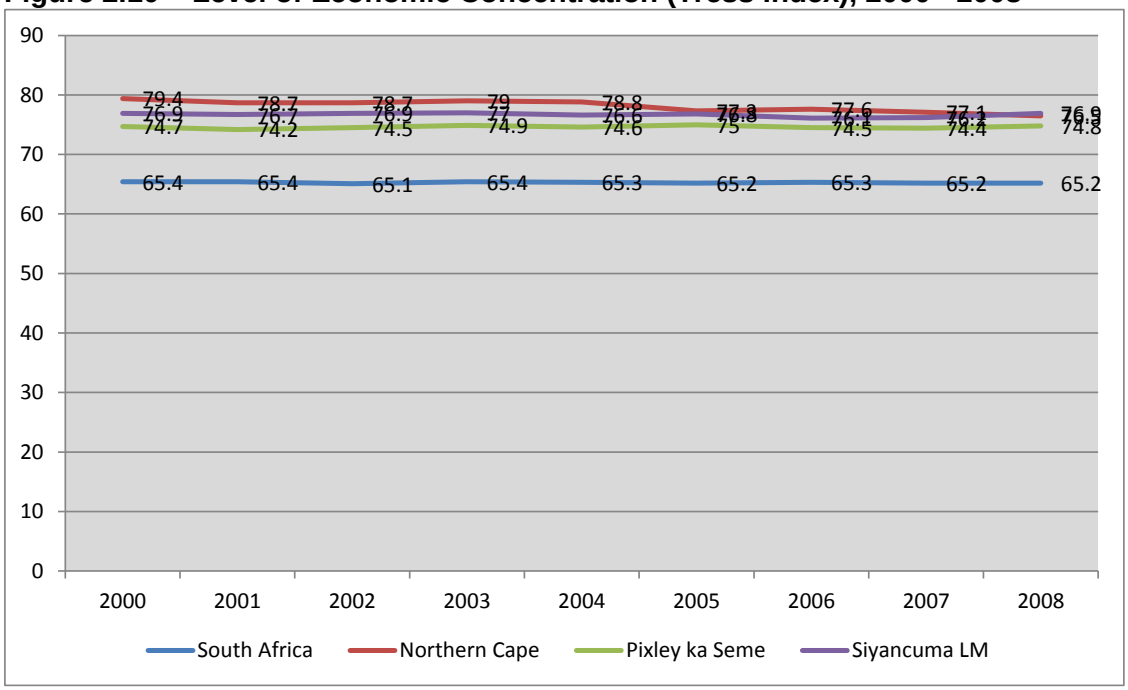
2.3.2. The Character of the Local Economy

Figure 2.10 illustrates the level of economic concentration in Siyancuma and compares it with the larger region. The level of diversification or concentration of a region's economy is measured by a tress index. A tress index of zero represents a totally diversified economy. On the other hand, the higher the index (closer to 100), the more concentrated or vulnerable the region's economy to exogenous variables, such as adverse climatic conditions, commodity price fluctuations, etc.

It is evident that the level of concentration in Siyancuma is very high (76.9) when compared with the larger region (especially with the South African average of 65.2). Since 2000, the tress index in the local economy stayed constant at 76.9, while the Provincial and National economies became more diversified. This implies that the local economy is becoming increasingly vulnerable to exogenous conditions such as market fluctuations and especially variables that have a direct impact on agriculture. It is thus of central importance that LED role players endeavour in their development efforts towards the diversification of the economy.

A location quotient compares the local share of economic activity in a particular industry to the regional share of economic activity in the same industry. The result reveals the degree of local specialisation in each industry. If the location quotient for a particular industry is between zero and one, the study area is less specialised than the region, while location quotients greater than one reveal greater specialisation of the industry in the local economy than in the regional economy. Also, observing location quotients over time show if an industry is becoming more or less specialised in an area.

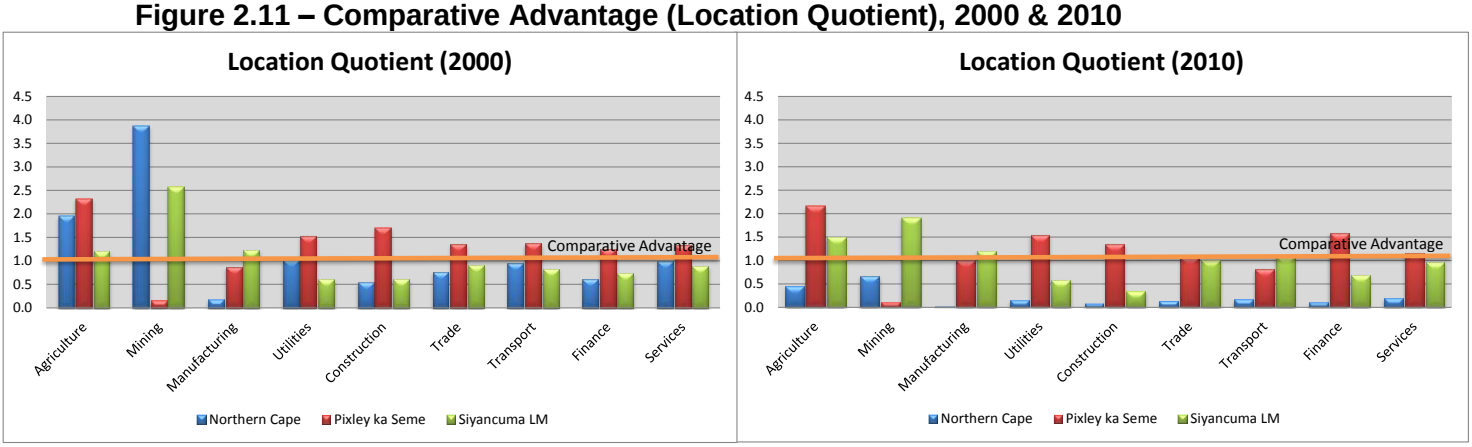
Figure 2.10 – Level of Economic Concentration (Tress Index), 2000 - 2008



Source: Quantec Research, 2012

The location quotient for Siyancuma, Pixley Ka Seme, the Northern Cape and South Africa is compared in Figure 2.11. From the 2010 profile, it is evident that Siyancuma has a comparative advantage in Mining, Agriculture, Manufacturing and Transport. In fact, the location quotient for the Agriculture sector in Siyancuma improved from 1.2 in 2000 to 1.5 during 2010.

Figure 2.11 – Comparative Advantage (Location Quotient), 2000 & 2010



Source: Quantec Research, 2012

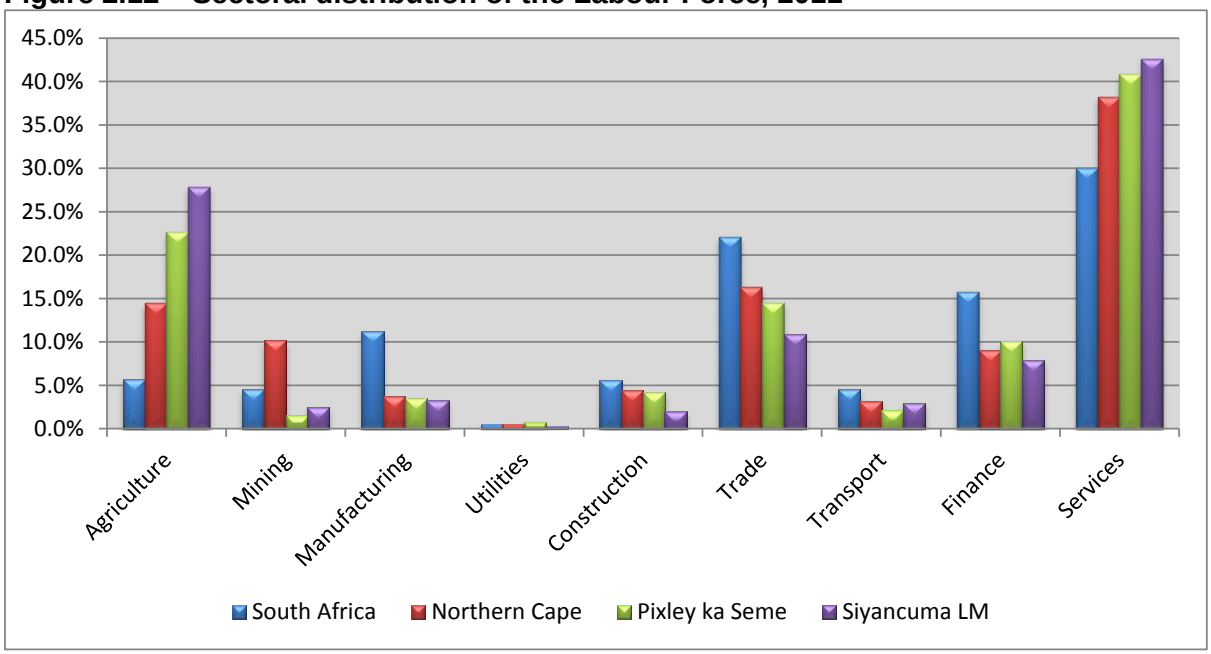
Other local sectors which strengthened in terms of their comparative advantage were Trade, Transport, and Government Services. It is also noted that Pixley Ka Seme enjoys a comparative advantage with regards to Utilities, while Siyancuma does not. In fact, Siyancuma's location quotient for Utilities declined since 2000, while that of Pixley Ka Seme has been constant. It would thus be of key importance in the next section of this report (i.e. the Development Potential Analysis) to explore the reasons for this phenomenon in order to identify strategies that would allow local industries to benefit from this regional development trend.

2.4. Labour Profile

2.4.1. Overview

The 2010 sectoral distribution of the labour force in South Africa, the Northern Cape, Pixley Ka Seme and Siyancuma is illustrated by Figure 2.12. From this profile, it is evident that most workers in Siyancuma are employed in the Government Services sector (around 3,000 workers), followed by Agriculture (about 1,970 workers) and the Trade (about 770 workers) sectors.

Figure 2.12 – Sectoral distribution of the Labour Force, 2011

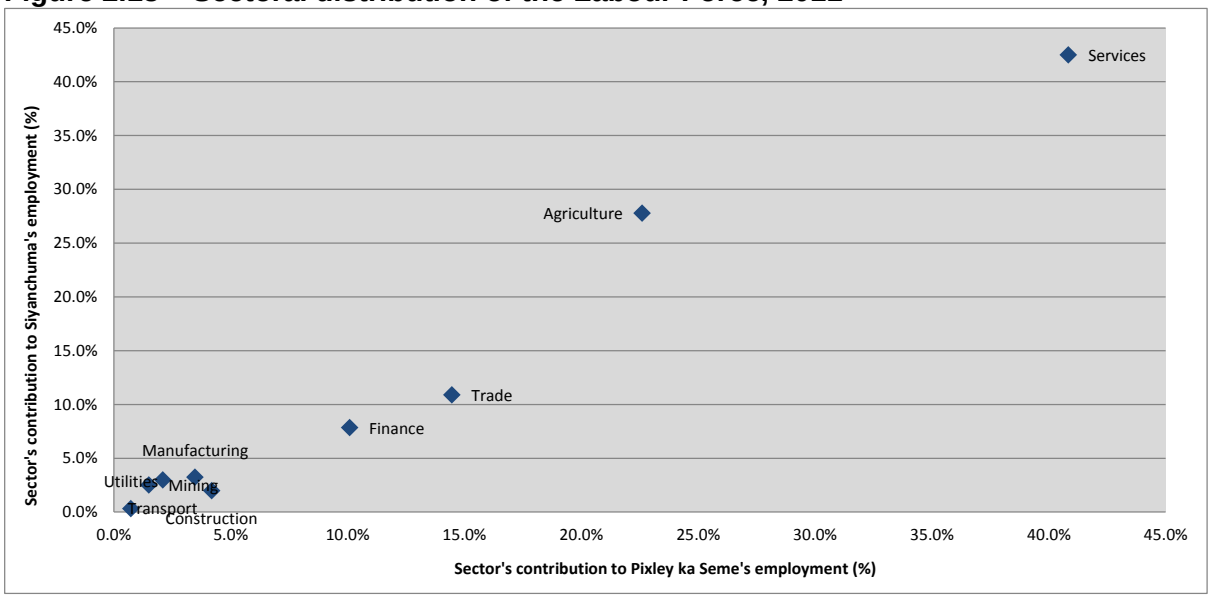


Source: Quantec Research, 2012

Figure 2.13 provides a closer comparison between the sectoral labour profiles of Pixley Ka Seme and Siyancuma. When compared to the District, it can be observed that the labour force of Siyancuma is highly concentrated in the Services sector, while the other regions under observation have a more balanced labour distribution.

Local and regional trends in total employment are depicted by Figure 2.14. From this Figure, it is clear that total employment in Siyancuma has been in fluctuating over the last ten years. Moreover, employment in the study area declined from some 9,000 jobs during 2000 to just below 7,000 in 2010. Over a ten-year period, this could be translated to an average annual decline of 2.5%. Over the same period, employment in Pixley Ka Seme declined by 1.3% on average per annum, while that of the Northern Cape and South Africa increased by 0.9% and 0.5% respectively.

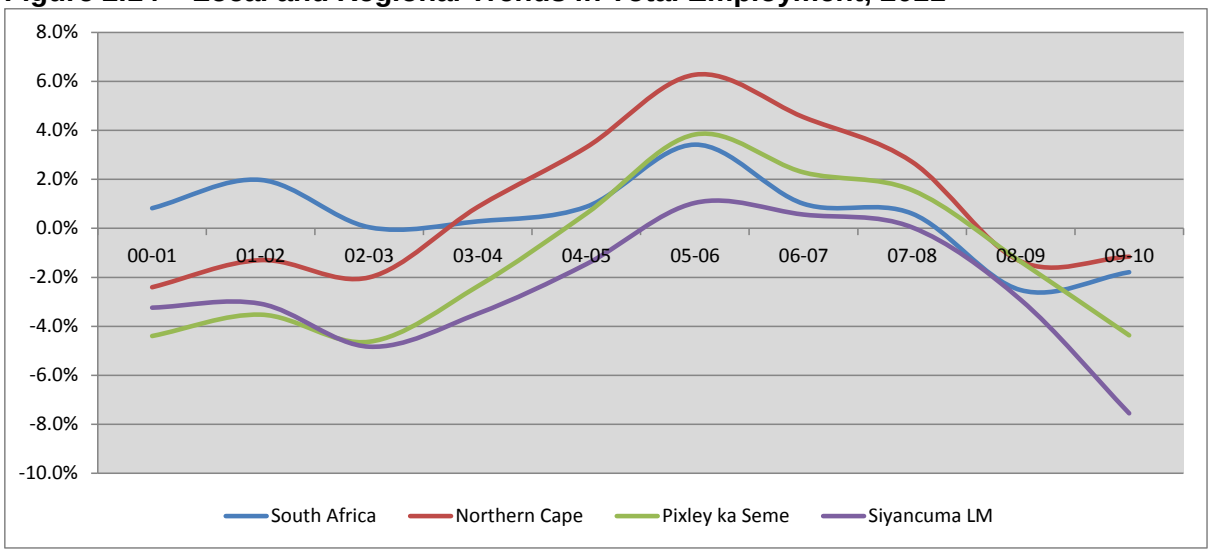
Figure 2.13 – Sectoral distribution of the Labour Force, 2011



Source: Quantec Research, 2012

It is also observed that local employment trends are not well-integrated with that of the larger region, which could be attributed to the concentrated nature (in the Agriculture sector) of the local economy. In contrast, employment trends in Pixley Ka Seme, the Northern Cape and South Africa follow growth profiles that are better correlated due to higher levels of diversity in these economies. The threat presented by employment vulnerability and its socio-economic implications for local communities in Siyancuma cannot be emphasised enough.

Figure 2.14 – Local and Regional Trends in Total Employment, 2011



Source: Quantec Research, 2012

Employment growth is broken down by sector in Table 2.8. From this Table, it is evident that employment in the Construction sector (-8.9% p.a.) has been in steep decline over the past decade followed by Agriculture (-6.3%) and Manufacturing (-4.5%).

Table 2.8 – Average Annual Employment Growth by Sector, 2000 - 2010

Sector	South Africa	Northern Cape	Pixley Ka Seme DM	Siyancuma LM
Agriculture	-7.3%	-5.5%	-6.2%	-6.3%
Mining	2.8%	3.9%	0.5%	-4.0%
Manufacturing	-1.2%	-3.2%	-2.4%	-4.5%
Utilities	1.1%	2.5%	1.8%	-0.7%
Construction	0.1%	-0.3%	-3.4%	-8.9%
Trade	1.1%	2.2%	-0.5%	-0.8%
Transport	2.1%	3.1%	-2.1%	1.2%
Finance	2.6%	5.3%	7.6%	6.1%
Services	1.6%	3.1%	1.4%	-0.1%
Total	**0.5%**	**0.9%**	**-1.3%**	**-2.5%**

Source: Quantec Research, 2012

When these employment trends are compared with those observed for GDP (see Table 2.7), it is noted that total employment declined over the past decade (by 2.5% p.a.), while the economy grew by 0.2% per annum in GDP terms. This phenomenon is referred to as "jobless growth" which implies that local economy is becoming less labour intensive and more capital intensive.

2.4.2. Characteristics of the Labour Force

Key labour and employment indicators are presented by Table 2.9 below for Siyancuma and the larger region.

Table 2.9 – Regional Employment Indicators, 2000 & 2009

Labour Indicators	South Africa		Northern Cape		Pixley Ka Seme DM		Siyancuma LM	
	2000	2009	2000	2009	2000	2009	2000	2009
Labour force ('000)	11,502	12,261	245	272	44	41	5	4
Unemployment rate (%)	30.2	25.1	27.0	27.6	27.7	33.0	21.9	31.1
Labour force participation rate (%)	61.1	52.0	52.5	53.3	54.0	53.6	49.5	45.6
Highly Skilled Workers	12.3%	12.7%	10.7%	11.7%	9.4%	10.9%	8.4%	7.4%
Skilled Workers	39.3%	42.7%	35.4%	39.7%	34.3%	38.6%	32.2%	29.7%
Semi- and unskilled workers	48.4%	44.5%	53.8%	48.6%	56.3%	50.6%	59.4%	62.8%

Source: Quantec Research, 2012

From this Table, the following observations were made:

- While the number of jobs increased in South Africa, as well as the Northern Cape and Pixley Ka Seme between 2000 and 2009, it declined in Siyancuma.
- During 2009, the unemployment rate for Siyancuma was estimated at about 31.1%, which was slightly lower than the District average. The unemployment rate has steadily increased in Siyancuma over the past decade.
- The labour force participation rate indicates the portion of working-age adults who are employed and those actively seeking employment. Since 2000, the portion of such adults decreased from 49.5% to 45.6%. This reflects that there are fewer local jobs available, as well as the fact that unemployed adults are increasingly becoming discouraged in their search for employment.

- Compared to the other regions under observation, a small portion of workers (7.4%) in Siyancuma can be classified as highly skilled. In fact, more than 62% of workers can be regarded as semi- or unskilled workers.

2.5. Institutional Profile

Siyancuma's commitment to Local Economic development must be facilitated through a dedicated administration and bureaucracy. This means that the Municipality's institutional structure must be configured in such a way that it supports LED and that the whole institution is geared towards integrated planning and implementation.

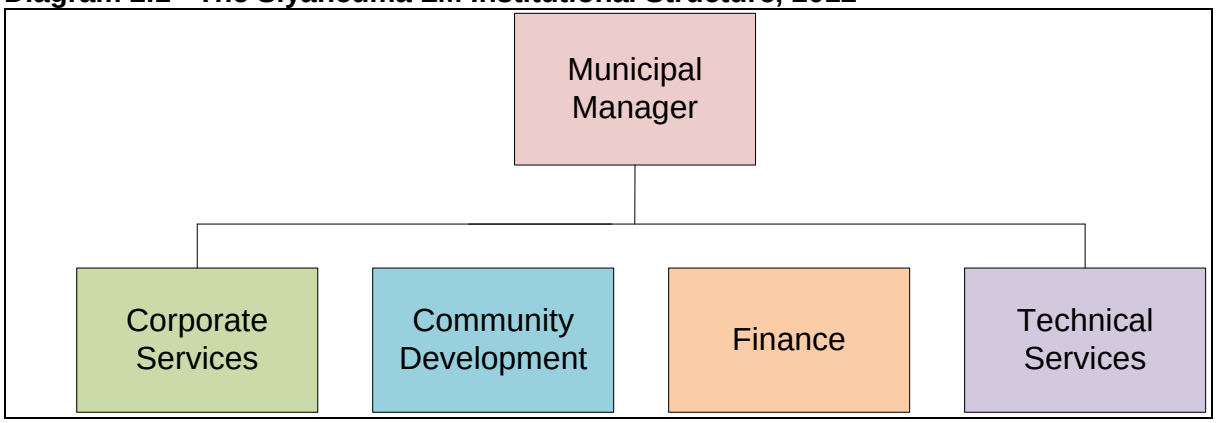
2.5.1. The Siyancuma Institutional Structure

Towards the end of making informed recommendations for implementing the LED Strategy from an institutional perspective, it is important to outline the main objectives of the Strategy to inform the Municipality's organisational structure. These objectives are:

1. To facilitate and promote employment creation and poverty alleviation among local communities.
2. To promote internal and external investment into the local economy that would promote the growth of existing businesses, as well as the establishment of new businesses.
3. To ensure that local entrepreneurs and SMMEs are provided with the necessary support to establish and grow their businesses.
4. To implement strategies, programmes and projects that would create an environment conducive to investment and business growth.
5. To engage and interact with potential private sector investors.
6. To actively promote and market the local area to internal and external investors, in terms of local investment opportunities, planned infrastructure developments by the Municipality and development by other private investors.
7. To investigate approaches for lowering the cost of doing business in the area, as well as possible investment incentives aimed at strategic locations and economic sectors (such as Agriculture & Tourism).
8. To plan for, evaluate, manage and implement LED programmes as a coordinated effort between the Directorates of the Municipality and other role players.
9. To spearhead and drive community interaction, participation and buy-in of LED initiatives in local communities.
10. To act as the guardian of local people by ensuring that LED initiatives benefit them and that LED implementation occurs in such a way that labour intensive methods are applied.
11. To facilitate local access to and taking full advantage of LED and other development support programmes and funding sources provided by government, the private sector and other institutions (such as DTI & IDC programmes and venture capital).

