Thembelihle Local Municipality

Local Economic Development Strategy

March 2012

Contents

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 Thembelihle 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 8th of September 2011. During this workshop, participants highlighted the following main visioning elements:

- Sustainable development
- Employment creation for local communities
- Fast growing local economy
- HIV/AIDS and crime free environment
- An integrated and shared economy

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

"An integrated LED approach that creates sustainable employment, with a growing local economy, free from HIV/AIDS and crime that stands to benefit all."

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 Thembelihle 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 Thembelihle Local Municipality.
2. To develop a 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 broadly 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 Thembelihle 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 Thembelihle 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.

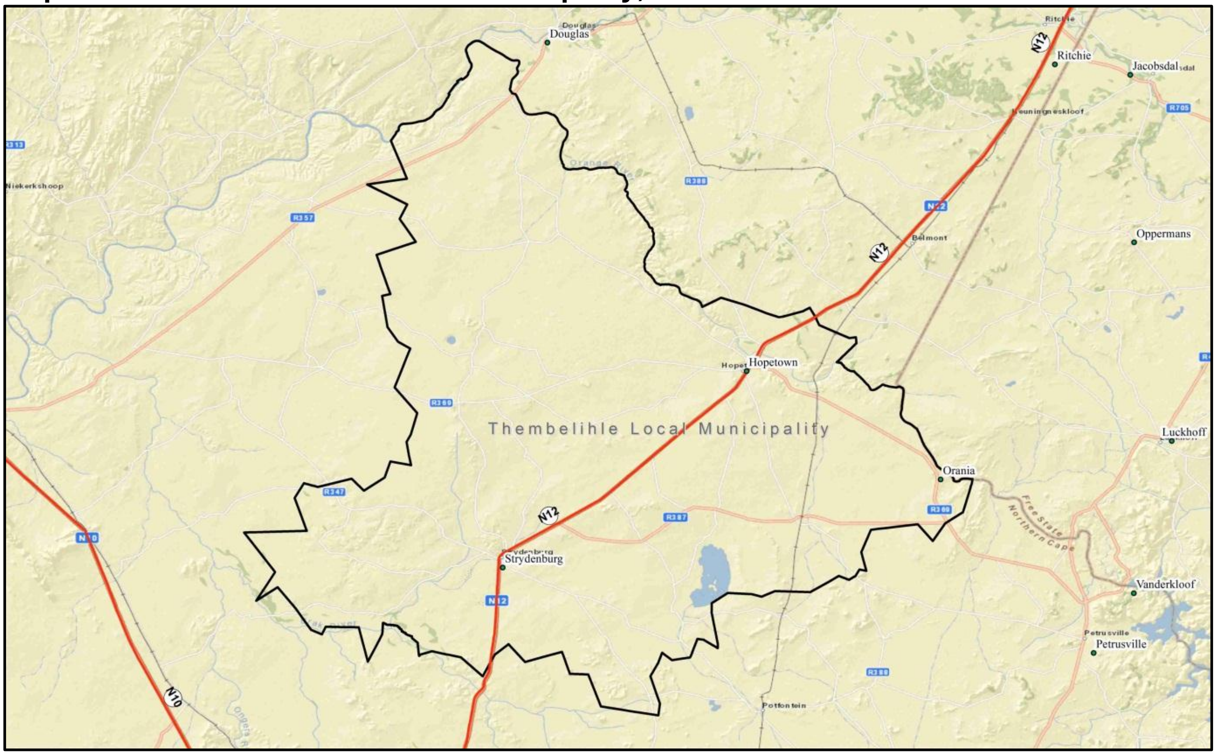
1.4. Geographic Context

1.4.1. Thembelihle in Local Context

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

- Hopetown (the seat of the Local Municipality)
- Strydenburg