The institutional structure of the Siyancuma Local Municipality is illustrated by Diagram 2.1.

Diagram 2.1 - The Siyancuma LM Institutional Structure, 2012



Source: Siyancuma Municipal Integrated Development Plan, 2011-12

From this Diagram, the following observations can be made:

1. There are four Directorates on equal footing under the management of the office of the Municipal Manager in the structure.
2. The LED Function has not been designated as one of these Directorates but placed under the Corporate Services Directorate.
3. There does not seem to be any direct reporting linkages between LED and the office of the Municipal Manager.
4. Most of the Municipal structure is dedicated to issues relating to administration followed by traditional town planning services (such as water, electricity, refuse removal etc.).

2.5.2. Institutional Recommendations for LED

Due to the high levels of poverty, the concentrated nature of the local economy and the growing unemployment rate, it is strongly recommended that an LED Directorate be established that reports directly to the office of the Municipal Manager.

Diagram 2.2 – Recommended Institutional Structure for the LED Directorate

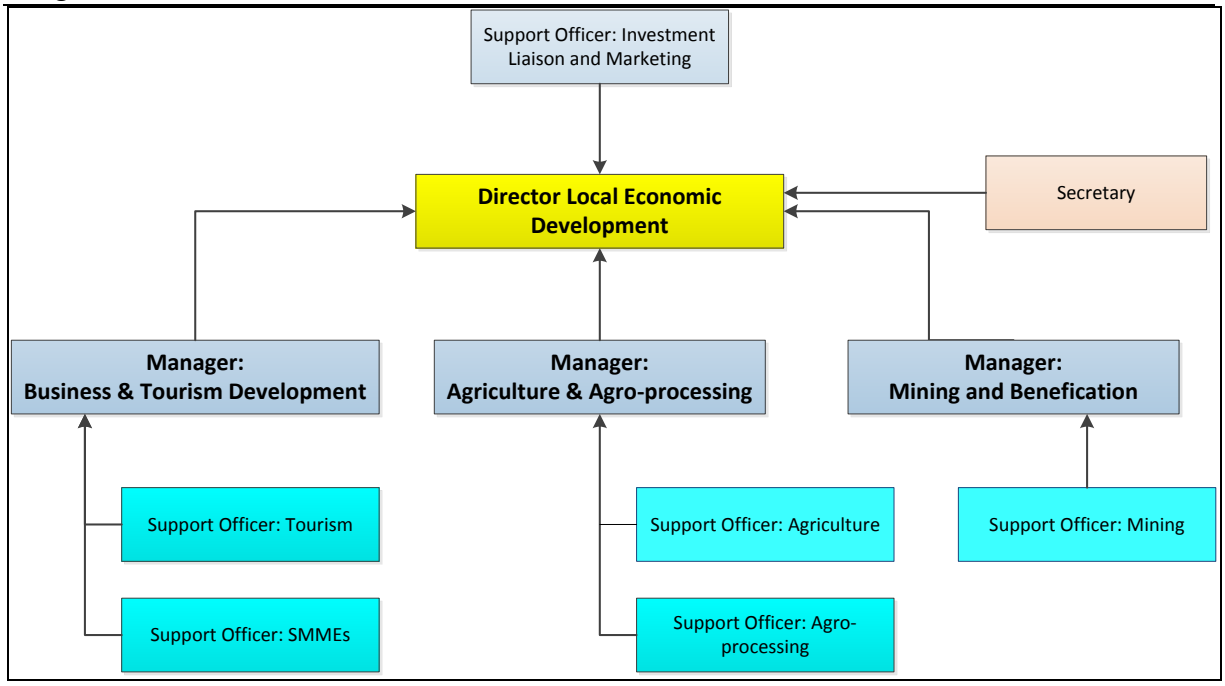


Diagram 2.2 illustrates the recommended institutional structure for the LED Directorate, in line with the LED Strategy Objectives, as well as the IDP's LED Targets and Programmes (2011/12). This structure is deemed to be appropriate to drive and manage the LED functions of the Municipality due to the following reasons:

- The Structure aligns with the LED development objectives, targets and programmes and is therefore geared towards implementation.
- The Structure has been streamlined to promote cooperative planning and integration within the broader Municipal structure.
- The Structure makes provision for hands-on management backed up by the necessary support.
- The Structure allows for clear and predictable performance monitoring of the LED Directorate, as well as the officials assigned to it.
- The Structure allows for Investment Marketing which is seen as a vital part of the LED Strategy.
- The Structure is organised in such a way that it allows for the monitoring of business growth and employment trends associated with the objectives of the LED Strategy.

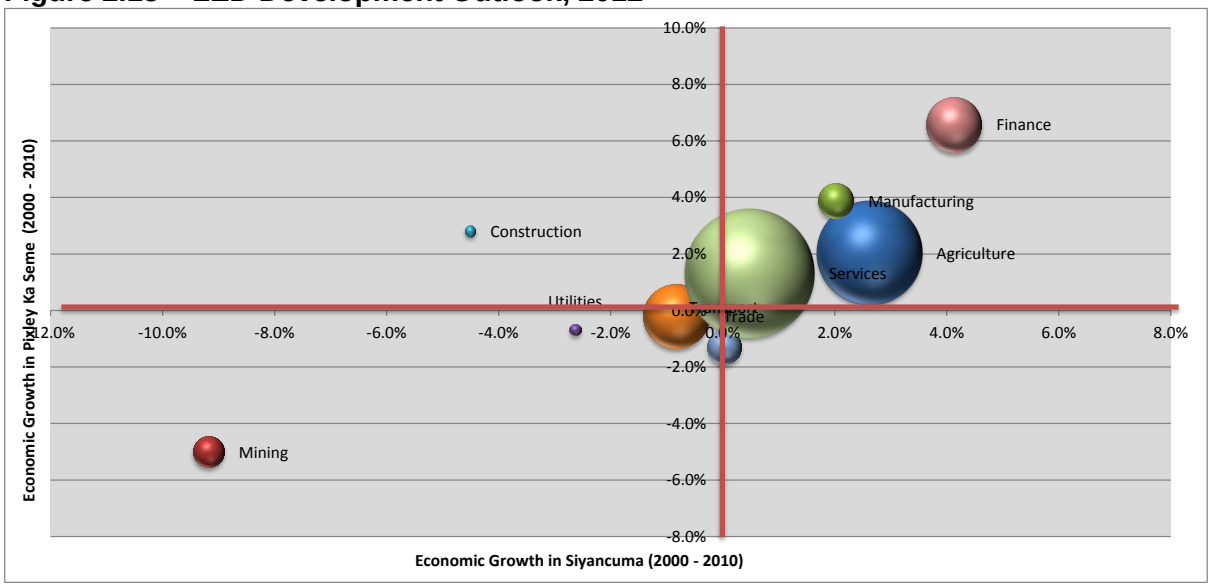
2.6. Inferences for development

Based on the discussion and data presented in this Section, the following inferences for development can be drawn:

1. During 2010, Siyancuma had a population of just over 38,500 people, which made up 21.5% of the District Population and 3.5% of the Provincial Population. The local population total contracted by 0.4% per annum over the last decade. This implies lower fertility rates and that more people are leaving the area when compared to regional averages. The average age of the local population is also becoming older.
2. In Siyancuma, around 16% of adults have a matric certificate, compared to 19.7% of adults in Pixley Ka Seme and 24.7% in the Northern Cape. Since 2000, the number of adults with a matric certificate decreased.
3. A total of almost 9,700 household dwellings were estimated in the Siyancuma municipal area during 2010. This accounted for some 20.7% of all household dwellings in the District, which ranked Siyancuma second among Pixley Ka Seme's Local Municipalities. Apart from sanitation, local households are well serviced in their access to municipal services (i.e. piped water, electricity and brick housing).
4. Households in Siyancuma experience lower levels of income (on average) when compared with the District and the Province. During 2010, the average monthly income per household was R5,502 in Siyancuma compared with the District average of R7,652. Since 2001, household income has grown by 7.2% on average p.a. in Siyancuma compared to 8.7% in Pixley Ka Seme and 9.1% in the Northern Cape. This means that there is a growing welfare gap between households in Siyancuma and the larger region.
5. Local households spend most of their income (almost 30%) on food, beverages and tobacco.
6. During 2010, some 1,500 crimes were reported at police stations in the Siyancuma municipal area. Since 2005, the total number of reported crimes has decreased by 5.6% on average per annum. Overall, the most common type of crime during 2010 in Siyancuma was assault with the intent to inflict grievous bodily harm (398 reported incidents), followed by theft (232 reported incidents).
7. The economy of Siyancuma is highly unbalanced and dominated by the Government Services sector, which contributed R105 million (or 29.0%) to the local economy in 2010. This sector was followed by the Finance (26.7%) and Agriculture sectors (16.1%).
8. Since 2006, the local economy contracted by 0.8% on average per annum. The fastest growing sectors during this period were Finance (3.6%), Agriculture (3.0%) and Manufacturing (1.2%). Siyancuma's economy has a relative comparative advantage in Mining.
9. Most workers in Siyancuma are employed in the Government Services sector (almost 3,000 workers), followed by Agriculture (about 1,900 workers) and the Trade (about 700 workers) sectors. Total employment in Siyancuma has been in constant decline over the last ten years. Furthermore, employment in the study area declined from some 9,000 jobs during 2000 to just below 7,000 in 2010.
10. During 2009, the unemployment rate for Siyancuma was estimated at some 31.1%, which was slightly higher than the District average. The unemployment rate has steadily increased in Siyancuma over the past decade.

Based on the economic production and employment data presented in this Section, a Development Outlook for LED is presented in Figure 2.15. According to this Figure, Finance, Agriculture and Manufacturing sectors performed well locally, as well as in the District over the past decade. Conversely, the Mining and Utility sectors in Siyancuma contracted over the last ten years.

Figure 2.15 – LED Development Outlook, 2012



Source: Quantec Research, 2012

While the first group of sectors can be regarded as drivers of the local economy associated with more aggressive growth strategies, the latter must be interrogated further in the next Section of this report to understand the underlying factors for its contraction (in contrast to positive District growth). These sectors should be associated with business retention and attraction strategies.

SECTION 3: Potential Analysis

3.1. Introduction

The purpose of this Section is to provide an assessment of all the relevant economic activities within the main economic sectors. Each sector will be discussed within provincial and local context, with resultant development opportunities put forward.

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 to evaluate the resource and/or capacity against, in order to indicate whether said resource 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:

1. Availability of raw materials and resources
2. Economic linkages
3. Market trends
4. Gap analysis / Agglomeration advantages
5. Logistics / Nodal point function
6. Regional service delivery function
7. Availability of labour
8. Technology change
9. Enabling policy environment

3.2. Agriculture

Agriculture Sector

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

3.2.1. Pixley Ka Seme Overview

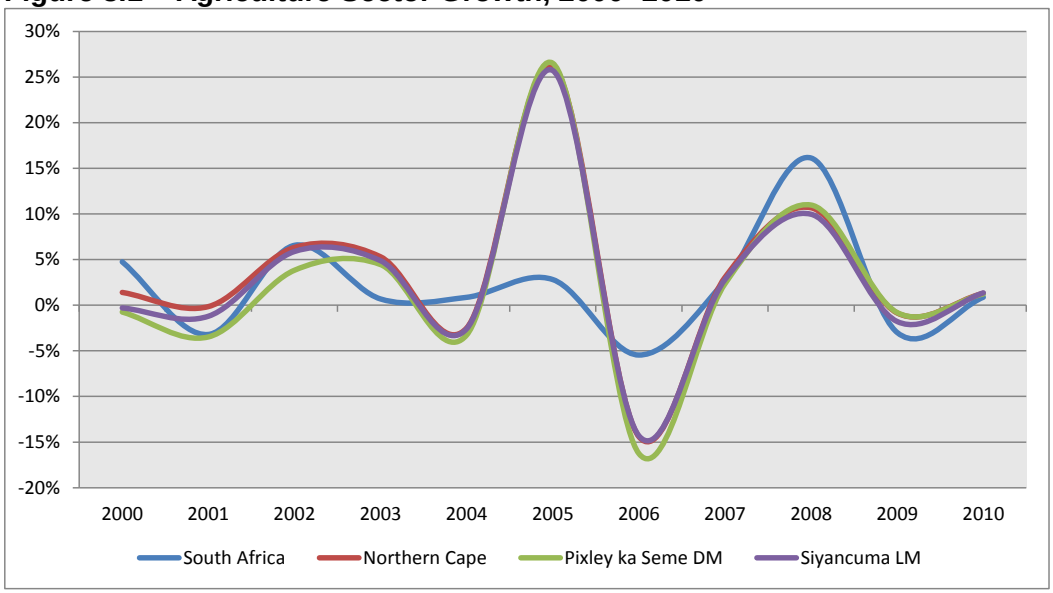
Agricultural production contributed 14.0% to the Pixley Ka Seme District's total economic production in 2008 (GDPR at current prices). Over a ten year period (2000 to 2010), the Agricultural sector experienced an average annual growth of 2.0%.

3.2.2. Siyancuma Overview

The existence of the Orange and Vaal rivers in the region, as well as the exemplary soil conditions make Siyancuma ideal for irrigation farming practises, which include the cultivation of various crops from grains to vegetables. The main livestock farming in the region primarily consists of cattle, sheep and goat farming. Game farms also operate in the area and facilitate tourism and hunting activities.

Figure 3.1 indicates the Agricultural production growth of Siyancuma from 2000 to 2010, which is subsequently compared with the District, the Province and South Africa. From Figure 3.1 it is evident that Siyancuma follows a similar production trend to those of Pixley Ka Seme and the Northern Cape Province. All the areas under discussion showed an annual production increase from 2006 to 2008 and a decrease in annual production in 2009.

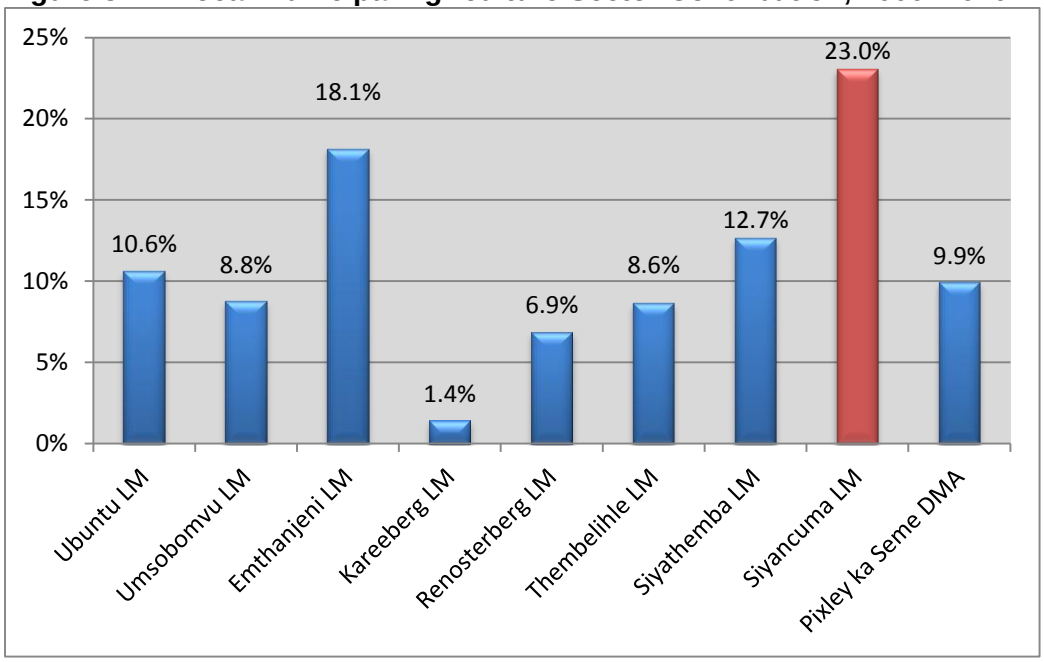
Figure 3.1 – Agriculture Sector Growth, 2000- 2010



Source: Quantec Research, 2012

Figure 3.2 indicates Siyancuma municipality's Agricultural contribution to the Pixley Ka Seme District as compared to the other Local Municipalities' contributions. Siyancuma contributed 23.0% to the District's Agricultural sector, making it the largest contributor to this sector of the District.

Figure 3.2 – Local Municipal Agriculture Sector Contribution, 2000- 2010



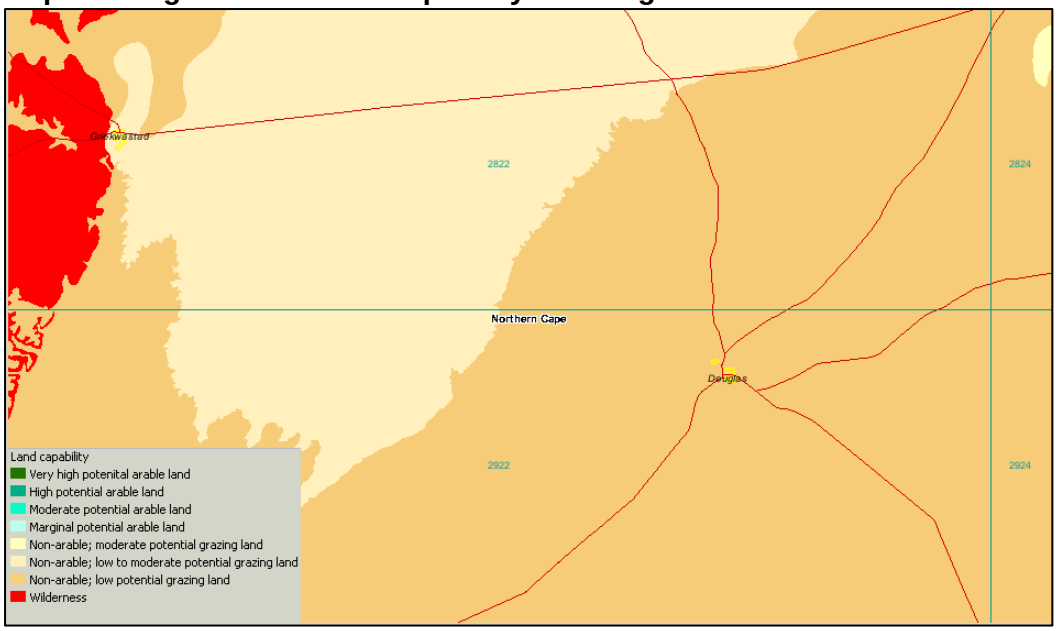
Source: Quantec Research, 2012

Map 3.1 indicates the agricultural land capability of the region, with specific reference to Douglas and Griekwastad. This map defines the potential for arable and grazing land, which provides an indication of the potential for crop and livestock farming. The map also illustrates the areas that are not specifically suited for agricultural practices.

The following observations may be discerned from the information in Map 3.1:

1. Most of the region west of Griekwastad is regarded as non-arable and is designated as a wilderness area. This suggests that the area is appropriate for sheep, goat, or game farming.
2. The areas around Douglas are designated with moderate potential for grazing, which renders these areas suitable for the development of cattle farming.

Map 3.1 – Agriculture Land Capability for Douglas



Source: Agricultural Information System for South Africa (AGIS)

3.2.3. Factors in the Analysis of Development Potential

A. Global Market Trends

Relevant trends that influence the agricultural market include the move towards organic produce, producing goods that work in harmony with, and not against, nature, as well as the development towards producing health and diet foods.

B. Technology Change

Due to the shortage in suitable fertile land for agricultural purposes within the Municipality, the majority of increased production will rely on technological improvements. These technological improvements could increase production and production cost savings, result in better utilisation of scarce resources (i.e. water and fertile land) and enhance management procedures.

Increasingly, methods for extremely efficient irrigation, the use of genetically modified strains that can survive harsher climates, and state-of-the-art indoor growing methods are becoming available.