- Orania

Map 1.1 – The Thembelihle Local Municipality, 2012



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

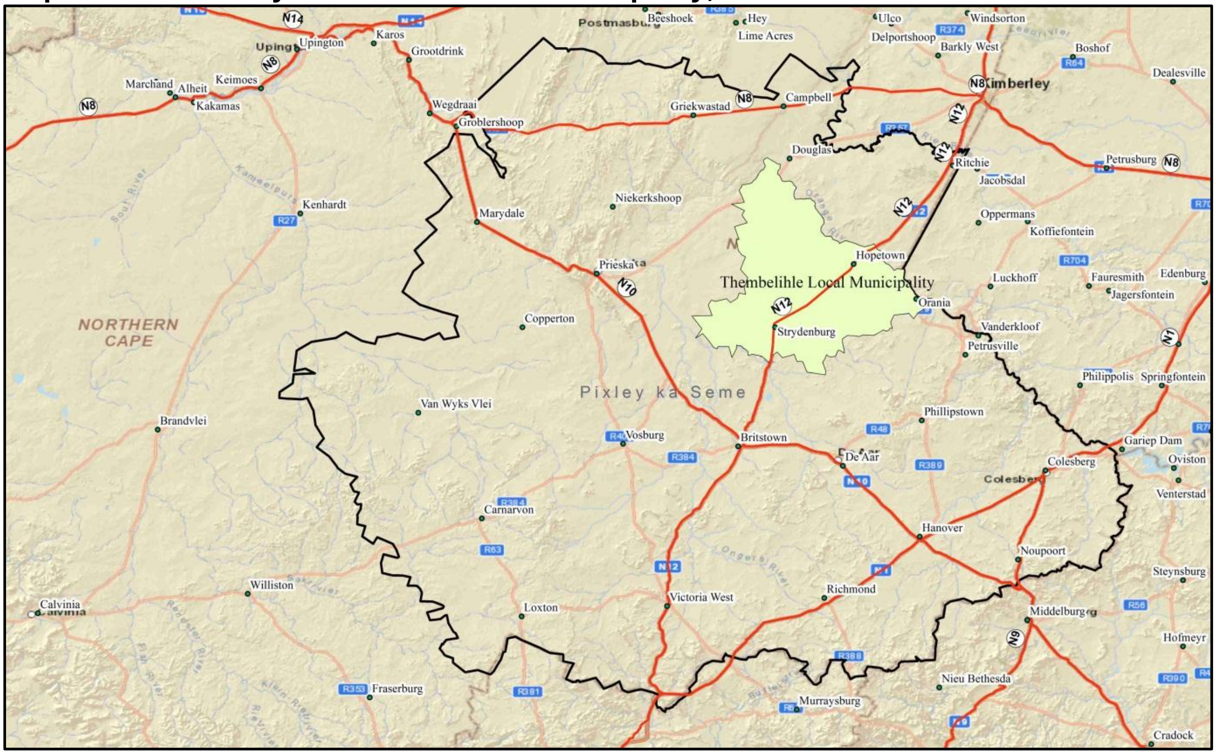
The municipal area encompasses a geographic area of some 6,986 km² which implies that Thembelihle accounts for some 6.8% of the total District surface area. The local economy is mainly agriculture-based and highly dependent on the Orange River, which runs through the area. Although the area is well known for sheep farming, crops are also produced on the banks of the river. Hopetown and Strydenburg are located next to the N12 highway, which link the area to Kimberley and Cape Town (via its southbound connection to the N1).

1.4.2. Thembelihle in Regional Context

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

1. Siyancuma 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). Hopetown is located some 181 km from De Aar and 123 km from Kimberley. Spatially, Thembelihle 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 Thembelihle

City	Distance from Hopetown (km)
Upington	388
De Aar	181
Kimberley	123
Bloemfontein	283
Cape Town	833
Johannesburg	602
Pretoria	662
Durban	915

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 Thembelihle 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 Thembelihle had a local population of almost 15,000 people during 2010.