3.2.4. Development Potential

The following development opportunities have been identified in the Agriculture sector of the Siyancuma Local Municipality:

Table 3.1- Agriculture LED Development Potential

Development Potential
1. The area is ideal for vegetable processing, due to the availability of irrigation and good quality soil conditions. 2. Cattle farming in the area provide an opportunity for the development of a leather tannery. There is also sufficient water supply to support the workings of the tannery. 3. There is an opportunity for the development of game farming, which will support tourism development, meat processing prospects and hunting tours. 4. The production and processing of various ground and tree nuts is a viable industry for the region. This includes the processing and production of oil from the nuts. 5. Grape farming in the area provides a salient prospective for the production of wine. 6. Livestock farming in Siyancuma affords the occasion for the development of a Meat Processing Plant. 7. The area presents the ideal opportunity for compost manufacturing to supply crop farming activities in Siyancuma. 8. Intensive sheep farming should be considered for the production of meat and wool. 9. The cultivation of Lucerne provides a key endeavour to produce feed for livestock farming in the region. 10. Due to the good soil conditions, potato production is an ideal enterprise for the area. 11. Another basic venture may be the development of a Honey farming industry in the area. 12. Cotton processing can be considered to supply the local textile industry or for supplying the export market. 13. Youth incentive programmes are vital for the development of the Agricultural Sector in Siyancuma.

3.3. Mining

Mining Sector

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

3.3.1. Pixley Ka Seme Overview

The Mining sector in Pixley Ka Seme contributed 2.8% to the total District GDPR in 2010 (GDPR at current prices). This indicates that the District does not play a significant role in the Provincial Mining sector, where Pixley Ka Seme only contributes 1.4%.

3.3.2. Siyancuma Overview

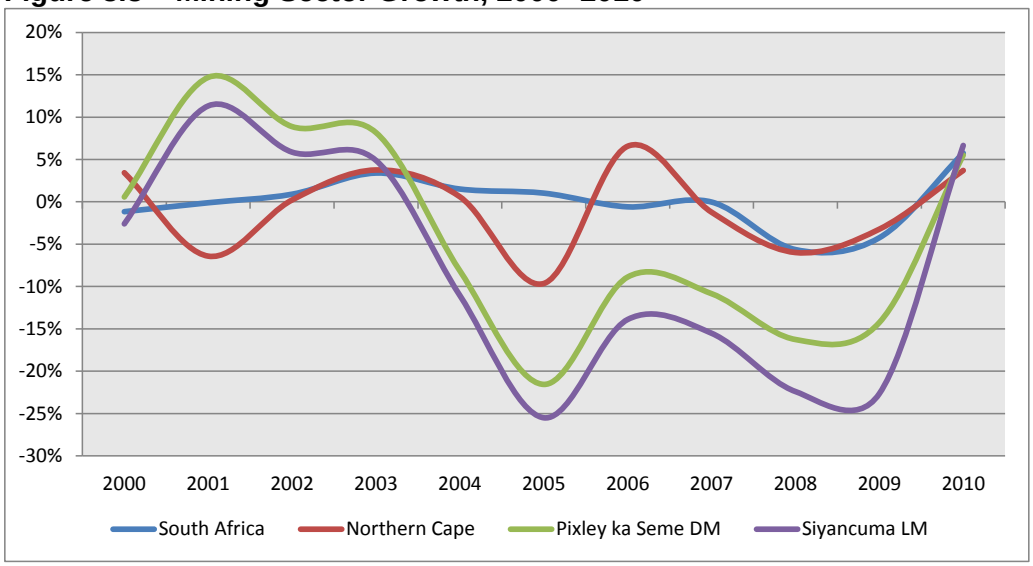
The main Mining activities in Siyancuma include alluvial diamond mining along the Orange and Vaal rivers. Various semi-precious stones, such as tiger-eye, are produced in the region.

There are also deposits of the following mining-related minerals in Siyancuma:

1. Zinc deposits
2. River sand
3. Jasper stone
4. Lime stone (Campbell)

Figure 3.3 indicates the Mining production growth of Siyancuma from 2000 to 2010, which is correspondingly compared with the District, the Province and South Africa. From Figure 3.3 it is evident that Siyancuma follows a slightly lower production trend than Pixley Ka Seme District's mining sector from 2000 to 2010.

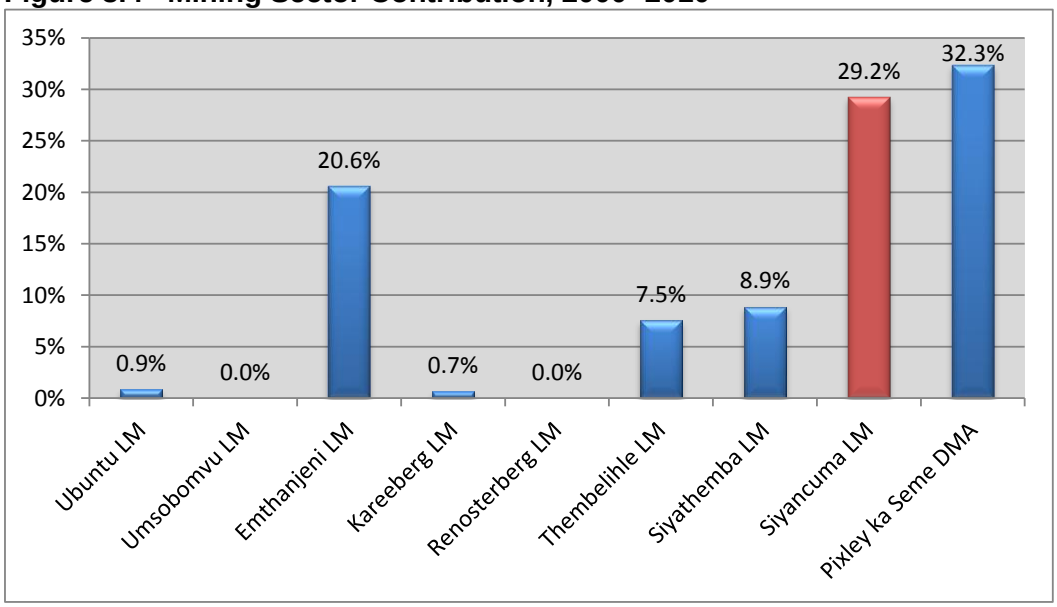
Figure 3.3 – Mining Sector Growth, 2000- 2010



Source: Quantec Research, 2012

Figure 3.4 indicates the Siyancuma municipality's mining contribution to the Pixley Ka Seme District sector as compared to the other Local Municipalities in the region. Siyancuma contributed 29.2% to the District's mining sector, indicating that Siyancuma is the largest Mining Municipality in Pixley Ka Seme.

Figure 3.4 –Mining Sector Contribution, 2000- 2010



Source: Quantec Research, 2012

3.3.3. Factors in the Analysis of Development Potential

A. Economic Linkages

Growth around a mineral-based project can be fostered by broadening the economic linkages that arise as a consequence of the project's activities, in order to meet the challenges of a resource-based economy. There are three types of economic linkages that

could be fostered/encouraged around a mining (or natural resource-based) operation in a particular area:

1. Downstream linkages or activities engaged in the further beneficiation or processing of an ore or concentrate.
2. Side stream linkages arising from the supply of local goods and services to operating companies.
3. Geographical linkages. Promoting the development and expansion of such activities provides the basis for the emergence of local clusters of industrial activities, which can spin-off into other areas and applications engendering much greater economic benefits for a region in terms of diversification and job creation.

The challenge facing Siyancuma is how to broaden and encourage the opportunity spaces presented by the availability of mineral resources. Mineral-based activities, whether large- or small-scale, have the potential to stimulate economic diversification and industrial development in a region, provided a number of issues are borne in mind.

Firstly the overall economic impact of a specific mining or minerals processing project is highly dependent on the fullness and depth of the 'cluster' of activities that form and agglomerate around it. Clustering- or linkage development arises both as a direct and indirect consequence of the construction and successful operation of a particular resource-based project. Direct impacts include upstream, side stream and downstream activities. Indirect impacts refer to the broader economic linkages and spin-off effects that are induced in the local economy as a consequence of each of these direct impacts. These include the linkages that arise between the various resource-based projects themselves, as well as different sectors in the immediate vicinity of the project and further afield. The scale and depth of clustering that arises as a consequence of indirect impacts is likely to be much more extensive and the employment multipliers much greater than those arising from direct spinoffs. It is the degree of direct linkage development, therefore, which ultimately determines the long-term maturity and success of clustering around a project and in the local economy. Each direct spin-off from the initial industry provides the impetus for further employment spinoffs either in supporting industries and enterprises or the service sector. These indirect spinoffs, in turn, facilitate the diversification of the economy through the development of additional manufacturing and service activities as employee demands for different products begins to increase.

Secondly, a number of possibilities in side stream and indirect activities exist. 'Side stream' activities refer to the service network, vendors and key contracting firms directly affiliated with a particular mineral project's operations. Not only is this sector significant in terms of contributing to broadening the local employment base and enhancing the potential for further employment spinoffs, but it is of critical importance to the functioning of all departments within a particular mineral-based operation. The 'side stream' sector associated with each mine or processing plant usually comprises vendors of various sizes, providing either hard or soft services.

Hard services are usually production-related activities and plant specific and include:

1. Hard engineering companies
2. Engineering suppliers
3. Construction and manufacturing firms
4. Heavy equipment, industrial and electrical suppliers

While most of these activities are technical in nature and require skills which are largely absent in the area and sourced from outside, there are, nevertheless, a number of areas where SMMEs can be developed as preferred suppliers and establish workshops and facilities in the immediate vicinity of such plants. Such opportunities include:

1. Localisation of spares (conveyors, mechanic al power equipment, motors and generators, bearings, pumps, fasteners, springs etc.)
2. Maintenance facilities
3. Supply of consumables required in the daily operation of the project (chemicals, reagents, etc.).

Soft (non-production) services include:

1. Security,
2. Industrial cleaning and plant hygiene
3. Garden/landscaping
4. Interior plant management
5. Consumables
6. Catering
7. Personal protective equipment
8. Legal/logistic activities
9. Consultants (IT, environmental and industrial)
10. Waste management
11. Painting services, etc.

Such functions offer numerous opportunities for SMME development and economic diversification. Training programmes and apprentice schemes may need to be introduced to improve the skills and capabilities of the workforce to be able to take advantage of and identify new opportunities. Industrial development can also be enhanced by recognising and targeting the indirect activities that are often associated with mineral-based operations.

Various types of indirect impacts generally arise as a consequence of the operation of a resource-based plant (and its downstream operation) at different levels:

1. At the local level, suppliers contracted directly to the resource-based plant will foster additional linkages through interaction with other suppliers of goods and service firms located in the area.
2. Indirect impacts and multiplier effects are enhanced and fostered as a result of an increase in disposable income – a direct impact of employment at the plants and in the supplier network. As the wages and security of livelihoods increase, demand patterns change. A more diversified mix of enterprises providing a range of products and services starts to emerge. Such activities include, inter alia, entertainment, retail, education, care/medical, residential and transport facilities.
3. Clustering and diversification arise from inter-project linkages – i.e. utilisation of inputs, outputs and by-products produced by each mine and processing plant.
4. Another indirect possibility lies in encouraging the indirect impacts related to inter-sectoral linkages – i.e. linkages arising between the mining sector and other industrial and economic sectors in the Municipality. Other sectors that stand to benefit from these mineral based projects include transport, construction, Agri- and geological tourism, etc. Close collaboration and interaction between the private and public sector will be critical in order to capitalise on these indirect opportunities.

B. Logistics

The cost and availability of suitable transport systems remains one of the major factors inhibiting the further development of the Mining industry in the Northern Cape Province. It affects both the expansion of the iron mines, as well as the development of new mines, both large and small.

Another possibility arises in looking for ways in which the Municipality can assist in making it financially feasible to beneficiate locally. The beneficiated product would have more value and would require less rail capacity.

C. SMME Support

An association dedicated to the support and development of the SMME side of the minerals industry in Siyancuma is required. In order to optimise the exploration, production and financial aspects of SMME mining, central co-ordination of the efforts of producers must be investigated, as centralised services such as geological consulting, exploration services, mining, legal and financial services. It is impossible to mine without adequate funding; SMMEs should be assisted with issues such as access to capital in order for them to fully optimise their operations.

D. Small Scale Mining Development

The Siyancuma Local Municipality should assist as many small scale operations as possible to get off the ground. In some cases, this will involve upgrading of the infrastructure such as roads, in others it could involve research into minerals and their markets, or assisting with equipment or accommodation for small projects. In order for this to occur, the Municipality will have to look at the infrastructure, such as roads and ensure that they are in a condition fit for transporting the various mineral products to the market. Housing for lower income groups also needs to be addressed and this may present an opportunity to manufacture bricks locally.

E. Availability of Labour

With high unemployment levels in Siyancuma, there is a large labour pool to generate employment in the Municipality and this pool of employment could be incorporated into Mining projects. There is, however, a need for skilled labourers and the region has a shortage such labour. Big mining companies have to take the initiative to train local workers for the improvement of skills in the local Mining sector.

3.3.4. Development Potential

The following development opportunities have been identified in the Mining sector of the Siyancuma Local Municipality:

Table 3.2- Mining LED Development Potential

Development Potential
1. There is an opportunity for the beneficiation of diamonds and semi-precious stones in Siyancuma. There is also an occasion for exporting of these stones. 2. There is a prospect for the production of paint from limestone deposits in the region. Limestone can also be utilised within the Agriculture Sector and the construction of roads. 3. A Tiger-eye and Slash Stone Polishing Plant can be developed in the Municipality. 4. The production of salt-related products is another viable opportunity. 5. The quarrying of building sand and pebbles from the Vaal and Orange Rivers can bring valuable revenue to the area. 6. The establishment of a small-scale diamond cutting and polishing hub in Douglas can create much-needed beneficiation possibilities within the mining sector.

3.4. Manufacturing

Manufacturing Sector

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

1. Food, beverages and tobacco
2. Textiles, clothing and leather goods
3. Wood and paper; publishing and printing
4. Fuel, petroleum, chemical and rubber products;
5. Other non-metallic mineral products, e.g. glass;
6. Metal products, machinery and household appliances;
7. Electrical machinery and apparatus
8. Radio, TV, instruments, watches and clocks
9. Transport equipment
10. Furniture and other manufacturing

3.4.1. Pixley Ka Seme Overview

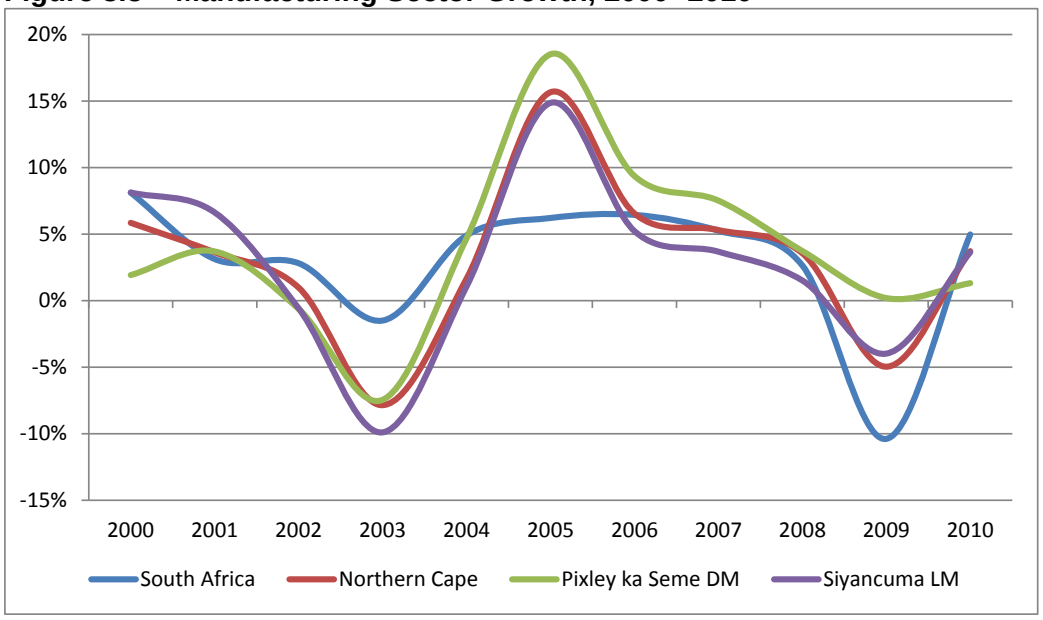
The Pixley Ka Seme Manufacturing sector contributed 11.9% to the total GDPR (GDPR at current prices) of the Northern Cape in 2010. Manufacturing in the district has strong links with the Agriculture sector.

3.4.2. Siyancuma Overview

Agro-processing is the main Manufacturing activity in Siyancuma, which consists of the production of various Fruit and Vegetable related products. The Siyancuma region's manufacturing profile also entails small-scale value-adding of agricultural produce, such as meat production from sheep and game. The availability of water from the Vaal and Orange Rivers makes Siyancuma ideal for industrial development.

Figure 3.5 indicates the Manufacturing production growth of Siyancuma from 2000 to 2010, compared with the figures of the District, the Province and South Africa. From Figure 3.5, it is evident that Siyancuma follows a relatively similar production trend to that of Pixley Ka Seme District's manufacturing sector, except for a decline post-2009.

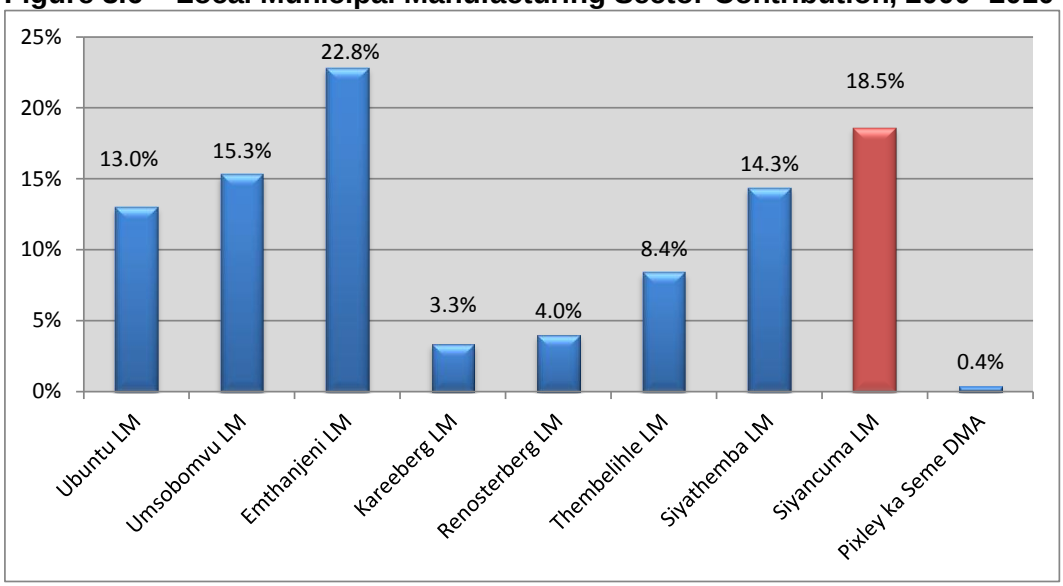
Figure 3.5 – Manufacturing Sector Growth, 2000- 2010



Source: Quantec Research, 2012

Figure 3.6 indicates the Siyancuma municipality's manufacturing contribution to the Pixley Ka Seme District sector, compared to the other Local Municipalities in the region. Siyancuma contributed around 18.5%, which makes it the third most productive Municipality, in terms of manufacturing, in Pixley Ka Seme.

Figure 3.6 – Local Municipal Manufacturing Sector Contribution, 2000- 2010



Source: Quantec Research, 2012

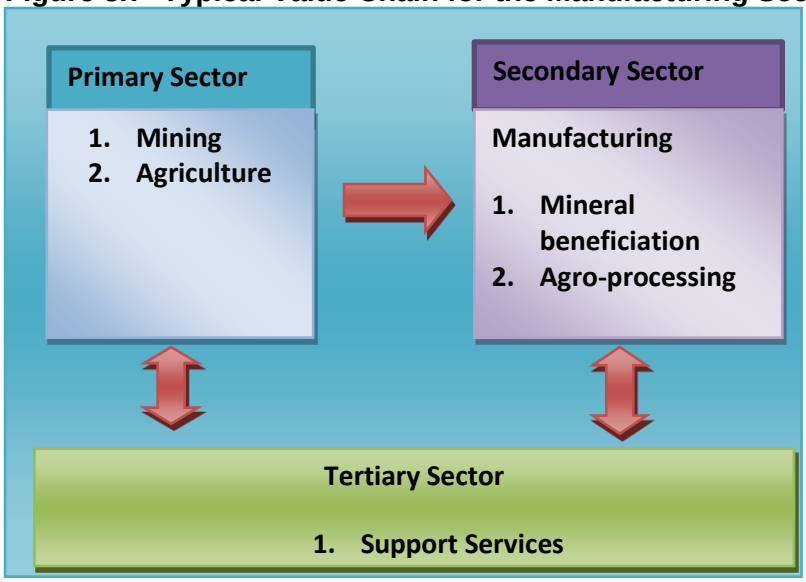
3.4.3. Factors in the Analysis of Development Potential

A. Value Chain

The value chain in manufacturing usually progresses from the primary sector to the secondary sector and subsequently to the tertiary sector. At any stage during a value chain, inputs are required to proceed to the next "phase". This may be in the form of raw materials

and goods and services. The various actors interact between the sectors forming linkages between sectors which play a crucial role in ensuring the sustainability of the manufacturing sector. This interaction essentially relates to a supply and demand side interaction between the role-players. Siyancuma provides opportunities in agro-processing and mineral beneficiation. Although the value chain for the Manufacturing sector is more sophisticated, a simplistic value chain for the sector is depicted in Figure 3.7.

Figure 3.7- Typical Value Chain for the Manufacturing Sector



B. Economic Linkages

Both backward and forward linkages with agriculture, as well as mining activities have gone largely unexploited, with input materials and machinery mostly being imported into Siyancuma and raw products leaving the Municipality, as opposed to significantly more valuable processed products leaving the area.

C. Availability of Labour and Skills

A shortage of critical skills needed within the manufacturing sector, such as technical and artisanal skills, is one of the major development constraints within this sector. This has also been acknowledged as a "binding constraint" within the Manufacturing Sector by development policies, such as the new growth path and IPAP2. This provides an opportunity for Siyancuma to develop a manufacturing skills training centre.

D. Global Market Trends

Reduced trade barriers have created enormous opportunities for producers in South Africa to sell goods and services in other countries. However, foreign companies also compete for the patronage of local consumers and globalisation also poses a serious threat to local manufacturing trends. Consciously making environmentally-beneficial decisions has gone from a luxury choice to a necessary one. Over the past decade, 'green' was considered a lifestyle choice adopted by environmentalists, then the affluent, but today it has become a mainstream feature of many products and services.

Green Manufacturing

Green manufacturing has become a powerful marketing tool. Consumers increasingly have begun buying green products that are more cost effective and healthier and leave less of a carbon footprint on our planet. As a result, manufacturers are developing products that fit this need. At the same time, they are implementing supply chains that are greener.
The basics of green manufacturing focus on minimizing the impact of the manufacturing process on the environment. It begins with the development of green products and extends to implementing a green supply chain. Once this has been done, green manufacturing can be turned into a marketing advantage. Manufacturers viewed as being green, such as Toyota and General Electric, have converted the concept into more sales. The following are some basic characteristics of green manufacturing:

1. Less consumption of natural resources, such as water and coal
2. Less energy used in production
3. Less gas and toxic material released into the environment
4. Less waste created from the manufacturing process

Product development studies show that the design stage determines 70% of a product's environmental impact. Biodegradability results in a substantial savings for many local communities that pick up green waste. If customers gather leaves and such into plastic bags, the garbage company has to remove all the bags, which is costly. With the biodegradable garbage bag, everything can be composted together, and that translates into huge savings.

Green Supply Chain

To be successful, green products require a green supply chain. Supply chains involve everything from the purchase of production materials to the delivery of the finished product to the customer. This means every aspect of a business needs to adopt a green approach. To make this happen, manufacturers need to implement an overall green strategy. [1]

E. Niche Markets

A niche market is a focused targetable segment of a market. A business that is focused on a niche market is usually offering a product or service that is not being addressed by mainstream providers. In other words, a niche market is a narrowly defined segment of potential customers.

Niche markets are typically ignored by large businesses because the market is too small to be interesting or to make their economies of scale effective. Niche markets are therefore ideal for small, specialised businesses. This is due to the fact that these small specialised businesses can generally charge a premium or enjoy the benefit of little (or even no) competition. Siyancuma has the opportunity to manufacture and package "niche" agricultural products for markets in Gauteng and the rest of the country.

F. Technology Change

The world of manufacturing has reached a turning point because of the influence and impact of Technology. Manufacturing information systems today support the production functions of companies. Production functions include the activities concerned with planning and control

[1] Source: All Business, Green Manufacturing – Supply Chains and Marketing (www.allbusiness.com)

of the processes used in producing goods and services. Computers are at the root of these processes. Computer-based manufacturing information systems use several major techniques to support Computer-Integrated Manufacturing (CIM). Benefits of CIM systems include:

1. Increased efficiency through work simplification and automation.
2. Improved utilization of production facilities.
3. Reduced investment in production inventories using Just-In-Time practices.
4. Improved customer service.
5. Improving Information Technology.

G. Enabling Environment

The following factors should be taken into account when accessing the readiness, or enabling environment of an area:

1. The quality and extent of hard infrastructure such as road and rail networks.
2. The sophistication of local telecommunications, banking and finance services similarly impact on the input and operational costs of doing business.
3. The extent to which spatial and land planning policies and documents are flexible to the needs of businesses and the relative ease of following land planning processes, such as rezoning applications.
4. The sophistication of the public sector.
5. The quantity and quality of available labour and training programmes, in relation to the specific human resource requirements of investors.
6. Quality of life factors, such as the supply of housing and personal lifestyle facilities (such as educational, cultural and recreational services) also have an impact on the attraction of particular investment.

3.4.4. Development Potential

The following development opportunities have been identified in the Manufacturing sector of the Siyancuma Local Municipality:

Table 3.3- Manufacturing LED Development Potential

Development Potential
1. There is an opportunity for the establishment of an Agro-processing Plant in Siyancuma to produce various products from farming activities. 2. The establishment of a cattle abattoir for the production of meat and leather will add to the beneficiation of local products. 3. The establishment of engineering works to facilitate and supply the Agriculture and Mining Sector will enhance the local value chain. 4. The creation of a mineral processing and beneficiation plant can become a viable project in the area. 5. The introduction of a Winery to produce wine from grape farms in the area will add value to agricultural produce. 6. The development of a venison meat processing plant from the game farming industry in Siyancuma will bring considerable benefit to local beneficiation of agricultural produce. This also provides an opportunity for taxidermy practises. 7. An ideal opportunity exists to manufacture honey-related products in the region. 8. There is a prospect for the production of peanut butter and oil from the existing peanut production industry in Siyancuma. 9. The establishment of an Aqua-culture (yellow fish) and Fish Processing Plant in the Vaal or Orange Rivers will enhance the utilisation of the plentiful resources the rivers have to offer. 10. There is occasion for the development of a grain mill in the area. 11. The prospect of establishing a mineral water bottling plant should be investigated. 12. Production of sun-dried fruit and vegetables from the region's extensive Agriculture Sector will add additional revenue to farmer's crop yields. 13. There is an opportunity for the establishment of a potato chips factory to supply local retail shops.

3.5. Retail and Wholesale Trade

Retail and Wholesale Trade Sector

This sector is defined as the resale (sale without transformation) of new and used goods to the general public for personal or household consumption or use by shops, department stores, stalls, mail-order houses, hawkers and peddlers, consumer cooperatives, etc.

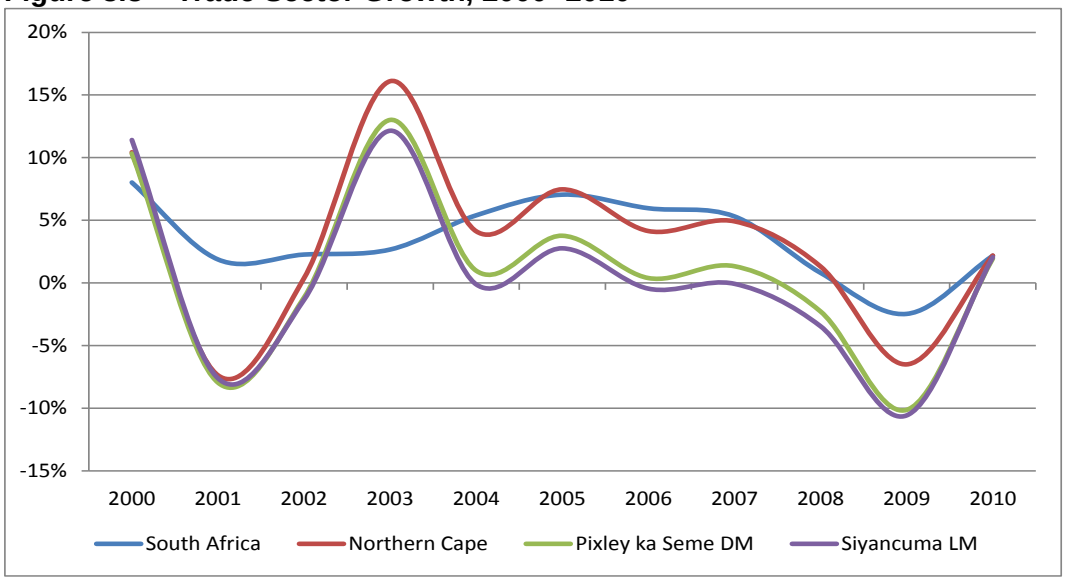
3.5.1. Pixley Ka Seme Context

The trade sector in Pixley Ka Seme contributed 12.1% to the total District GDPR in 2010 (GDPR at current prices). The District in turn, contributed some 12.6% to the Northern Cape Wholesale and Retail Trade Sector.

3.5.2. Siyancuma Context

The town of Douglas is the main Wholesale and Retail Trade centre in the region and serves as an important trade destination for the local Agriculture sector. Figure 3.8 indicates the Wholesale and Retail Trade Sector production growth of Siyancuma from 2000 to 2010 compared with the sectors of the District, the Province and South Africa. From Figure 3.8 it is apparent that Siyancuma experienced a relatively lower growth trend in trade to that of Pixley Ka Seme District's trade sector, however the sector has shown positive growth in 2010.

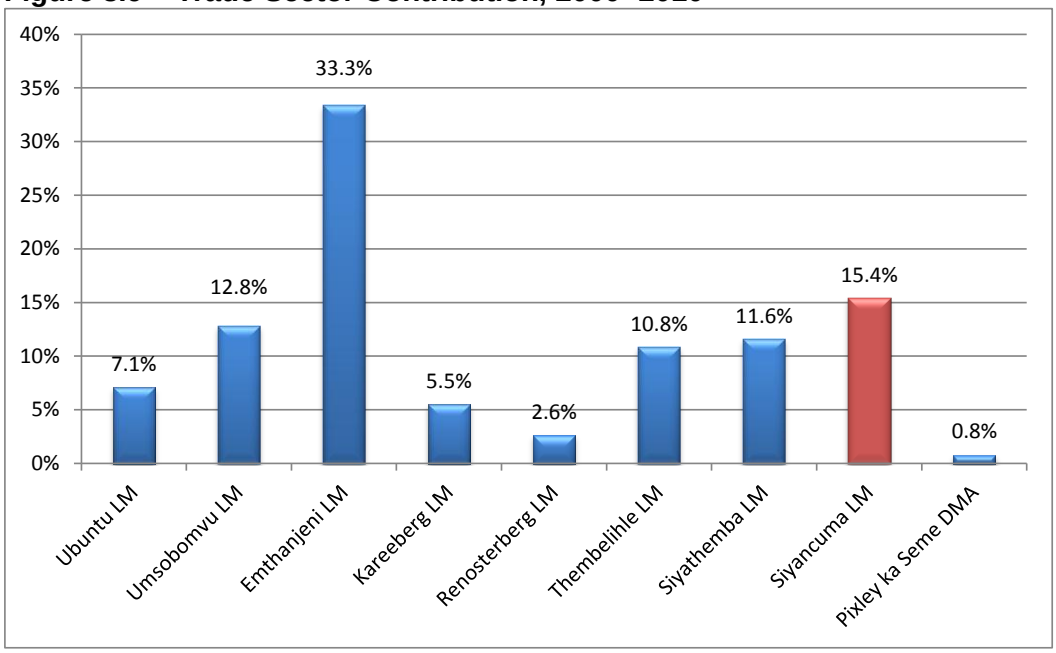
Figure 3.8 – Trade Sector Growth, 2000- 2010



Source: Quantec Research, 2012

Figure 3.9 indicates the Siyancuma Wholesale and Retail Trade sector's contribution to the Pixley Ka Seme District sector as compared to the other Local Municipalities in the region. Siyancuma contributed around 15.4%, the second highest Municipality, in terms of Trade in Pixley Ka Seme.

Figure 3.9 – Trade Sector Contribution, 2000- 2010



Source: Quantec Research, 2012

Table 3.4 indicates the expenditure profile of Siyancuma and indicates the main demand for various Wholesale and Retail Trade categories. Food and beverages made up 27.1% of household expenditure in Siyancuma, followed by rent for accommodation at 16.7%.

Table 3.4- Main Expenditure Categories

Household Expenditure Category	%
Furniture, household appliances, etc.	1.1%
Personal transport equipment	3.5%
Recreational and entertainment goods	1.7%
Other durable goods	0.6%
Clothing and footwear	3.6%
Household textiles, furnishings, glassware, etc.	1.0%
Motor car tyres, parts and accessories	1.2%
Recreational and entertainment goods	0.9%
Miscellaneous goods	0.5%
Food, beverages and tobacco	27.1%
Household fuel and power	2.9%
Household consumer goods	3.7%
Medical and pharmaceutical products	2.0%
Petroleum products	2.8%
Recreational and entertainment goods	0.7%
Rent	16.7%
Household services, including domestic servants	2.9%
Medical services	6.0%
Transport and communication services	8.7%
Recreational, entertainment and educational services	3.5%
Miscellaneous services	8.8%

Source: Quantec Research, 2011 (Standardised Data derived from StatsSA

3.5.3. Development Potential

The following development opportunities have been identified in the Wholesale and Retail Trade sector of the Siyancuma Local Municipality:

Table 3.5- Wholesale and Retail Trade LED Development Potential

Development Potential
1. Establishing retail developments in all the main business centres in the Municipality will create many business opportunities for local businessmen. 2. Development of the N8 development corridor will facilitate trade in Siyancuma. 3. Entrepreneurial and SMME development support should be facilitated throughout the region. 4. Tourism-related trade initiatives in Siyancuma bring many advantages to the trade industry, which may be capitalised upon. 5. The establishment of a regional fruit and vegetable market that will be supplied by local farming activities will add revenue to the local economy.

3.6. Tourism

Tourism Sector

Tourism is not an economic sector on its own, but forms part of other economic sectors especially the Trade, Transport and Finance sectors. However, due to its increasing importance as an income and employment generator in South Africa, it is believed that this sector should be discussed separately from the other sectors.

3.6.1. National and Provincial Context

Domestic tourism is a significant contributor to the tourism industry that often receives less attention than international tourism. In South Africa, domestic tourism contributes significantly to the tourism sector, accounting for 79% of total tourism in 2010. However, it contributed only 23% to total tourism revenue in the same year. The total number of trips taken in South Africa has decreased by 600 000, while the number of travelling adults decreased by 1.2 million. This implies that the average number of trips taken per traveller has increased.[2]

3.6.2. District and Local Context

The town of Douglas was founded in 1848 as a mission station on the farm Backhouse, by the Reverend Isaac Hughes. In 1867, a group of Europeans from Griekwastad signed an agreement giving them the right to establish a town. It was named after General Sir Percy Douglas, Lieutenant Governor of the Cape Colony. The confluence of the Orange River and its main tributary, the Vaal River, Douglas is located near the town.

The town of Griekwastad got is name from the Griqua leaders, Adam Kok II and Andries Waterboer in 1813, when the town called Klaarwater was renamed Griekwastad. A Mission was originally established in the area[3].

The Mokala National Park and Witsand Nature Reserve provide visitors to the region with a unique wildlife and bird watching experience.

The following are the main Tourism attractions in the region:

1. Die Neus: The confluence of the Orange and Vaal Rivers
2. Douglas Wine Cellar
3. Driekopseiland
4. Andries Waterboer's Grave
5. Mary Moffat Museum
6. Witsand Nature Reserve
7. Mokala National Park
8. Aloe Nature Reserve
9. Anglo-Boer War Battlefield at Fabersput
10. Bartlett's Church
11. Griqua Rebellion Battle Site
12. Holy Ark Wood

[2] 2010 Annual Tourism Report – South African Tourism, 2011
[3] Northern Cape Tourism

13. Khoisan Cliff
14. Campbell School Building
15. Tuff Waterfall

3.6.3. Development Potential

The following development opportunities have been identified in the Tourism sector of the Siyancuma Local Municipality:

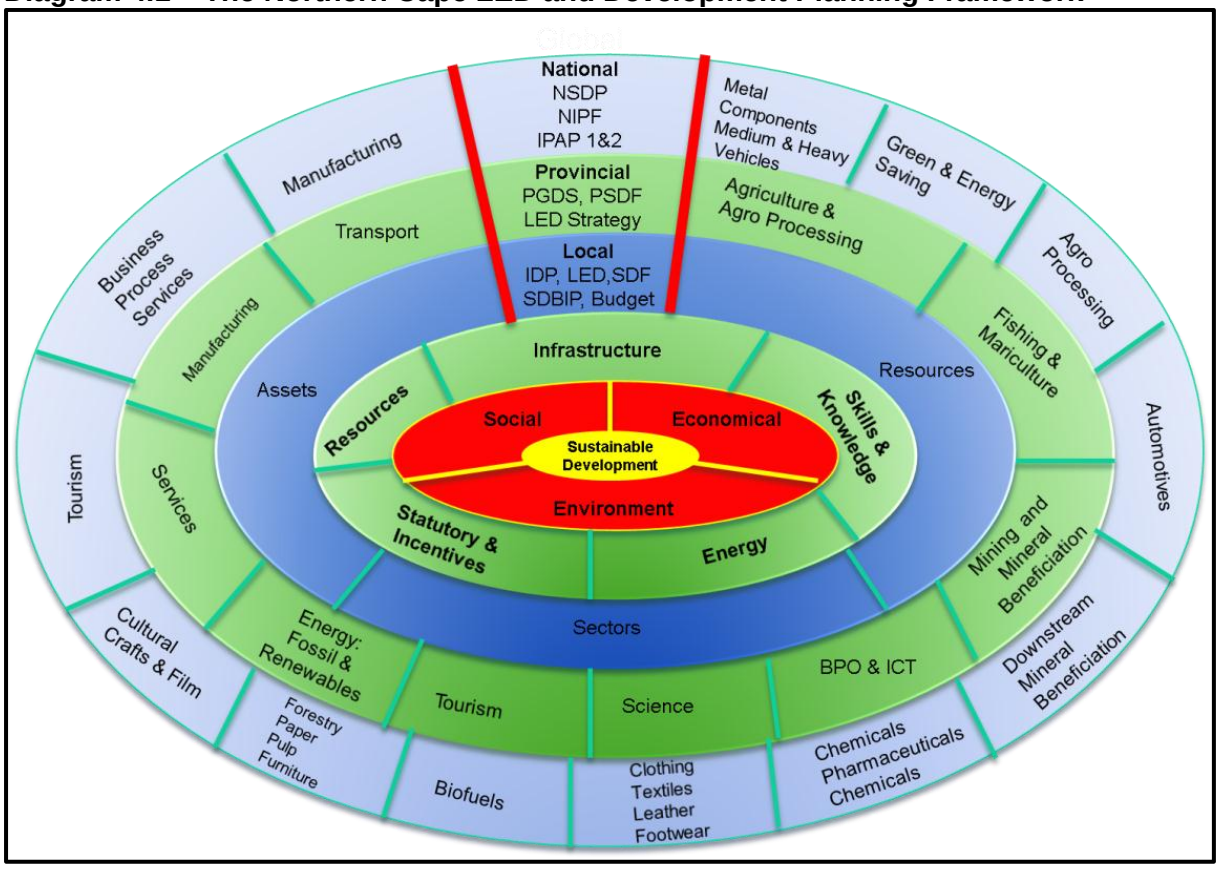
Table 3.6- Tourism LED Development Potential

Development Potential
1. The development of a game reserve will create an ideal conduit for adventure and eco-tourism. 2. The establishment of a resort and adventure tourism facility located at the Vaal or Orange Rivers will enhance the tourism potential of the area. This will include activities such as fishing and water sport that will entice tourists to visit the area and stay for extended periods of time. 3. The development of a natural golf course estate that can be incorporated into an eco-tourism facility is a possibility that can be investigated. 4. There is an opportunity for the creation of heritage tourism linked to the Griqua culture and heritage sites. 5. There is a number of bird species in the area and bird watching can be a good source of income for the local tourism industry, as well as instructive on environmental conservation. Birders are spending an increasing amount of money on their hobby all around the world. Guided bird tours are becoming major business opportunities.

SECTION 4: LED Framework

This Section presents the LED Framework and a review of the LED opportunities that have been identified, as well as potential development projects that may be associated with these opportunities. The projects will subsequently be submitted and prioritised according to their economic impact on the area and then packaged to produce a descriptive overview.