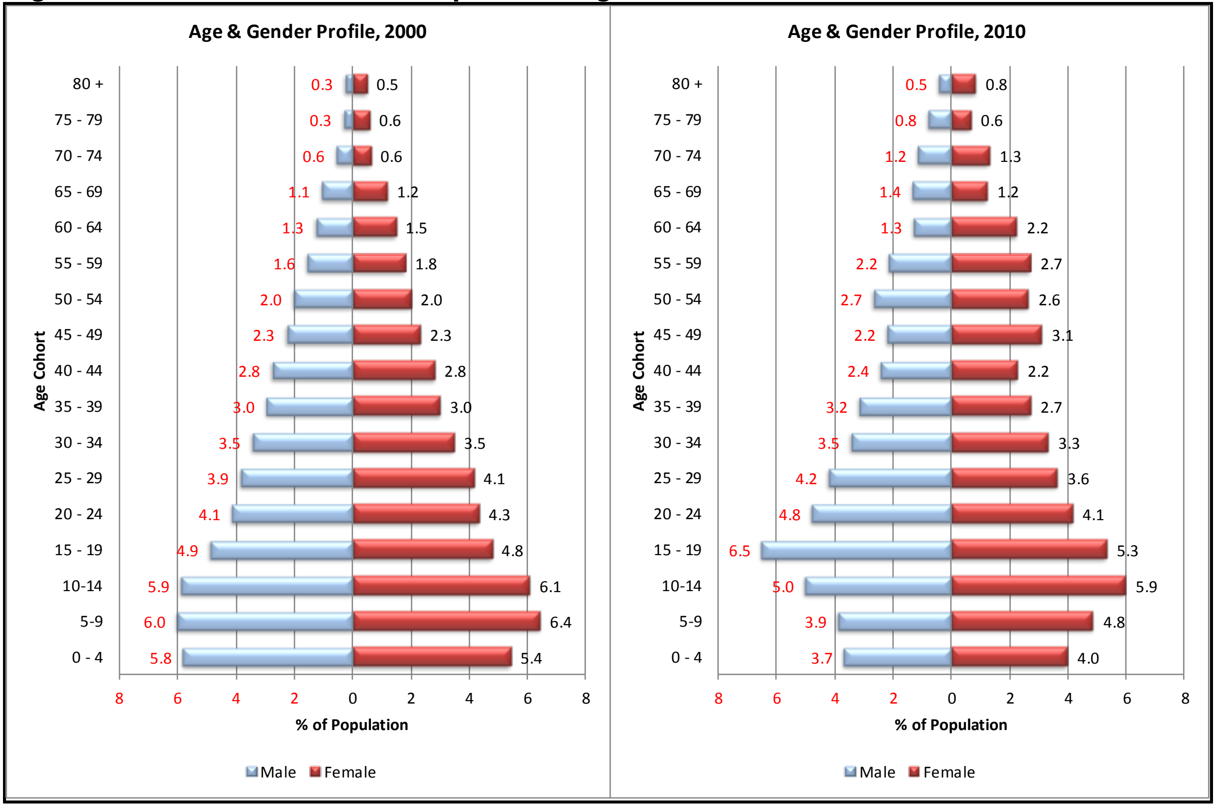
Table 2.1 – The Local and Regional Population

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
Thembelihle Local Municipality	16,549	15,743	14,839	14,606

Source: Quantec Research, 2012

In regional context, this meant that Thembelihle contributed 8.1% to the District and 1.3% to the population of the Northern Cape.

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



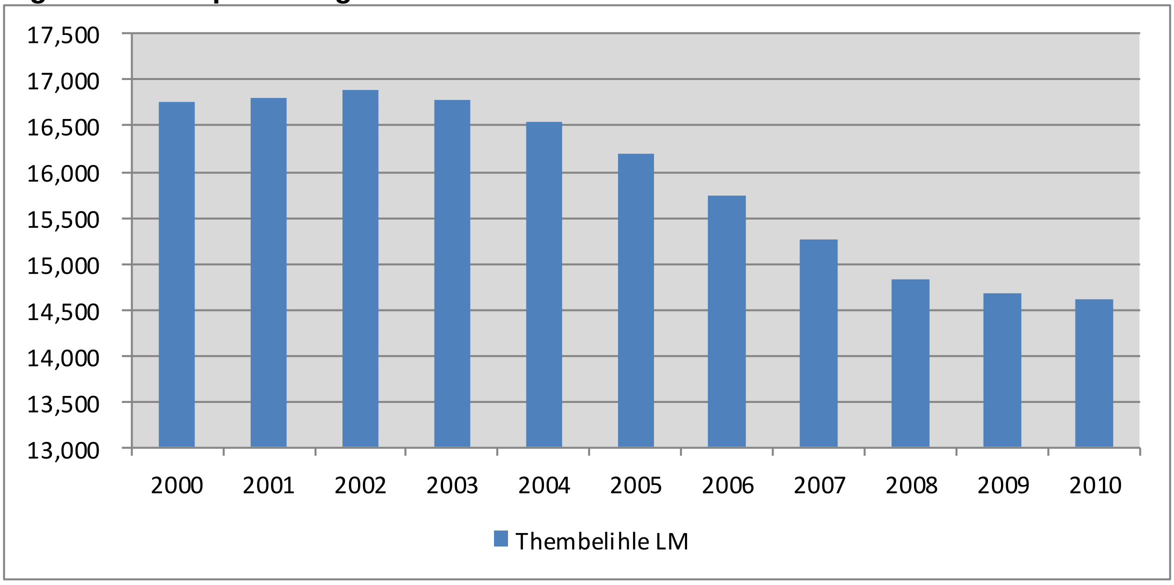
Source: Quantec Research, 2012

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 (50.6%) than males (49.4%) among the local population during 2010. This balance has been maintained over the past decade.
2. The working age group (15 to 64) contributed 64.9% to the local population in 2010. This age group has increased proportionately (from 59.3% to 64.9%) in relation to the other age groups. In absolute terms, however, the working age group decreased slightly from about 9,900 people in 2000 to 9,500 in 2010.
3. The working age population is slightly male dominant.
4. The age dependency ratio declined from 0.7 in 2000 to 0.5 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 3.9% (on average per annum). This means that the age profile of the local population is becoming older. The number of children in the area declined from almost 6,000 during 2000 to about 4,000 in 2010.

The population of Thembelihle declined from almost 17,000 people in 2000 to just below 15,000 in 2010 (see Figure 2.2). This implies that the population contracted by 1.4% on average per annum. This growth rate is relatively lower than the Pixley Ka Seme DM, which contracted 0.7% p.a. The decline of the Thembelihle population was mainly driven by lower fertility rates.