Diagram 4.1 – The Northern Cape LED and Development Planning Framework



Source: Northern Cape Department of Economic Development and Tourism

Diagram 4.1 presents the Northern Cape LED and Development Planning Framework. This Framework is vitally important and will be applied to the outcomes of the situational analysis. Important in this regard is to interpret the findings of the Opportunity Analysis in terms of:

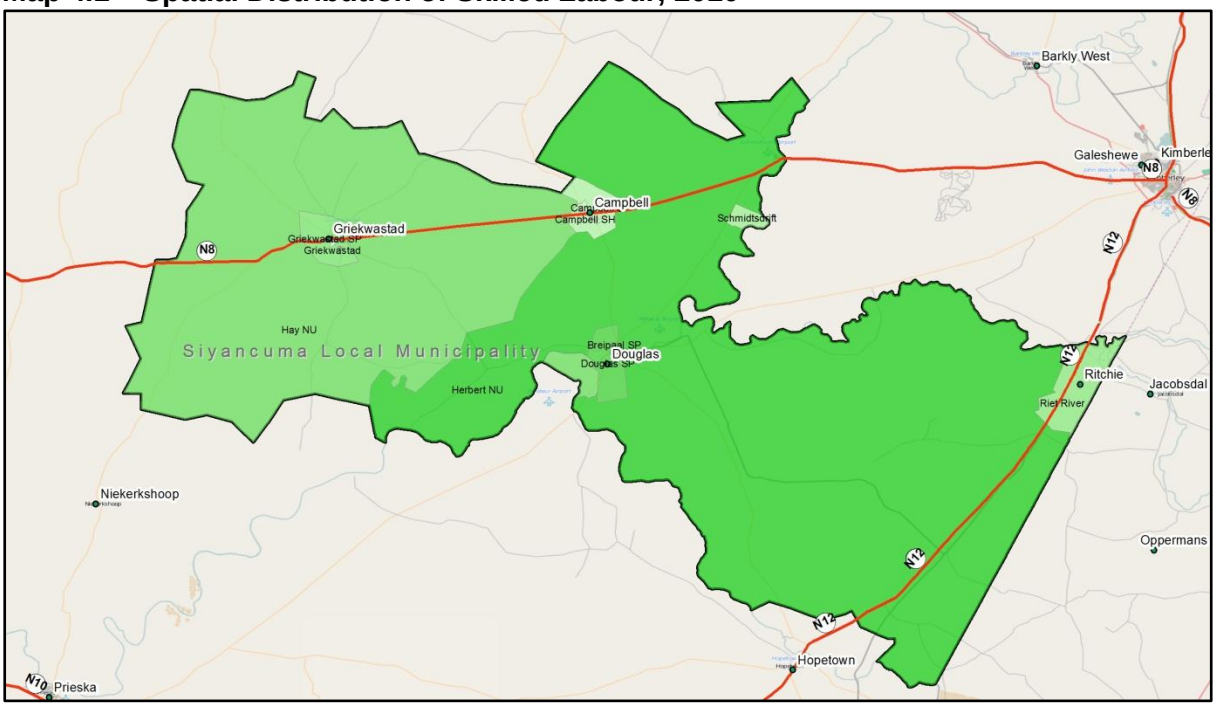
- Available skills and knowledge
- Available energy
- Available development incentives
- Available primary resources

4.1. Local Development Context

4.1.1. Availability of Skills & Knowledge

The spatial distribution of skilled labour in the Municipal area is illustrated by Map 4.1 and Table 4.1. The total number of workers in the Municipal area declined from about 8,800 in 2001 to just above 7,000 in 2010 (a decline of 2.4% on average per annum).

Map 4.1 – Spatial Distribution of Skilled Labour, 2010



Source: Spatial projections based on Census 2001 and Quantec Research 2012

From this total, the number of *highly skilled* and *skilled* workers in the area remained fairly constant and declined only slightly between 2001 and 2010. Most skilled and highly skilled workers in the area can be found in Douglas and its surroundings.

Table 4.1 – The availability of Skills within the Local Municipality, 2010

Sub-Place	Highly Skilled			Skilled			Semi- and -unskilled		
	2001	2010		2001	2010		2001	2010	
Breipaal SP	210	96	(↘)	565	294	(↘)	812	416	(↘)
Campbell SP	16	7	(↘)	37	19	(↘)	21	11	(↘)
Campbell SH	16	7	(↘)	16	8	(↘)	3	2	(↘)
Douglas SP	232	106	(↘)	304	158	(↘)	88	45	(↘)
Phelindaba	55	25	(↘)	284	148	(↘)	516	265	(↘)
Griekwastad SP	97	44	(↘)	154	80	(↘)	126	65	(↘)
Griekwastad	4	2	(↘)	22	11	(↘)	29	15	(↘)
Mathlomola SP	10	5	(↘)	67	35	(↘)	37	19	(↘)
Riet River	23	10	(↘)	82	43	(↘)	255	131	(↘)
Schmidtsdrift	6	3	(↘)	70	36	(↘)	31	16	(↘)
Hay NU	33	15	(↘)	269	140	(↘)	478	245	(↘)
Herbert NU	126	57	(↘)	726	378	(↘)	1 639	840	(↘)
Prieska NU [Part	0	0	(→)	1	0	(↘)	3	2	(↘)

Sub-Place	Highly Skilled			Skilled			Semi- and -unskilled		
	2001	2010		2001	2010		2001	2010	
of P3D04M04M01]									
Gordonia NU [Part of P3D04M04M02]	60	27	(↘)	158	82	(↘)	197	101	(↘)
Boegoeberg SH	-	-	(➔)	14	7	(↘)	22	11	(↘)
Gannaput SH	9	4	(↘)	21	11	(↘)	47	24	(↘)
Gordonia NU	87	40	(↘)	305	159	(↘)	845	433	(↘)
Grootdrink SH	4	2	(↘)	6	3	(↘)	13	7	(↘)
Kenhardt NU	6	3	(↘)	76	40	(↘)	159	82	(↘)
Kimberley NU	14	6	(↘)	171	89	(↘)	215	110	(↘)
Prieska NU	23	10	(↘)	48	25	(↘)	240	123	(↘)
Wegdraai SH	3	1	(↘)	17	9	(↘)	17	9	(↘)
Boegoeberg SP	25	11	(↘)	89	46	(↘)	207	106	(↘)
Gannaput SP	8	4	(↘)	150	78	(↘)	103	53	(↘)
Groblershoop SP	80	36	(↘)	115	60	(↘)	31	16	(↘)
Grootdrink SP	24	11	(↘)	62	32	(↘)	281	144	(↘)
Stutterheim SP	51	23	(↘)	148	77	(↘)	394	202	(↘)
Wegdraai SP	17	8	(↘)	23	12	(↘)	138	71	(↘)

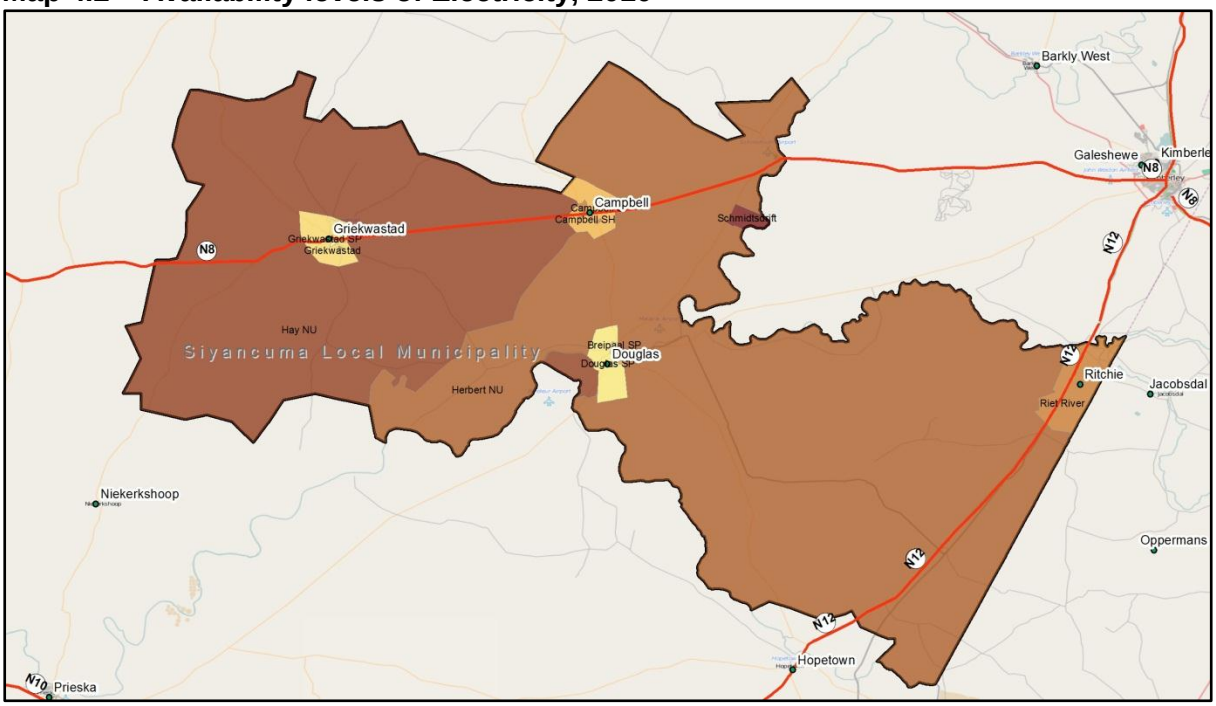
Source: Spatial projections based on Census 2001 and Quantec Research 2012

Among the highly skilled group, most workers could be classified under the occupation group *technicians and associate professionals.* This was true for *skilled agricultural and fishery* workers under the skilled group. Almost 60% of workers were regarded as semi- to unskilled during 2010.

4.1.2. Available Energy

The level of electricity availability is illustrated by Map 4.2 and Table 4.2. It can be estimated that some 70% to 85% of households in the Municipal area have access to electricity.

Map 4.2 – Availability levels of Electricity, 2010



Source: Spatial projections based on Census 2001 and Quantec Research 2012

The urban areas of Douglas, Campbell and Griekwastad have the best access to electricity infrastructure within the area, while the rural areas surrounding Griekwastad have the least access (i.e. the area indicated as *Hay NU*).

Table 4.2 – Access to Electricity within the Local Municipality, 2010

Sub-Place	Number of Households		Level of Access
	2001	2010	
Breipaal SP	1618	2 123	89.8%
Campbell SP	264	347	84.6%
Campbell SH	42	55	67.3%
Douglas SP	482	633	92.0%
Phelindaba	806	1 058	70.2%
Griekwastad SP	683	897	86.7%
Griekwastad	100	131	98.8%
Mathlomola SP	265	348	86.5%
Riet River	176	230	68.7%
Schmidtsdrift	3	4	0.4%
Hay NU	332	436	50.3%
Herbert NU	1449	1 901	58.4%
Total	**6222**	**8 163**	**67.4%**

Source: Spatial projections based on Census 2001 and Quantec Research 2012

The level of household access to electricity has improved significantly from 68.7% in 2001 to 84% during 2010. Most farms in the area procure their electricity directly from ESKOM.

4.1.3. Development Incentives

The Local Municipality does not currently offer any local investment incentives to potential developers. Although Municipalities in South Africa are legally not allowed to provide discounts on VAT or other national taxes, it is recommended that Ubuntu consider the following types of incentives to encourage local development:

Infrastructure
Infrastructure concessions often involve the provision of serviced industrial and commercial sites or special efforts to develop infrastructure and services in selected commercial areas in response to the needs of prospective investors. The implications of these infrastructure concessions are that the investor will be attracted, if the local authority is flexible and sensitive in amending its development/delivery schedule to accommodate the investors' needs.

Land and Buildings
An incentive package of this type may involve the sale, transfer or rental of land, buildings or other facilities owned by the local authority on concessionary terms in order to attract investment. This further implies assistance by the local authority in order to obtain premises. However, if the local authority intends making some of its own assets available, they must ensure that they are in compliance with National and Provincial legislation on the disposal of public assets (e.g. the Public Finance Management Act)

Regulatory reform
These concessions involve special efforts by the local authority to reduce constraining regulation and zoning that may stand in the way of potential business development. This aspect implies an accurate and speedy system to supply information relating to, and the approval of potential investment. In this regard the fast tracking of re-zoning applications and the issues of zoning certificates are very important.

Finance
Some international cities provide financial assistance in the form of special grants, access to start-up capital, bridging finance and credit, loan guarantees or the underwriting of risks. However, South African local authorities are currently prohibited from undertaking in these activities. The Municipality's LED Unit should however, have a database of "funders on hand" (including their qualifying criteria) to assist investors and make meaningful recommendations. This is especially with regards to local entrepreneurs and SMMEs.

Approval process
One of the most basic incentives involves facilitating prompt decisions such as the approval of building plans and re-zoning applications. Prospective investors will lose interest if local authorities take too long to approve plans and applications. The establishment of a one-stop centre could facilitate this process more efficiently and would go a long way to provide a convenient and professional service to potential investors and developers. This centre must be well marketed and its services integrated with other support institutions (such as SEDA).

4.1.4. Available Primary Resources

Based on the Agricultural Census of 2007 by Statistics South Africa, various planted and animal commodities were produced in the area. Table 4.3 illustrates planted crops being cultivated in the area.

Table 4.3 – Planted crops within the Local Municipality, 2007

Planted Crop	Production (t)	Income (R)
Maize	117 899	132 567 000
Wheat	61 388	94 774 000
Barley	8 155	14 516 000
Groundnuts	847	2 868 000
Potatoes	32 887	58 248 000
Onions	6 915	9 323 000
Wine grapes	1 193	2 371 000
Table grapes	286	1 069 000
Total	**229 570**	**315 736 000**

Source: Agricultural Census of 2007 by Statistics South Africa

From this Table, it is evident that the area made a significant contribution to crop production in the Northern Cape, with reference to maize and wheat, as well as various other planted crops. These commodities generated a total farm income of over R315 million during 2007, of which the sale of maize made the largest contribution.

Livestock production also made a significant contribution to the Agriculture sector of the Municipality (see Table 4.4).

Table 4.4 – Livestock production within the Local Municipality, 2007

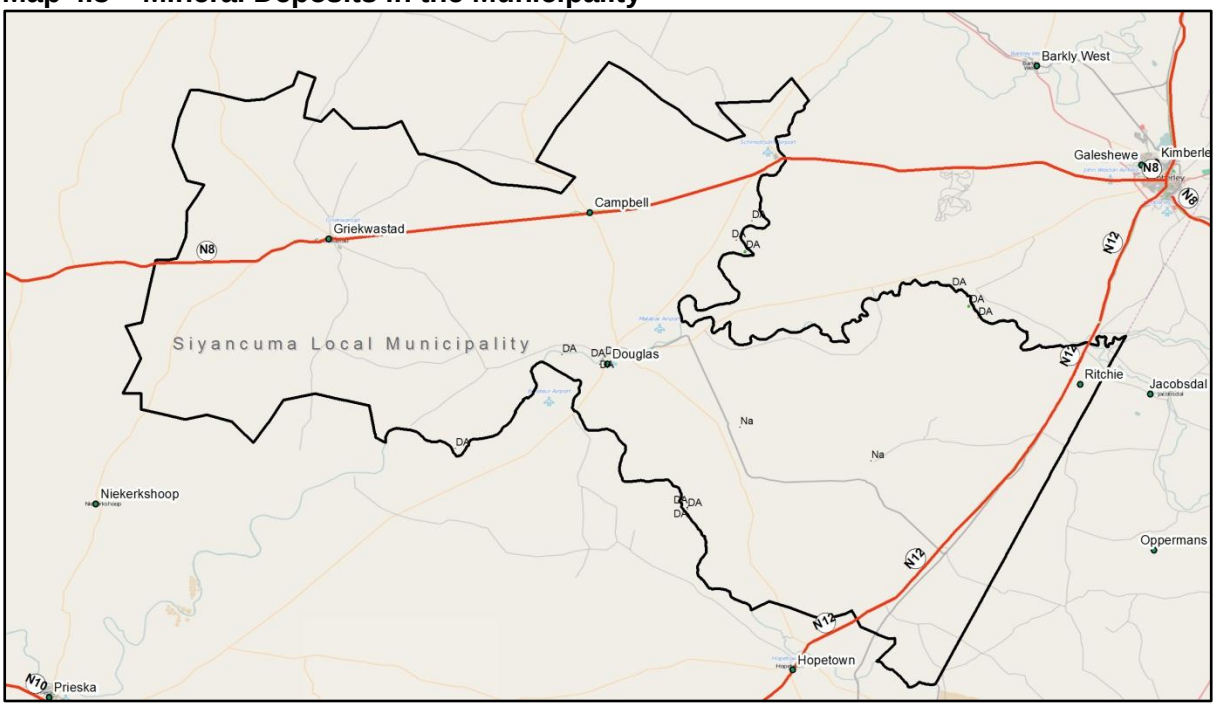
Livestock	Total on Farms	Sold	Income (R)
Cattle	19 153	12 687	65 670 000
Sheep	79 939	44 093	22 439 000
Goats	5 664	3 867	2 311 000
Game	Unknown	438	2 592 000
Total	**104 756**	**61 085**	**93 012 000**

Source: Agricultural Census of 2007 by Statistics South Africa

Although livestock farming does not contribute as much to farming income when compared to crop production, the sale of animals did contribute more than R93 million to local Agriculture. From this total, the sale of cattle and sheep was the most significant. During 2007, there were more than 104,000 animals in total on local farms.

Mineral deposits found in the Municipal area are depicted by Map 4.3.

Map 4.3 – Mineral Deposits in the Municipality



Source: Council for Geoscience

From this Map the following observations can be made:

- The area is well-known for its abundance of semi-precious stones (mainly tiger-eye) with can be found near Douglas, Campbell and especially Griekwastad.
- Small deposits of Alluvial Diamonds can be found near Douglas. Other small Diamond deposits are located to the north-west of Ritchie, to the south-east of Douglas and east of Campbell.
- Small deposits of Salt can be found towards the eastern part of the Municipal area.
- Semi-precious stones are commercially mined and beneficiated in the area. Diamonds as sporadically extracted by small-scale miners.

4.2. Strategic Vision for Local Economic Development

The purpose of this Section is to present the Strategic Development Pillars for the local economy of Siyancuma. The Development Pillars are now presented as the core of the Siyancuma LED Strategy. These "LED drivers" also serve as the point of alignment with the relevant development policies.

The goal of LED in the Municipality was packaged (Section1) into the following Vision Statement:

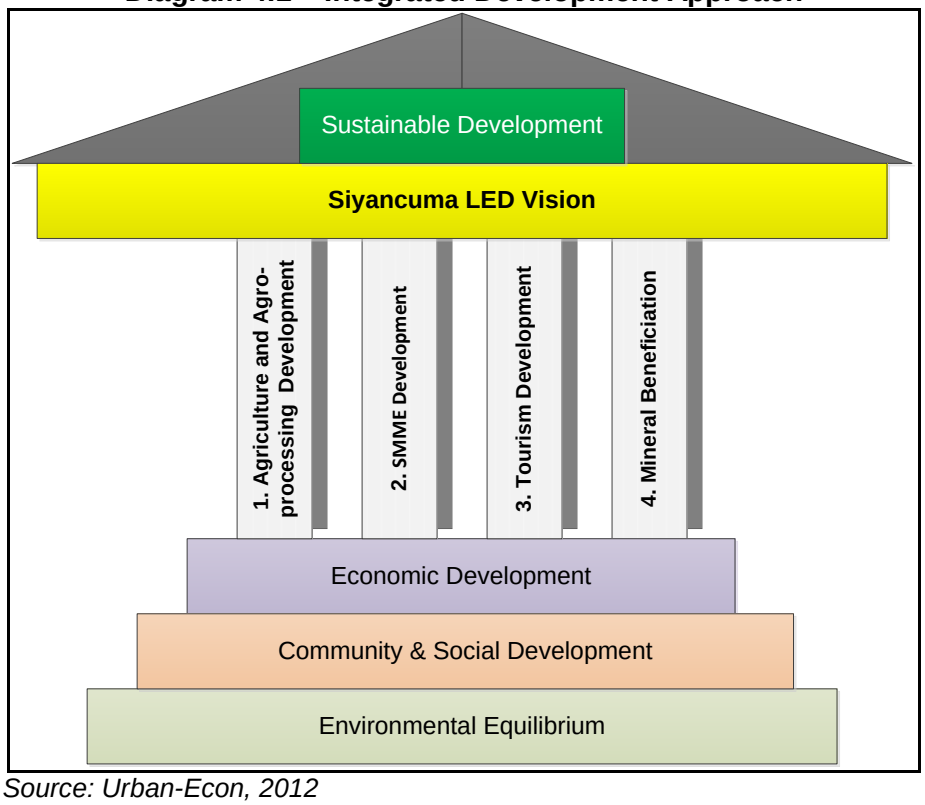
"A sustainable and growing local economy that aims to create employment opportunities for local communities, while working towards providing a high quality of life for all. This will be achieved through education and skills development and diversification of the local economy"

This vision sets the tone for the LED Strategy and provides guidance for its Implementation Plan towards a future desired by local communities.

4.2.1. Development Pillars

From a strategic development facilitation point of view, it is necessary to ensure that the appropriate linkages and interactions between projects and actions be established. Such an integrated approach is needed to ensure the optimal rate of implementation and economic development in the area.

Diagram 4.1 – Integrated Development Approach



Source: Urban-Econ, 2012

The integrated approach for stimulating economic growth and development within Siyancuma is illustrated in Diagram 4.1. Based upon this Figure, there are **four main Strategic Development Pillars** for stimulating growth and development within the Siyancuma economy.

These Development Pillars are based on the situation experienced within the Siyancuma local economy and aim to utilise existing strengths and opportunities by transforming these into workable programmes and actions that will assist in reducing threats and alleviate weaknesses in the local economic environment.