Figure 2.2 – Population growth in Thembelihle between 2000 & 2010



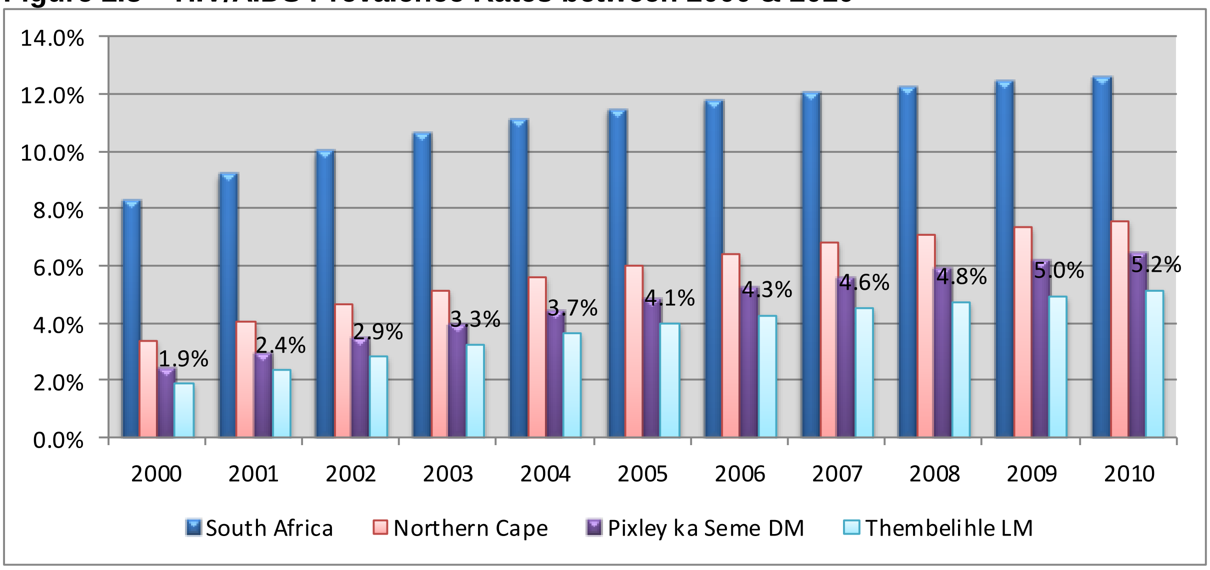
Source: Quantec Research, 2012

The death rate (i.e. the number of deaths per 1,000 people in year) experienced a relative increase from 10.8 in 1995 to 12.2 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 Thembelihle population was 5.2% 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 Thembelihle municipal area more than doubled from about 300 to almost 800 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 Thembelihle (at 8.9% 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 Thembelihle and the larger region are illustrated by Table 2.2. From this Table, it is evident that 17.5% of local adults did not complete any type of formal education whatsoever. This observation is in line with the District average, but above the provincial and national average.

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

Level of Adult Education	South Africa	Northern Cape	Pixley Ka Seme DM	Thembelihle LM
Grade 0/No schooling	10.8%	12.7%	18.6%	17.5%
Grade 1/Sub A	1.3%	1.3%	1.7%	3.2%
Grade 2/Sub B	1.9%	1.9%	2.5%	2.5%
Grade 3/Standard 1	2.5%	3.0%	3.7%	4.3%
Grade 4/Standard 2	3.1%	3.9%	4.0%	4.7%
Grade 5/Standard 3	3.3%	4.4%	5.4%	5.3%
Grade 6/Standard 4	4.2%	5.7%	5.4%	5.6%
Grade 7/Standard 5	5.7%	7.3%	7.6%	6.8%
Grade 8/Standard 6/Form 1	7.0%	8.7%	8.6%	8.2%
Grade 9/Standard 7/Form 2	6.4%	7.0%	6.5%	6.0%
Grade 10/Standard 8/Form 3/NTC1	9.2%	9.8%	8.1%	8.8%
Grade 11/Standard 9/Form 4/NTC11	12.1%	7.2%	5.9%	5.4%
Grade 12/Standard 10/Form 5/Matric/NTC111	19.8%	17.4%	13.4%	15.2%
Less than matric & certif/dip	2.8%	2.3%	2.4%	1.2%
Certificate with Grade 12	2.0%	1.9%	1.7%	1.0%
Diploma with Grade 12	3.3%	2.5%	2.2%	2.0%
Bachelor's Degree	2.2%	1.2%	0.9%	0.8%
Bachelor's Degree and Diploma	1.0%	0.7%	0.9%	0.9%
Honours degree	0.9%	0.6%	0.3%	0.3%
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

In terms of the proportion of adults who obtained a tertiary qualification, Thembelihle (5.3%) fared worse that the District (6.3%) and Northern Cape (7.3%).

The adult education profile of Thembelihle did improve over the past ten years. Since 2000, the number of adults with a matric certificate increased from about 900 (or 19.3% of the adult population) to about 1,200 in 2010 (i.e. an average growth rate of 0.8% per annum).

2.2.2. Poverty & Social Needs

2.2.2.1. Household Access to Services

A total of around 4,000 household dwellings were estimated to exist in the Thembelihle municipal area during 2010. This accounted for some 8.6% of all household dwellings in the District, which ranked Thembelihle sixth among Pixley Ka Seme's Local Municipalities. Since 2000, the number of dwellings grew by only 0.1% on average per annum. This positive growth rate is in contrast to the negative population growth rate (i.e. 1.4% p.a.), which implies a housing shortage in Thembelihle.