4.2.1.1. Pillar 1: Agriculture and Agro-processing Development

There is a growing need to solve a host of problems faced by the Agriculture sector in Siyancuma in a more integrated manner, within the framework of sustainable development. Rural and inclusive development strategies in the past have moved between maximising growth through promoting commercial crops and emphasising food production / self – sufficiency on one hand and import substitution on the other. There are, however, various recommended programmes to improve this sector:

Agribusiness may be defined as all market and private business–oriented entities involved in the production, storage, processing and distribution of agro–based products, in the supply of production inputs and in the provision of services. Agribusiness is an integral component of rural development and forms part of the strategy to improve regional and local economic development and ensure food security.

Agribusiness enterprises are primarily labour-intensive small and medium sized enterprises located near agricultural production sites in rural areas or in rural centres, such as Siyancuma. Economic success of these agricultural enterprises is increasingly determined by the performance and capacity of upstream and downstream sectors. Agribusiness entities need to respond by improving their efficiency and market orientation. What is required in agribusiness is access to expertise, the availability of market information and sufficient management skills.

Agribusiness support in itself must be an integral part of the LED and must be targeted towards the creation of jobs and income in Siyancuma. In line with a common business concept, the guiding principle is always the market orientation of all support services. Employment promotion and poverty alleviation in rural areas are additional goals of promoting agribusiness. Agribusiness does not only focus on the primary production of products, but also requires additional workers. New employment opportunities are created in the processing industry and, especially, in the service sector.

The following Programmes were identified:

1. High technology farming practices and methods.
2. Increase and diversify local farming activities and production.

4.2.1.2. Pillar 2: SMME Development

SMME support systems are a critically important aspect of local economic development due to this sector's employment creation characteristics. This Development Pillar's main focus is to establish and expand SMMEs in Siyancuma. Thus, the Pillar has a dual aim, including:

- The support of SMMEs (existing and newly emerged).
- The development of new SMMEs.

Therefore, the objective of this Pillar is to facilitate the establishment of new SMMEs, to provide support during the initiation phases of establishment and to provide sustainable information and support for new and existing SMMEs within the local area.

The strategic focus of this Pillar is on the following areas:

- The efficient utilisation of government programmes aimed at SMME development
- Networking and matchmaking
- Development assistance provision to the SMME sector
- Channelling of information

The following Programme was identified:

1. Formal Business Development and Networking

4.2.1.3. PLAN 3: Tourism Development

There are many definitions and descriptions of tourism. While some specialists restrict tourism to trip distances (i.e. over 50 or 100 km from home), others require that a person stay overnight to be counted as a tourist. More traditional definitions include only vacations or pleasure trips. Today, however, the trend is to use tourism and travel as synonymous terms. Probably the best working definition is:

"Tourism is the temporary movement of people to destinations outside their normal places of work and residence, the activities undertaken during their stay in those destinations and the facilities created to cater to their needs."

This broader definition does not only include leisure tourism but also business and even medical tourism.

Tourism products and their foundations are far more perishable than manufactured products. For example, if a manufacturer of gearboxes discovered that the demand for the product has increased in a certain region the manufacturer can supply products to those areas. However, when a new hotel is developed in a region and a large capital investment was made and the travel market decides to go elsewhere, it is costly, if not impossible to move.

The following Programmes were identified:

1. Tourism Marketing Development
2. Improving the Tourism Profile

4.2.1.4. PLAN 4: Mineral Beneficiation

The concept of Mineral Beneficiation, in the case of Siyancuma, refers to the expansion of current business and industrial activities, improved local networking and optimising the use of local resources and assets, such as industrial areas and serviced business properties. Broadly, this implies the attraction of new investment to Siyancuma, retaining existing businesses and industries and encouraging local capital to invest locally.

The Mineral Beneficiation Pillar is based upon the creation of a vibrant, diversified and sustainable economic development base for investment in Siyancuma, which includes the mining sector. This, however, requires strong, visionary leadership and cooperation between the various LED role players of Siyancuma to effectively link local and regional opportunities, markets and technology and entrepreneurship to potential investors (also referred to as investment matchmaking). This necessitates the establishment of a representative and

efficient LED Forum in Siyancuma which represents both local government and the private sector.

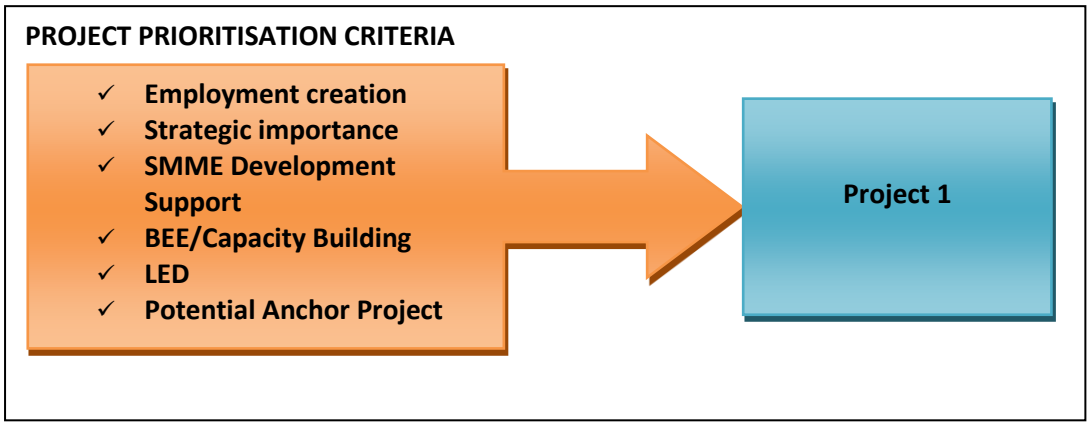
The following Programmes were identified:

1. Mining Related Manufacturing.
2. Industrial Diversification and Infrastructure Development

4.2.2. Project Identification and Prioritisation

In order to determine which of the identified LED projects and initiatives will have the highest impact on the local economy in terms of job creation, capacity building, social upliftment, etc., it is important to prioritise these projects according to a specific set of criteria. This will also facilitate the selection process of strategic anchor projects for Siyancuma. Figure 4.2 indicates the six criteria that are used to prioritise planned projects and other LED initiatives.

Figure 4.2 - Prioritisation criteria



Anchor projects are those projects that consist of a number of linkages to various other sectors and projects. It is important to note that in most instances, anchor projects are also referred to as primary projects, because without the successful implementation of the primary projects, and delivery of primary products there can be no secondary projects, such as processing (value-adding to the product), or trade of the finished product/goods.

The following Pillars, Programmes and Projects have been prioritised accordingly and are indicated in Annexure A:

Pillar 1: Agriculture and Agro-processing Development

Programme 1: Agro-processing

- Meat Processing Plant (sheep)
- Production of Plant Oils (e.g. ground nuts)
- Potato processing & packaging
- Maize Mill
- Fish Processing Plant (Yellow fish)
- Sun-dried fruit and vegetables production
- Wool Production

Programme 2: Emerging Farmer Support

- Demarcation of demonstration plots
- Availing state-owned land to emerging farmers
- Mentorship programmes in association with commercial farmers
- Youth Incentive Programmes for the Agricultural Sector
- Aquaculture production and processing
- Onion cultivation and processing

Pillar 2: SMME Development

Programme 1: Investment Promotion

- Development of a small shopping centre at Douglas
- N8 development corridor for Trade opportunities (Tourism Trade opportunities)
- Regional fruit and vegetable market

Programme 2: SMME Development & Support

- Entrepreneur Development Support Centre
- SMME Incubator

Pillar 3: Tourism Development

Programme 1: Improving the Tourism Infrastructure and Creating Attractions

- Game Reserve development
- The developed of a resort and adventure tourism facility (Vaal and Orange rivers)
- The development of a natural golf course estate
- Heritage tourism developments (Cultural Village)
- Birding Tours

Pillar 4: Mineral Beneficiation

Programme 1: Processing of local minerals

- Tiger-eye and Slash Stone Polishing Plant
- Small scale diamond cutting and polishing
- Building Sand Quarry
- Mineral water bottling plant

4.3. Policy Alignment

In recent years there has been a major thrust to establish developmental state through a reform of the country's government system. It is by now a norm that local government has a critical role to play in re-building local communities and environments as the basis for promoting effective service delivery, the creation of integrated cities, towns and rural areas as well as the promotion of local economic development.

Coupled to this, a significant number of policy and legislative measures have been adopted in order to facilitate the creation of developmental government and an efficient and integrated planning and development systems.

4.3.1. New Growth Path

The New Growth Path's (2010) main focus areas are to create decent work opportunities, reducing inequality and to end poverty in South Africa. Government aims to achieve this through a New Growth Path founded on a restructuring of the South African economy to achieve labour absorption and a steady economic growth rate. Government is committed to forging such a consensus and leading the way by:

1. Identifying areas where employment creation is possible on a large scale as a result of substantial changes in conditions in South Africa and globally.
2. Developing a policy package to facilitate employment creation in these areas, through:
    a. A comprehensive drive to enhance both social equity and competitiveness;
    b. Systemic changes to mobilise domestic investment around activities that can create sustainable employment; and
    c. Strong social dialogue to focus all stakeholders on encouraging growth in employment-creating activities.

The New National growth Path incorporates the Industrial Policy Acton Plan (IPAP2) and various other policies, programmes and strategies. The aim of the New Growth Path is to ultimately create a more developed, democratic, cohesive and equitable economy and society in South Africa.

Achieving the New Growth Path requires that certain key trade-offs' be addressed. This will put emphasis on government's prioritisation to support employment creation, equity and the directions business must move to facilitate a growing economy.
Some key trade-offs include:

1. Between present consumption and future growth, since that requires higher investment and saving in the present;
2. Between the needs of different industries for infrastructure, skills and other interventions;
3. Between policies that promise high benefits but also entail substantial risks, and policies that are less transformative and dynamic but are also less likely to have unintended consequences;
4. Between a competitive currency that supports growth in production, employment and exports and a stronger rand that makes imports of capital and consumer goods cheaper; and between the present costs and future benefits of a green economy.

Implications of the New Growth Path

Achieving enhanced economic growth and to create new employment opportunities in the Municipality will be the main implication of the New Economic Growth Path. This will be accomplished in the Municipality through:

1. Enhancing social equity
2. Encouraging competitiveness
3. Mobilising domestic investment
4. Stakeholder participation

The New Growth Path will especially be applicable in the following key areas in the Municipality:

1. Agriculture and agro processing
2. Trade and Business
3. Tourism

4.3.2. The Industrial Policy Action Plan (IPAP2)

The major weakness identified in South Africa's long-term industrialisation process is that the decline in the share of employment in the traditional tradable sectors, particularly mining and agriculture, has not been offset by a sufficiently large increase in the share of relatively labour-intensive employment in non-traditional tradable goods and services, particularly manufacturing. Consequently, the objectives of the IPAP2 are:

1. To facilitate a shift away from reliance on traditional commodities and non-tradable services and promote value-added goods and services that compete in export markets (against imports).
2. To intensify the industrialisation process and move towards a knowledge-rich economy.
3. To promote a more labour-absorbing industrialisation path, with particular emphasis on tradable labour-absorbing goods and services and economic linkages that enhance employment creation.
4. To promote a broader-based industrialisation path characterised by increased participation of historically disadvantaged people and marginalised regions in the mainstream of the industrial economy.
5. To contribute to the industrial development of the African continent, with emphasis on building productive capabilities.

Implications of IPAP2

IPAP2 prioritise certain industrial sectors that have played an important role in economic development in various parts of South Africa. These sectors include:

1. Capital/Transport equipment and metals fabrication
2. Chemicals, plastic fabrication, and pharmaceuticals

In addition, IPAP2 envisages to fast track implementation through:

1. Maintaining momentum in the implementation of the ASGISA's prioritised sectors of Business Process Outsourcing and off shoring (BPO&O), as well as tourism and bio-fuels.
2. Implementing other substantive sector projects in diamond beneficiation and jewellery, agro-processing, film and crafts.
3. Developing strategies for sectors of mining and mineral beneficiation, agriculture, ICT (services and products), as well as creative industries.

4.3.3. The Comprehensive Rural Development Programme

The Comprehensive Rural Development Programme is a national collective strategy to fight poverty, hunger, unemployment and lack of development in rural areas. It was launched in August 2009 by President Jacob Zuma at Muyexe Village, Limpopo.

Government has pledged over R2.6 billion in conditional grants to provinces over the medium term. This will be used for agricultural infrastructure, training, advisory services and marketing, and for upgrading agricultural colleges. One of the priorities is to ensure that land reform, through redistribution and restitution, is more coherently linked to the creation of livelihoods for the poor.

A critical part of the Rural Development Programme is to stimulate agricultural production to contribute to food security. Government will support the provision of agricultural implements and input to support emerging farmers and households nationally, also making agricultural loans accessible and ensuring agricultural extension services of high quality. As part of the Rural Development Programme, government will also support initiatives that promote other forms of economic potential, including tourism, light manufacturing and cultural work.

The programme is expected to ensure the delivery of clean water, decent shelter, proper sanitation and enterprise-development support.

Implications of the Comprehensive Rural Development Programme

This Comprehensive Rural Development Programme is a very important document concerning the implementation of a Local Economic Development Strategy. The decentralised nature of the strategy implies that the Municipality is responsible for catalysing the transformation of local areas into economically viable communities. To facilitate positive change requires an in depth understanding of local rural areas, along with an excellent relationship with local business and communities.

4.3.4. The National Framework for Local Economic Development by CoGTA

The Framework intends to build a shared understanding of LED in South Africa and put into context the role of local economies in the national economy. It seeks to mobilise local people and local resources in an effort to fight poverty.

The focus of the Framework is upon:

1. Improving the competitiveness of the 52 District and Metropolitan municipal regions in South Africa by providing an approach to developing local economies with the participation of all relevant stakeholders.
2. Rendering economic growth compatible with social equity and safeguarding the environment.
3. What the state can do to support and reward citizens who organise locally and operate in local level partnerships to engage in greater economic activity, spreading economic activity in an even manner.
4. How the state can be a platform to facilitate the inclusion of all to participate in the economy.

Implications of the Framework for Local Economic Development

The Framework for Local Economic Development sets out the following three key roles, which local government can play in the Local Economic Development process:

1. To provide leadership and direction in policy-making.
2. To administer policy, programmes and projects.
3. To be the main initiator of economic development programmes through public spending, regulatory powers and the promotion of industrial- and small business development, social enterprises and co-operatives.

4.3.5. Northern Cape Provincial Growth and Development Strategy

Planning for the promotion of economic growth and social development lies at the core of government's responsibility to provide a better life for all. It is essential to ensure that planning is integrated across disciplines, co-ordinated within and between different planning jurisdictions, and aligned with the budgeting processes of national, provincial, and local governments.

The NCPGDS sets the tone for development planning and outlines the strategic planning direction in the Province. The main objectives set by the NCPGDS for development planning in the Province are:

1. Promoting the growth, diversification and transformation of the provincial economy
2. Poverty reduction through social development
3. Developing requisite levels of human and social capital
4. Improving the efficiency and effectiveness of governance and other development institutions
5. Enhancing infrastructure for economic growth and social development

The development targets for the Northern Cape Province identified by the Provincial Growth and Development Strategy (PGDS) are:

1. To maintain an average annual economic growth rate of between 4% and 6%
2. To halve the unemployment rate by 2014
3. To reduce the number of households living in poverty by 5% per annum
4. To improve the literacy rate by 50% by 2014
5. To reduce infant mortality by two thirds by 2014
6. To reduce maternal mortality by two thirds by 2014
7. To provide shelter for all by 2014
8. To provide clean water to all by 2009
9. To provide access to adequate sanitation to all by 2009
10. To reduce crime by 10% by 2014
11. To stabilize the prevalence rate of HIV and AIDS and begin the reverse by 2014
12. To redistribute 30% of productive agricultural land to PDIs by 2015
13. To conserve and protect 6,5% of our valuable biodiversity by 2014, and
14. To provide adequate infrastructure for economic growth and development by 2014

4.3.6. Northern Cape Provincial Local Economic Development Strategy

The Northern Cape government has embarked on a process of compiling a Provincial Local Economic Development Strategy (LED) at the beginning of 2009 to address the challenges presented by poverty and unemployment in the Province. The provincial government of the Northern Cape has specific coordination and facilitation responsibilities, which need to be addressed in an innovative manner to initiate and promote integrated and sustainable LED, as well as to attract investment. The following broad opportunity themes were identified for the Northern Cape:

1. Agricultural Production
    a. Game farming
    b. Livestock farming
    c. Crop farming
    d. Exotic and citrus fruit
    e. Mari-culture production

2. Mining Production
    a. Exploration of new/additional mineral locations
    b. Geotechnical assessment of economic feasibility

3. Manufacturing
    a. Agro-processing
    b. Mining beneficiation

4. SMME and Trade Support
    a. Training, Mentorship and Skills Development
    b. Information and Support Services

5. Investment in Infrastructure and Technology
    a. Agro-processing infrastructure
    b. Infrastructure necessary for investment in mining
    c. Infrastructure necessary for investment in tourism
    d. Infrastructure provision and delineation of industrial parks, hubs, IDZs
    e. Infrastructure investment needed for high-technology projects such SALT and the SKA

f. Infrastructure investment in areas of retail business growth
g. Investment in specialised technologies

6. Tourism
    a. Game hunting
    b. Eco-tourism
    c. Mining/Geological tourism (including exhibitions and festivals)
    d. Adventure tourism
    e. Agro-tourism (such as wine production and tasting)
    f. Tourism routes
    g. Cultural and heritage tourism
    h. Science tourism (such as group tours to SALT

Implications of the Northern Cape PGDS and LED Strategy

The Northern Cape PGDS and LED Strategy notes the fact that each District in the Province has its own regional potential development potential and the Municipality should relate planning frameworks in line with the objectives of the strategies. The main implications are:

1. Undertaking rigorous analysis of the space economy to identify areas of economic significance with a view on focusing government investment and development interventions to ensure maximum and sustainable impact.
2. Capitalising on complementarities and facilitating consistent and focused decision making by providing a common platform for structured dialogue.
3. Moving beyond mere focusing on integration and coordination procedures to establishing processes and mechanisms to bring about strategic coordination, interaction and alignment within government.

In terms of development policy in the Northern Cape, the following priority growth sectors have been identified:

1. Agriculture & Agro-processing
2. Tourism
3. Fishing and Mariculture
4. Energy
5. Mining and Mineral Beneficiation
6. Services
7. BPO & ICT
8. Manufacturing
9. Science
10. Transport

4.3.7. Implications for Siyancuma

Considering the policy alignment of the Siyancuma LED Strategy with relevant policies and strategies that linked directly with Local Economic Development in the region, the economic development Pillars has to be aligned with the relevant policies:

1. Agriculture and Agro-processing Development
2. SMME Development

3. Tourism Development
4. Mineral Beneficiation

Diagram 4.2 indicates the alignment of the various economic development Programmes to the various policy and strategies.

Diagram 4.2- Policy Alignment

Programme	Policy Alignment
1.Agriculture and Agro-processing Development	• New Growth Path • The Comprehensive Rural Development Programme • Northern Cape Provincial Growth and Development Strategy • Northern Cape Provincial Local Economic Development Strategy
2. SMME Development	• New Growth Path • The National Framework for Local Economic Development by CoGTA • Northern Cape Provincial Growth and Development Strategy • Northern Cape Provincial Local Economic Development Strategy
3. Tourism Development	• New Growth Path • The Comprehensive Rural Development Programme • Northern Cape Provincial Growth and Development Strategy • Northern Cape Provincial Local Economic Development Strategy
4. Mineral Beneficiation	• New Growth Path • The Industrial Policy Action Plan (IPAP2) • The National Framework for Local Economic Development by CoGTA • Northern Cape Provincial Growth and Development Strategy • Northern Cape Provincial Local Economic Development Strategy

SECTION 5: Strategy

This Section presents the Strategy constituting the Strategic Pillars, Programmes and Projects. These Strategic Pillars are based on the situation experienced within the local economy of Siyancuma and aim to utilise existing strengths and opportunities by transforming these into workable programmes and actions that will assist in reducing threats and alleviate the weaknesses in the local economic environment. The Strategic Pillars are supported via the development of programmes that aim to enable the specific sectors. Distinct actions are formulated in order to reach the targets of each programme.

5.1. Economic Development

Programmes have been developed to support the various Pillars. Distinct projects are formulated with explicit actions in order to reach the targets of each programme. Table 5.1 indicates the various Pillars, Programmes and Projects Identified for the Siyancuma LED Strategy.

Table 5.1 – Project Pillars and Programmes

Pillar	Programme	Project
Agriculture and Agro-processing Development	1. Agro-processing	• Meat Processing Plant (sheep) • Production of Plant Oils (e.g. ground nuts) • Potato processing & packaging • Maize Mill • Fish Processing Plant (Yellow fish) • Sun-dried fruit and vegetables production • Wool Production
	2. Emerging Farmer Support	• Demarcation of demonstration plots • Availing state-owned land to emerging farmers • Mentorship programmes in association with commercial farmers • Youth Incentive Programmes for the Agricultural Sector • Aquaculture production and processing • Onion cultivation and processing

Pillar	Programme	Project
SMME Development	1. Investment Promotion	• Development of a small shopping centre at Douglas • N8 development corridor for Trade opportunities (Tourism Trade opportunities) • Regional fruit and vegetable market
	2. SMME Development & Support	• Entrepreneur Development Support Centre • SMME Incubator
Tourism Development	1. Improving the Tourism Infrastructure and Creating Attractions	• Game Reserve development • The developed of a resort and adventure tourism facility (Vaal and Orange rivers) • The development of a natural golf course estate • Heritage tourism developments (Cultural Village) • Birding Tours
Manufacturing and Investment Development	1. Mining Beneficiation	• Tiger-eye and Slash Stone Polishing Plant • Small scale diamond cutting and polishing • Building Sand Quarry • Mineral water bottling plant

5.2. Institutional Development

Siyancuma's commitment to Local Economic development must be facilitated through a dedicated administration and bureaucracy. This means that the Municipality's institutional structure must be configured in such a way that it supports LED and that the whole institution is geared towards integrated planning and implementation.

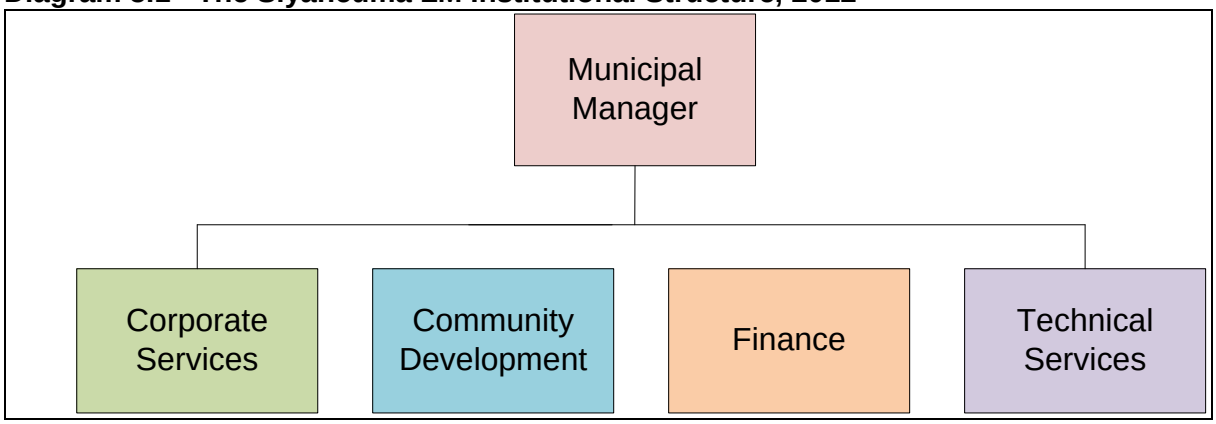
5.2.1. The Siyancuma Institutional Structure

Towards the end of making informed recommendations for implementing the LED Strategy from an institutional perspective, it is important to outline the main objectives of the Strategy to inform the Municipality's organisational structure. These objectives are:

1. To facilitate and promote employment creation and poverty alleviation among local communities.
2. To promote internal and external investment into the local economy that would promote the growth of existing businesses, as well as the establishment of new businesses.
3. To ensure that local entrepreneurs and SMMEs are provided with the necessary support to establish and grow their businesses.
4. To implement strategies, programmes and projects that would create an environment conducive to investment and business growth.
5. To engage and interact with potential private sector investors.
6. To actively promote and market the local area to internal and external investors, in terms of local investment opportunities, planned infrastructure developments by the Municipality and development by other private investors.
7. To investigate approaches for lowering the cost of doing business in the area, as well as possible investment incentives aimed at strategic locations and economic sectors (such as Agriculture & Tourism).
8. To plan for, evaluate, manage and implement LED programmes as a coordinated effort between the Directorates of the Municipality and other role players.
9. To spearhead and drive community interaction, participation and buy-in of LED initiatives in local communities.
10. To act as the guardian of local people by ensuring that LED initiatives benefit them and that LED implementation occurs in such a way that labour intensive methods are applied.
11. To facilitate local access to and taking full advantage of LED and other development support programmes and funding sources provided by government, the private sector and other institutions (such as DTI & IDC programmes and venture capital).

The institutional structure of the Siyancuma Local Municipality is illustrated by Diagram 5.1.

Diagram 5.1 - The Siyancuma LM Institutional Structure, 2012



Source: Siyancuma Municipal Integrated Development Plan, 2011-12

From this Diagram, the following observations can be made:

1. There are four Directorates on equal footing under the management of the office of the Municipal Manager in the structure.
2. The LED Function has not been designated as one of these Directorates but placed under the Corporate Services Directorate.
3. There does not seem to be any direct reporting linkages between LED and the office of the Municipal Manager.
4. Most of the Municipal structure is dedicated to issues relating to administration followed by traditional town planning services (such as water, electricity, refuse removal etc.).

5.2.2. Institutional Recommendations for LED

Due to the high levels of poverty, the concentrated nature of the local economy and the growing unemployment rate, it is strongly recommended that an LED Directorate be established that reports directly to the office of the Municipal Manager.

Diagram 5.2 – Recommended Institutional Structure for the LED Directorate

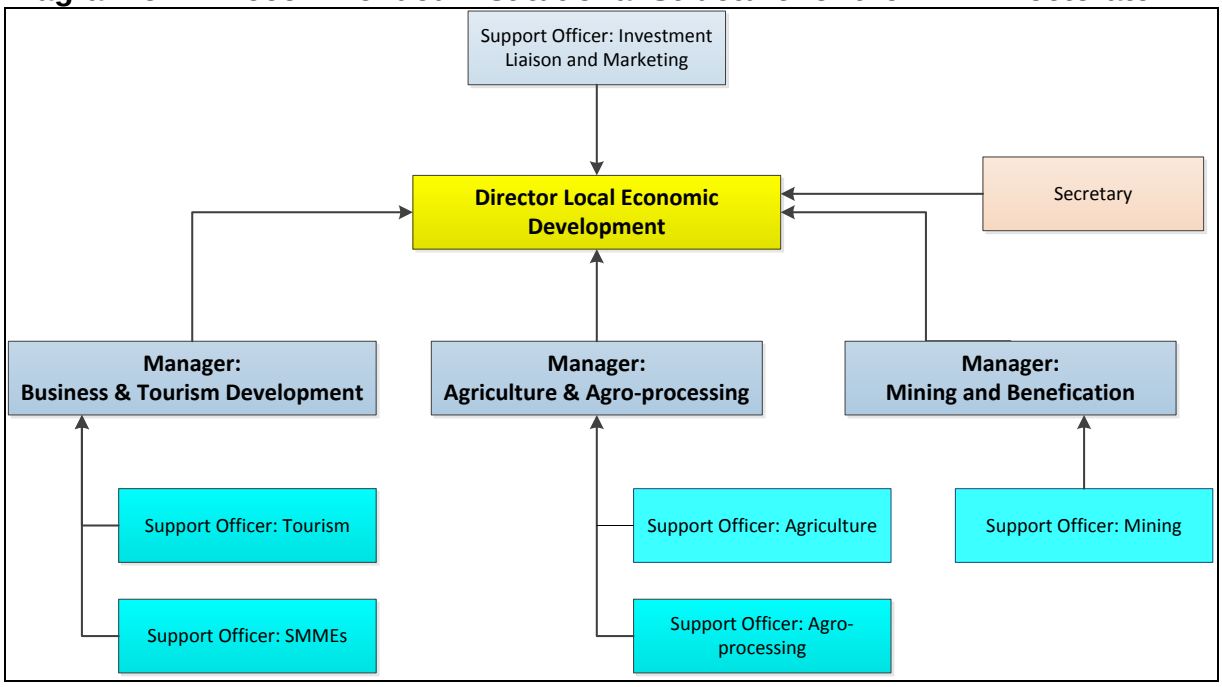


Diagram 5.2 illustrates the recommended institutional structure for the LED Directorate, in line with the LED Strategy Objectives, as well as the IDP's LED Targets and Programmes (2011/12). This structure is deemed to be appropriate to drive and manage the LED functions of the Municipality due to the following reasons:

- The Structure aligns with the LED development objectives, targets and programmes and is therefore geared towards implementation.
- The Structure has been streamlined to promote cooperative planning and integration within the broader Municipal structure.
- The Structure makes provision for hands-on management backed up by the necessary support.
- The Structure allows for clear and predictable performance monitoring of the LED Directorate, as well as the officials assigned to it.

- The Structure allows for Investment Marketing which is seen as a vital part of the LED Strategy.
- The Structure is organised in such a way that it allows for the monitoring of business growth and employment trends associated with the objectives of the LED Strategy.

SECTION 6: Implementation Plan

This Section presents the Implementation and Action Plan for the Siyancuma LED. The actual implementation of the specified Pillars and development programmes is vitally important and should be regarded as of the utmost importance. While individual wealth and employment creation projects have been formulated for Siyancuma, the deployment of the LED strategy (i.e. the various Pillars and their respective development programmes), is central to the successful placement of the Municipality on a higher economic growth path.

This Section builds on the Potential Analysis and the LED Development Framework, and serves as a basis for implementation.

6.1. Strategy Implementation

To facilitate successful strategy implementation, it is necessary to outline an implementation framework tailored to the Siyancuma LED Development Framework. This implementation framework is based on the development Pillars and programmes identified in Section 3 & 4. The implementation framework reflect the key strategic focal points of implementation specifically with regards to small and agro business development, increasing the marketing and tourism sector, agricultural development and emerging farmer support, rural and community development and BEE empowerment. The framework is presented under the following headings:

1. Investment in business development and diversification.
2. Further unlocking the potential of the Primary sector and beneficiation.
3. Improve the capacity and resources of the Municipality.
4. Managing innovation.
5. Incubators and Cooperatives as a platform for LED implementation.
6. The road to unlocking private sector investment.

6.1.1. Investment in business development and diversification

The Development Framework underlines the importance of attracting new businesses/industries and expanding existing ones in Siyancuma.

Business diversification is important to sustainable economic development in Siyancuma because of high levels of unemployment and poverty. There are numerous examples globally where economies that focused solely on one specific industry sector paid a severe price upon the eventual decline of the industry (also known as the “all the eggs in one basket” scenario). The local Agriculture sector certainly fits that scenario. Siyancuma must prove extremely visionary in promoting economic diversification. In addition, Siyancuma must make sure that it has created an environment that will be supportive of domestic and international business investment. An added value of economic diversification is that it can possibly lead to the creation of and support for the development of BEE orientated SMMEs. Any effort to support SMMEs would be consisted with national, provincial, and municipal economic goals and objectives.

6.1.2. Further unlocking the potential of the Primary sector and beneficiation

Agriculture has long been an economic driver in Siyancuma. The concept of further unlocking the potential of agriculture is based on the beneficiation or value addition to raw produce from the area, rather than exporting these raw products at a low cost and deriving no benefit from value adding processes. In many respects the process of value addition of such products is more aligned to manufacturing in nature than to agriculture. There is no reason why the processing, packaging and distribution should not take place in Siyancuma. In this way the same raw material would generate more employment opportunities and wealth in the local communities where it is needed most.

In a similar way agricultural products can be processed further, value added, and exported from Siyancuma to the rest of the world. The beneficiation of suitable products would create many additional employment opportunities in the area and would significantly increase local economic growth. A process needs to be established to identify suitable opportunities that can be fully exploited to the benefit of the local population. An agro-business incubator or joint venture with local commercial farmers could create a suitable environment for this to happen. Sophisticated skills will be required to ensure that the proposed business ideas succeed.

6.1.3. Improve the capacity and resources of the Municipality

The development of Siyancuma will be significantly influenced by the ability and the capacity of the Local Municipality to manage and finance the LED Strategy. Many of the officials do not have extensive experience in Local Economic Development. They are also not familiar with dealing with the private sector in respect of large capital investments.

It is essential that the capacity of the responsible officials be improved where and when necessary. What is proposed here is thus the design and implementation of long-term capacity building initiatives coupled with formal training and development by recognised institutions.

6.1.4. Managing innovation

The process of managing innovation is in essence how one increases the translation of LED Opportunities to reality. The frequency and velocity of the process in Siyancuma will translate directly to economic growth and the creation of sustainable job opportunities. The development of a process that promotes a broad array of project ideas is an important element of a competitive strategy. Included in this process should be a means to assess the project ideas and match those that are deemed worthy with prospective funders. Siyancuma must be in a position to promote a free flow of new ideas and talents to address high priority issues related to sustainable economic development in the area.

Ideally, the Siyancuma LED forum should consist of a small group of core stakeholders and role players representing diverse interest in the area. This group must be charged with the task of addressing community priorities by receiving and reviewing ideas from any community member or would-be entrepreneur. The ideas received by the LED Steering Committee must then be reviewed in terms of criteria and development potential. Those ideas or projects that are deemed feasible can then be nominated for development facilitation and funding.

Projects or ideas approved by the LED Steering Committee should be subjected to feasibility studies for detailed scrutiny and evaluation. Once this process has been completed the project is presented for development facilitation (if necessary), funding and implementation.

The type of development facilitation and the implementation of the project will have to be determined on an individual basis. The main advantage of this process is that it encourages those most directly involved in sustainable economic development issues to set aside traditional rules and regulations and think "outside of the box". Its application by Siyancuma may prove extremely relevant in efforts to develop innovative economic development initiatives, which are community based and rooted.

6.1.5. Incubators and Cooperatives as a platform for LED implementation

A cooperative is a voluntary organisation formed by a group of people who have a common need that they want to address jointly, or a group of people who want to create employment for them[4].

A Cooperative means 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 organised and operated on co-operative principles[5].

Cooperative Principles:

1. Voluntary membership.
2. Democratic member control.
3. Member economic participation.
4. Autonomy and Independence.
5. Education, Training and Information.
6. Co-operation with other co-operatives.
7. Concern for members of the community.

These Principles inform the design of cooperative business models.

The formation of cooperatives as a method of development facilitation and project implementation is well known in South Africa. The concept is based on the idea of sharing resources and knowledge. A group of emerging farmers might for example decide to pool their resources to the benefit of the entire group. This group would then typically organise themselves into a cooperative. As a cooperative they are then able to purchase the necessary inputs such as farm implements that where too expensive for the farmers to buy individually. The cooperative will then also assume responsibility for marketing and managing the produce. As an application of development facilitation, emerging farmers can go into a cooperative agreement with an established commercial farmer. This works especially well if a Municipality or other institution (e.g. the Land Bank) assists the group of emerging farmers to acquire land and start-up capital. Under the mentorship of the commercial farmer, these emerging farmers can then become financially viable farmers in their own right under the cooperative agreement.

The primary objective of development incubators is to fast-track LED in a practical and proven manner. The primary goal of incubators is to facilitate economic growth in certain industries, job creation and investment attraction. An appropriate definition of an incubator is an organization that has the technical and financial capability to establish and grow businesses in a competitive environment. The entity must be able to establish and float independent and sustainable businesses effectively. Further, the incubator is expected to become a self-sustaining profit and investment centre over time. If correctly applied, incubators can breathe new life and vitality into the economy of Siyancuma.

[4] dti Co-operatives Handbook
[5] Co-operatives Act

Incubators are a mechanism for identification and development of entrepreneurs. They also provide a platform for focused government intervention through subsidy arrangements. They can improve the level of accountability and effectiveness of Government support. They can reduce the leakage that may occur in a government support programme because of the nature of the monitoring system and accountability inherent in a well-run incubator.

In Siyancuma the focus of incubators will be on the implementation of specific key programmes or projects. An incubator will typically be used to achieve the goals and objectives of a specific project. The purpose of an incubator will not be to assist as many entrepreneurs as possible or process as many trainees as possible. The very essence of an incubator is to select those entrepreneurs, which will contribute to the successful implementation of the LED Strategy.

Incubators provide assistance with mentoring, business development, marketing and securing access to finance. In addition, one of the most important functions is information dissemination and establishing linkages between the entrepreneurs and the private sector and government. Incubators must be viable, need to operate as a business, have their own source of sustainability, generate wealth, and fulfil the needs of the community to the greatest extent possible.

There are a number of criteria, policy and other issues, which need to be addressed in incubator development. These criteria include:

- Selectivity
- Accountability
- Accessibility to capital
- Qualified mentoring,
- Creation of synergy
- Industry knowledge
- Business and management

Incubators are in essence, designed to serve as a mechanism for generating new businesses, which in time will help alleviate poverty.

6.1.6. The road to unlocking private sector investment

It is important that the Siyancuma LM develops the skills and orientation that will enable it to facilitate and attract private sector investment. The starting point is to take responsibility, then to put the systems in place to execute that responsibility. The process of developing the capacity to respond effectively to this challenge is outside the scope of this LED Strategy document. However, below is a set of some of the critical matters that should be attended to in the operations of the Pixley ka Seme LM going forward.

Many governments, in their efforts to fast forward the developmental process, sometimes sidestep elements that are crucial to project sustainability. Pressures to deliver much needed basic services in response to community expectations and national government mandates such as Integrated Development Planning (IDP) and Local Economic Development (LED) also provide incentives for Municipalities and Provincial Governments to quicken the pace of delivery.

International development experience in countries throughout the world has indicated that millions, if not billions, have been wasted because of the unwillingness of governments to take the necessary precautions in project design, development, and subsequent implementation. While much has been said about the need of governments to focus on socio-economic development, much more needs to be said about the definition of a systematic process leading to it. The process involves the infusion of business policies, principles, and practices into socio-economic development planning.

Specifically, there are a number of steps that should be implemented by government to support sustainable development and economic investment. Simply put, a developmental project should involve much more than the construction of houses, provision of water and electricity, or the installation of bulk infrastructure.

Rather a developmental project should be premised on the following:

1. Pre-feasibility Study
2. Feasibility Study
3. Business Development Plan
4. Capital Raising

Why a pre-feasibility study? The pre-feasibility study is the most common and the most resource intensive of preliminary project preparation options. A pre-feasibility study is a precursor to a feasibility design study. Its main purpose is to ensure there is a solid basis for undertaking a feasibility design study. A pre-feasibility study is the investigation that normally precedes a decision to go forward with a given project proposal. The principal objectives of a pre-feasibility study are the following:

- Undertake a detailed analysis of the development situation and constraints the project is to address, and to identify government partner policies, programs and projects designed to address these constraints (including activities of other donors).
- Refine the logical framework matrix (based on collection of sound, objective data) and project proposal in a clear and realistic manner and make a preliminary assessment of the viability of alternative approaches.
- Identify and define the linkages between the project and poverty reduction, taking into account the findings of a poverty analysis.
- Define achievable outcomes for the project or define possible design options or concepts that may merit further investigation.
- Make a preliminary identification of the likely risks to achieving the objectives and to achieving sustainability after project completion, and assess the importance of these risks (i.e. preliminary risk analysis and sustainability analysis).
- Develop a terms of reference for a feasibility design study if this is deemed appropriate.
- Define further data collection and analysis requirements, and possible data sources, for the feasibility/design stage.

The pre-feasibility option is used if any one of the following is true:

1. There is a serious lack of information on the development problems to be addressed by the project and this needs fuller definition through an analysis by technical specialists before a feasibility study can be undertaken.

2. There is insufficient information to prepare the terms of reference for a feasibility design study.

Why Feasibility Study? A feasibility study is a combination of a market study and an economic analysis that provides an investor with knowledge of both the environment where a project will exists and the expected rate of return on investment to be derived from it. In sum, it is an investigation, which tries to clearly establish whether a project will work and achieve its expected results. A feasibility study is defined as an evaluation or analysis of the potential impact of a proposed project or program. It is conducted to assist decision makers in determining whether or not to implement a particular project or program.

Such a study usually evaluates in detail a project's technical design, its costs and benefits, economic feasibility, social and environmental aspects, institutional issues, financial aspects, public opinion, and analysis of alternative selection. The extensive research, conducted in a non-biased manner, will provide data upon which to base a decision. Feasibility studies are usually carried out in the preparation stage of the project cycle.

The components of a feasibility study include the following:

- Executive Summary: The executive summary provides an overview of the feasibility study and should include major findings of the study followed by a recommendation.

- Background Information: Some background information is critical to provide context for the feasibility study. The information should include: a summary of the community to be impacted (for example: number of community residents, geographical size of the community), summary of the related types of services currently being provided to the community, mission of local government in relation to the proposed project, goals and objectives of the government in relation to the proposed project, socio-economic trends that might impact the community (for example, recent and projected growth, skills, financial status); and the reason and rationale for the proposed project.

- Discussion of the proposed project: This portion of the feasibility study should outline the main characteristics of the proposed project. A description of the processes involved in the proposed project should also be included.

- Advantages and Disadvantages of the Proposed Project: The advantages and disadvantages of the proposed project need to be clearly explained in the feasibility study. Not only should potential gains be discussed, but also decision-makers need to know possible disadvantages of the proposed project. It is better to have the potential disadvantages described so that there will be no big surprises when the proposed project is implemented. Knowing the potential disadvantages also help the decision-makers to be realistic and determine ahead of time what they are willing to accept.

- Project Schedule: A "best guess" schedule for the project should be included as part of the feasibility study. Realistic dates for each phase of the project must be included; however, there are often delays during project implementation, particularly one with a major construction component.

- Final Recommendation: A final recommendation is provided in the feasibility study based on the research conducted. The recommendation includes the rationale and financial evidence that supports it.

In sum, a feasibility study provides local government officials with a very detailed assessment of what the best alternative in response to highest priority community needs. The feasibility study also serves a source of unbiased justification for moving forward with the implementation of a proposed project.

Why A Business Development Plan? A business plan is a comprehensive planning document, which clearly describes the business developmental objective of an existing or proposed business. The document describes the proposal's concept, the market problem, proposed solutions, business and revenue models, marketing strategy, technology, company profile, as well as financial data for coming years. It seeks to capture the vision, current status, expected needs, defined markets, and projected results. It also maps the marketing and organisational strategies that will enable the organisation to achieve its goals.

Many Local and Provincial Governments in South Africa have developed business plans, which reflect their overall developmental goals and objectives. It is equally important however for each proposed project to have a business plan. The business plan should contain information that exists in the feasibility study. It should however, provide a clear road map of the proposed project and all of its implications.

The business plan should include the following:

- Mission statement
- Identification of goals and objectives
- Statement of Purpose
- Description of the Proposed Project
- Background information about the location and beneficiaries
- Market Strategy
- Management and Human Resources
- Expected Effect of the Proposed Project
- Strategic Implementation Timeline
- Summary
- Monitoring and Evaluation Plan
- Financials

In sum, a business plan for a proposed project should greatly increase the ability of government officials to effectively manage, monitor, and evaluate its implementation. The business plan should serve as the principal source of guidance regarding the implementation of a project.

Why Capital Raising? Perhaps one of the most limiting factors affecting any developmental project is the raising of capital. From international donors to the Municipality, which have funds to support developmental project initiatives, the amount of funds available is usually problematic. Local governments in South Africa are also looking more and more to private institutions to help finance developmental projects.

In raising capital to support developmental projects, Siyancuma must make sure that the projects are viable, sustainable, and to the greatest extent possible and will ultimately pay for themselves. It is understood that the Siyancuma Municipality is facing budget challenges. For the Municipality to gain more access to private capital, officials must indicate their willingness and ability to apply strict fiscal management to their budgetary process. Fiscal accountability is critical to any government's efforts to raise capital.

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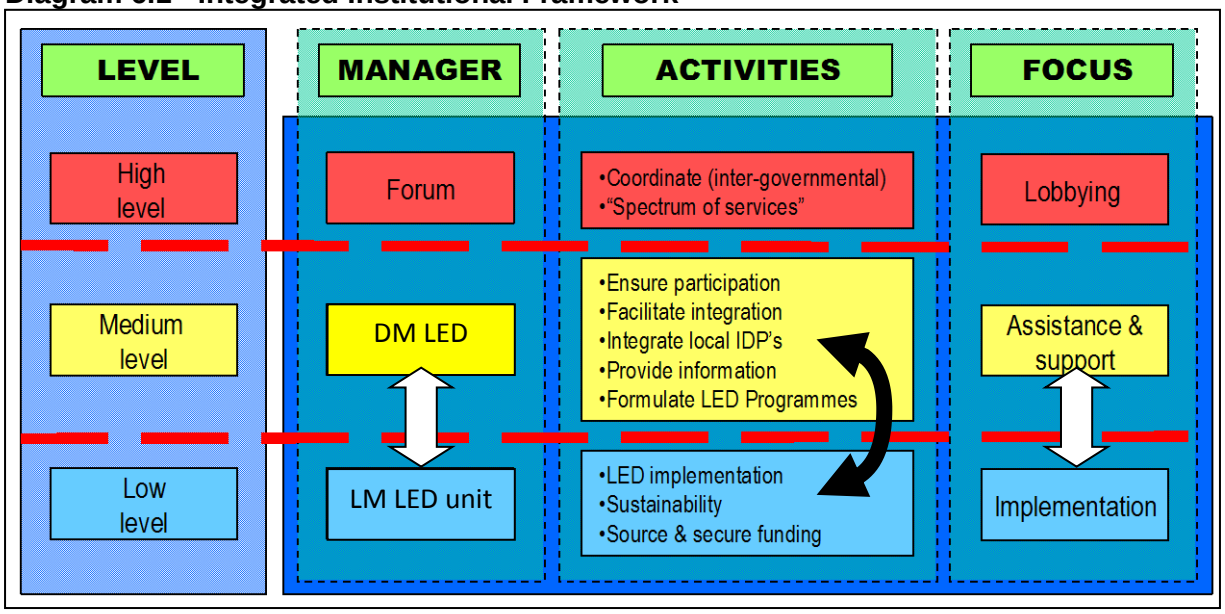
6.2. Integrated Institutional Approach

The integrated nature of the institutional recommendations must be highlighted. This integrative nature is highlighted by the characteristics of the proposed mechanisms to address among others:

1. How to structure the delivery mechanism in order for LED to be executed?
2. The critical issues which are addressed in terms of the above question.

Additionally, the roles and responsibilities of the different levels of government are presented and act as a point of departure. Similarly the actual implementation of the LED activities is viewed as the single most important element that will be able to guarantee LED success. It is for this reason that the proposed framework has been developed. The proposed framework is illustrated in Diagram 6.1.

Diagram 6.1 - Integrated Institutional Framework



It is evident that the formation of the additional body i.e. the LED Forum will not necessitate a complete abdication of LED duties by the Siyancuma Municipality. What is implied is that the "load" on the existing capacity of the LED Unit is extended through the deployment of additional resources.

The Siyancuma LED Unit must still play a central role in terms of the initiation of delivery of development support and assistance programmes. When LED projects are to be initiated and implemented on a practical level, five core activities have to be identified. It should be noted that these core activities are inter-connected and are not separated from each other.

Diagram 6.2 illustrates the inter-connected core-activities of the LED project management process:

Diagram 6.2 – The Core Activities of LED Project Management

- **Activity One:**

Identification 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 generation of new ideas and opportunities can be brought about through the establishment of committees, consultation of local communities and brainstorming sessions. Assessment of the initiatives in terms of a SWOT analysis should also be included. It is recommended that the initial step of idea generation and ongoing project/opportunity identification be undertaken by the local Municipality.

- **Activity Two:**

Defining the approach refers to the process of specifically defining the project and implies the actual formulation of business plans. Apart from the actual project design and refinement, the role that the Municipality can play to assist local entrepreneurs also falls into this category and includes activities such as the provision of the necessary infrastructure, ensuring and enabling institutional environment, etc.

- **Activity Three:**

The *Marketing* phase consists of two main components, namely place marketing as well as the marketing of the specific products/services produced by the respective projects. The provision of appropriate mechanisms by the Siyancuma LM to market the area is critically important to the successful attraction of investors to the area. Linked to this is the need for the provision of adequate exposure of local business to the services provided by the Local Municipality.

- **Activity Four:**

Development funding entails the acquiring of finances for implementation and development of projects. It also entail the facilitating efforts of the local authority through the provision of support in the application for funding as well as matching potential investors and funding sources.

- **Activity Five:**

The *implementation* phase entails the culmination of the preceding activities resulting in the identified opportunities being put into action. Assistance during the initial stages of implementation is critical and measures to assist entrepreneurs include the provision of support activities, the formation of partnerships as well as mentoring activities (skills development).

Each of the aforementioned activities/phases of practical implementation is made up of its own components. These components, similar to the activities, are interdependent and progressive and build up to the implementation and evaluation of projects. It is important to note that the Pixley ka Seme District Municipality should assist Siyancuma in all of the abovementioned activities of practical implementation depending on the capacity and/or assistance required.

Table 6.1 identifies the components for each of the activities for practical implementation of the LED strategy and allocates responsibilities to the Local Municipality (Siyancuma) and the District Municipality (Pixley ka Seme) according to capacity.

Table 6.1 - Specific core activities and components

RESPONSIBLE AGENT	COMPONENTS	MAJOR ACTIVITIES
ACTIVITY ONE: IDENTIFICATION		
Local	➔ Idea generation	Establish organising committee. Consult local community- workshops. Consult professional expertise. Brainstorming sessions.
Local	➔ Opportunity identification	Community planning.
Local & District	➔ Business plan formulation	Consult experts. Write business plan.
ACTIVITY TWO: DEFINE APPROACH		
Local & District	➔ Market analysis	Periodic business survey. Benchmarking (success stories). Establish business chambers. Update business database.
Local	➔ Legislation	Review by-laws and amend where necessary.
Local & District	➔ Management	Delegate responsibility to a “driver”.
District	➔ Access to support structures	Make inventory of support services available. Clear understanding of approval and selection processes.

RESPONSIBLE AGENT	COMPONENTS	MAJOR ACTIVITIES
Local	➔ Location	Identify appropriate areas and ensure focused development within selected areas (development nodes).
Local & District	➔ Land & Buildings	Set up an inventory of potential buildings that can be utilised during development by entrepreneurs. Determine where projects can be housed. Approach private sector to release property for utilisation. Negotiate favourable rent rates.
Local & District	➔ Infrastructure	Ensure necessary infrastructure is available to potential investors e. g tarred roads and storm water, sanitation and water.
		Guarantee adequate maintenance of infrastructure and services.
District & Local	➔ Labour force	Encourage and support local training facilities to expand curricula aimed at the broadening of the skills base.
		Encourage and coordinate (as far as possible) Provincial Government Departments to undertake training within Siyancuma.
ACTIVITY THREE: MARKETING		
Local & District	➔ Place marketing	Printed media. Alignment with other initiatives.
Local & District	➔ Lobbying	Lobby appropriate government departments.
Local & District	➔ Project launches	Use launches to create awareness of project. Communicate progress of the projects to the community.
ACTIVITY FOUR: DEVELOPMENT FUNDING		
District & Local	➔ Funding	Develop database of all donor and funding agencies. Facilitate the successful application for funding from the various institutions. Provide info to applicants regarding different potential types of funding and funding institutions.
District & Local	➔ Grant funding	Lobby respective donor agencies to provide grant funding.

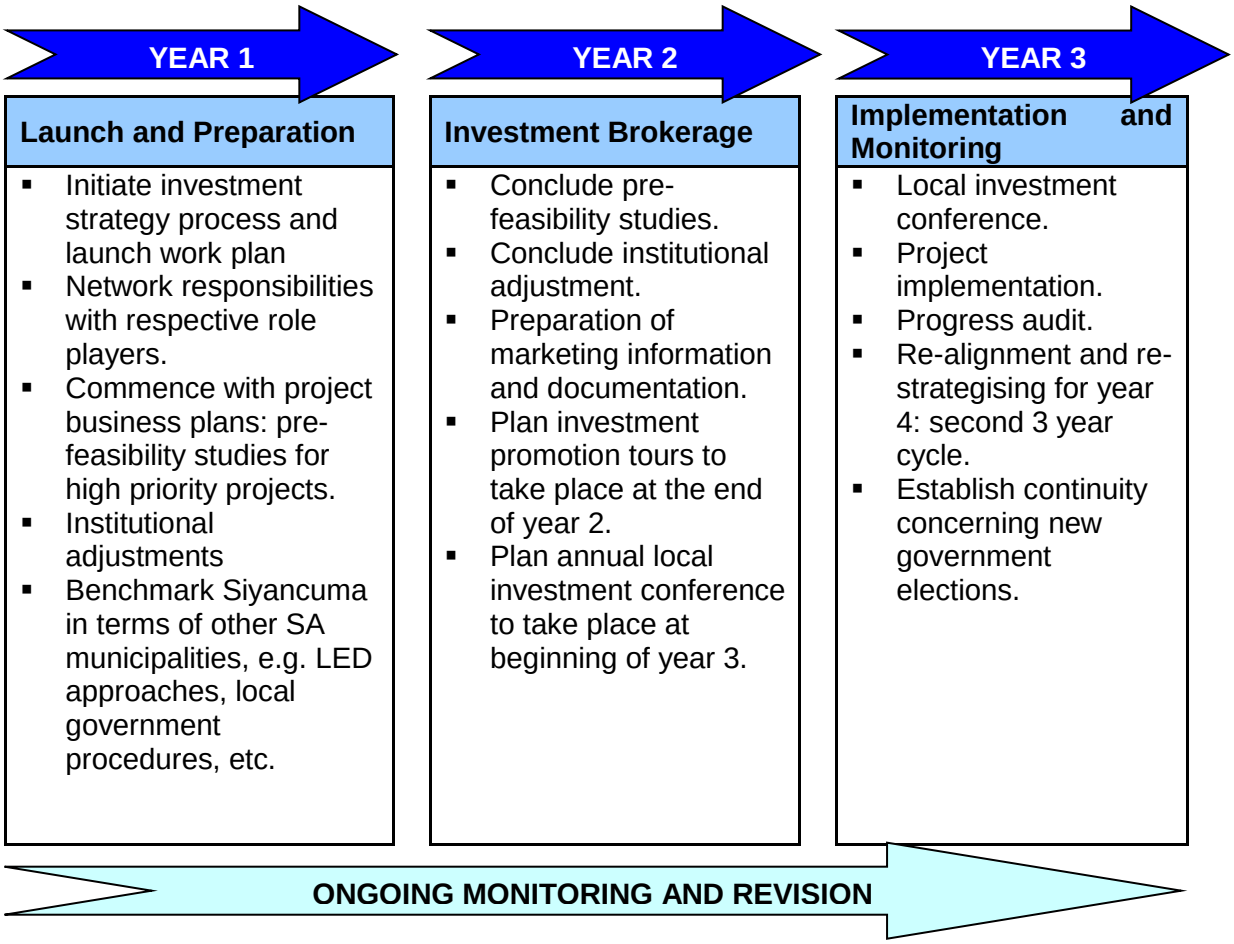
RESPONSIBLE AGENT	COMPONENTS	MAJOR ACTIVITIES
District & Local	➔ Loans	Engage commercial institutions to provide loans to emerging entrepreneurs. Assist entrepreneurs during applications for loans.
Local & District	➔ Own capital	Encourage existing business to expand operations within the local area.
District	➔ Seed and venture capital	Support applications to organizations such as the IDC, which provides seed and venture capital to potential investors.
District	➔ Development Support	Enhance awareness and skills in areas such as: ▪ Business planning ▪ Customer service ▪ Performance management ▪ New market opportunities, etc.
District & Local	➔ Establishment support	Provide start-up service (e.g. incubator) to entrepreneurs such as: ▪ Determining customer base ▪ Competitive pricing ▪ Promotional programmes ▪ Competition ▪ Strategic/convenient location
District & Local	➔ Matchmaking	Link opportunities, funding and entrepreneurs.
		Referral of business opportunities as well as assistance in the application for funding.
ACTIVITY FIVE: IMPLEMENTATION		
District & Local	➔ Partnerships	Establish partnerships between the existing local business and emerging entrepreneurs.
		Joint Ventures (private & public)
Local	➔ Fast-track approval process	Stream line the approval process to provide investors with speedy replies with regards to developmental aspects/ enquiries/applications. Convene extra-ordinary council meetings where necessary.
Local	➔ Support structures	Provide counselling (advice, info and support) at one-stop centres for business development, tourism, etc. at Municipal offices.
Local & District	➔ Incubators	Establish local business support centres (LBSCs) and incubators.
District & Local	➔ Management Support services	Training of entrepreneurs in practical business skills as well as more general workshops on self-employment. Provide administrative support to emerging entrepreneurs. Provide mentorship programmes.

RESPONSIBLE AGENT	COMPONENTS	MAJOR ACTIVITIES
District & Local	➔ Capacity development	Experience exchange – providing local entrepreneurs an opportunity to share experiences and ideas through seminars, workshops, etc. Coordinate and link activities undertaken by the local training facilities, and government departments. Develop and apprenticeship/traineeship scheme where a number of local businesses share a group of trainees.
Local & District	➔ Mentoring	One-to-one guidance. Continued advice and regular meetings with business operators. Guidance with marketing, accounting and management procedures. Assistance in identifying and solving problems. Introductions to business and professional organisations. Personal support.

6.3. Phased Implementation Plan

The proposed LED Implementation Plan is illustrated in Diagram 5.3. The Figure summarises important actions and financial considerations pertaining to the first of a number of consecutive three year implementation and revision cycles.

Diagram 6.3 - Phased Implementation and Financial Planning, First 3-year cycle



Budgetary allowances for business plans, investment tours and the investment conference should provide for R700 000 to R1 million per annum over the first three year cycle.

6.4. Monitoring and Evaluation System

Implementation of the LED Strategy needs to be monitored on an ongoing basis. Progress with respect to new investment and the impact thereof on Siyancuma's economy needs to be constantly assessed and monitored over the implementation period of the strategy. To enhance efficiency and effectiveness of the strategy, continuous adjustments need to be made, based on market fluctuations and demand changes. This entails continuous strategic re-positioning.

The rationale for developing and updating a Monitoring and Evaluation System include the following:

- Inform the sector departments of the development needs in Siyancuma
- Ensure that all role players are aware of all projects planned in the area
- Make information of all projects available at one glance
- Compare profiles, projects and funds allocated
- Compare Siyancuma with other Municipalities in South Africa
- Indicate whether national or provincial policies are adhered to by comparing the number and type of projects and the amount of funding
- Inform all role players on the progress of project implementation
- Inform provincial departments and politicians about the status of implementation by Siyancuma
- Determine the contribution and effectiveness of each Pillar, Programme and Project. In this regard Key Performance Indicators (KPIs) can be linked to specific strategies (PGDS, LED & IDP)
- Pinpoint the areas of intervention through progress and tracking reports
- Compare progress over numerous years

The KPIs associated with the various identified projects and programmes are illustrated in Table 6.2.

Table 6.2 – Siyancuma LED performance monitoring indicators

LED Pillar	Programmes	Projects	Five year KPIs
Pillar 1 **Agriculture and Agro-processing Development**	Agro-processing Emerging Farmer Support	Meat Processing Plant (sheep) Production of Plant Oils (e.g. ground nuts) Potato processing & packaging Maize Mill Fish Processing Plant (Yellow fish) Sun-dried fruit and vegetables production Wool Production	Number emerging farmers operating in the area Portion of crops which are beneficiated locally Export tonnage of local farm products Number of commercial uses identified for existing crops Number of new agro-processing units Number of emerging farmers supported Emerging farmer support

LED Pillar	Programmes	Projects	Five year KPIs
		Demarcation of demonstration plots Availing state-owned land to emerging farmers Mentorship programmes in association with commercial farmers Youth Incentive Programmes for the Agricultural Sector Aquaculture production and processing Onion cultivation and processing	programmes implemented
Pillar 2 **SMME Development**	Investment Promotion SMME Development & Support	Development of a small shopping centre at Douglas N8 development corridor for Trade opportunities (Tourism Trade opportunities) Regional fruit and vegetable market Entrepreneur Development Support Centre SMME Incubator	Number of SMMEs in the area (growth) Number of SMMEs supported through assistance programmes Number of LED initiatives implemented through the LED Forum Number of people employed by SMMEs Number of new SMMEs Survival rate of SMMEs
Pillar 3 **Tourism Development**	Improving the Tourism Infrastructure and Creating Attractions	Game Reserve development The developed of a resort and adventure tourism facility (Vaal and Orange rivers) The development of a natural golf course estate	Siyancuma share of the Pixley ka Seme tourism market. Development of new tourism packages & routes Tourism investment (in new and existing offerings/destinations)

LED Pillar	Programmes	Projects	Five year KPIs
		Heritage tourism developments (Cultural Village) Birding Tours	
Pillar 4 **Mineral Beneficiation**	Processing of local minerals	Tiger-eye and Slash Stone Polishing Plant Small scale diamond cutting and polishing Building Sand Quarry Mineral water bottling plant	Beneficiated product exports as a portion of total mineral exports from the area Fixed investment, job creation and production Investment incentives (packages available) Value of real private sector investment p.a. Manufacturing GGP The number of BEE SMMEs Value of annual exports Diversification in the Manufacturing sector Competitiveness of exports The cost of doing business in Siyancuma

6.5. The Way Forward

To ensure the optimal implementation of the Siyancuma Local Economic Development Strategy, the following recommendations are made here:

1. Make sure that all people employed to undertake implementation have the relevant experience, expertise, skills, etc. to ensure effective management and implementation.
2. Make use of experts for the drafting of the relevant project business plans and utilise the available funding sources.
3. Ensure that all information needed for implementing a project is included in the business plan, including the responsible parties, the amount of funding required, the timeframes for implementation, resources and equipment needed for implementation, etc.
4. Ensure balanced economic development by means of adopting an integrated, holistic, coordinated and diverse developmental focus.

5. Start by implementing the programmes and projects with the fastest anticipated impact on job creation, poverty alleviation, BBBEE, SMME development, increase in living conditions, human development, etc. followed by those with a medium and longer term effect.
6. Make sure all financial sources, equipment, human resources, etc. are in place and available before starting with the implementation of a programme and/or project.
7. Focus on stimulating economic development and empowerment of local people at the same time.
8. Make sure that the implementation of projects are executed by local people and not imported labour.
9. Set reasonable timeframes and keep a monthly/weekly track record to evaluate the progress of all necessary actions.

An important aspect for successful implementation is to ensure that all involved take ownership of the programmes and projects. Without ownership-taking of a programme and/or project, success will not be accomplished. It is also important to incorporate monitoring and evaluation elements for each of the Pillars into a performance management system, to ensure accountability and responsibility for implementation and to eradicate potential conflicts.