Table 2.3 – Household Access to Services, 2000 & 2010

Household Indicator	2000	2010	Access	Growth
House or brick structure	2,896	2,377	63.3%	-2.0%
Electricity	2,739	3,362	82.8%	2.1%
Piped Water	3,872	3,904	96.6%	0.1%
Refuse removal	2,441	2,582	64.2%	0.6%
Flush or chemical toilet	2,221	2,702	66.8%	2.0%

Source: Quantec Research, 2012

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

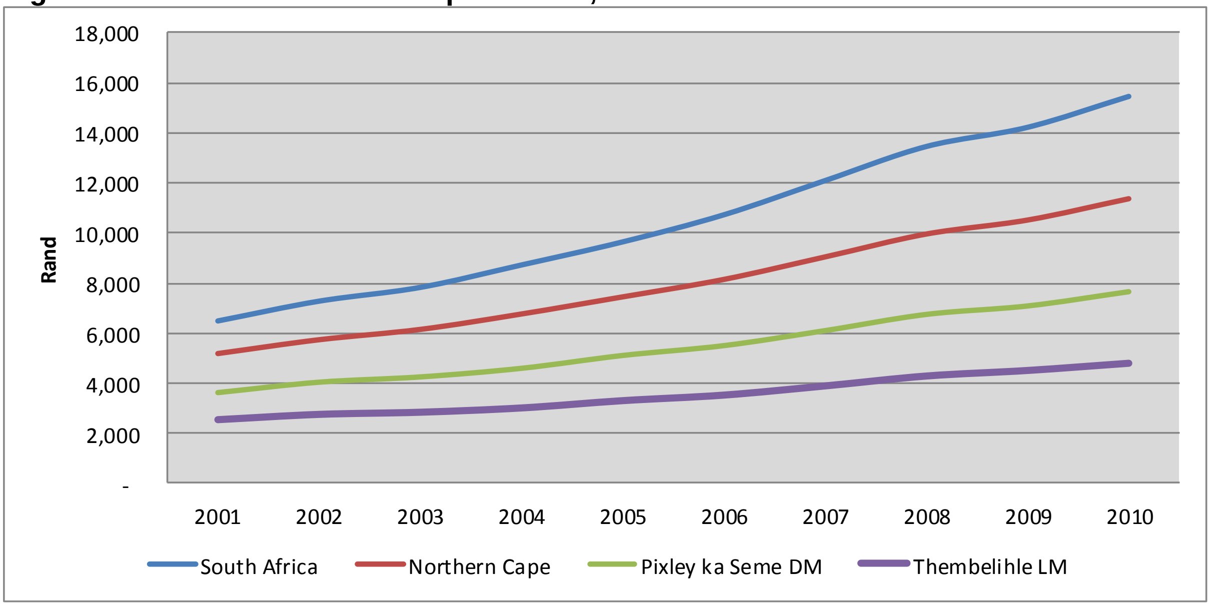
1. More than 63% of household dwellings found in Thembelihle can be classified as houses or brick structures on separate stands. This indicator is somewhat lower when compared with the average for Pixley Ka Seme (80.1%) and the Northern Cape (77.4%). Some 15.5% of local dwellings can be described as shacks.
2. More than 82% of household dwellings found in Thembelihle have access to electricity. This indicator is on par with the District and Provincial average. Since 2000, the number of households with access to electricity grew by 2.1% on average per annum.
3. More than 96% of household dwellings found in Thembelihle have access to piped water. 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 64% 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 67% of local households have access to flush or chemical toilets. This indicator is in line 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 Thembelihle 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 R4,795 in Thembelihle, slightly higher than the District average of R7,652.

Since 2001, household income has grown by 7.3% on average p.a. in Thembelihle 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 Thembelihle 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 R769 in 2001 to R1,213 in 2010 (i.e. by 5.2% 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 63% 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 29.3% of local households) in Thembelihle are households who earn between R1,600 and R3,200 per month. One the other side of the income scale, it can be observed that households who earn more than R12,800 per month only represent 7.2% of households in Thembelihle, compared to 7.7% in the District and 9.9% in the Province. Overall, 36.8% of local households earn 80.5% of all income in Thembelihle (representing the income gap). In Pixley Ka Seme, this gap is relatively the same with 32.2% of households earning 82.8% of all income.

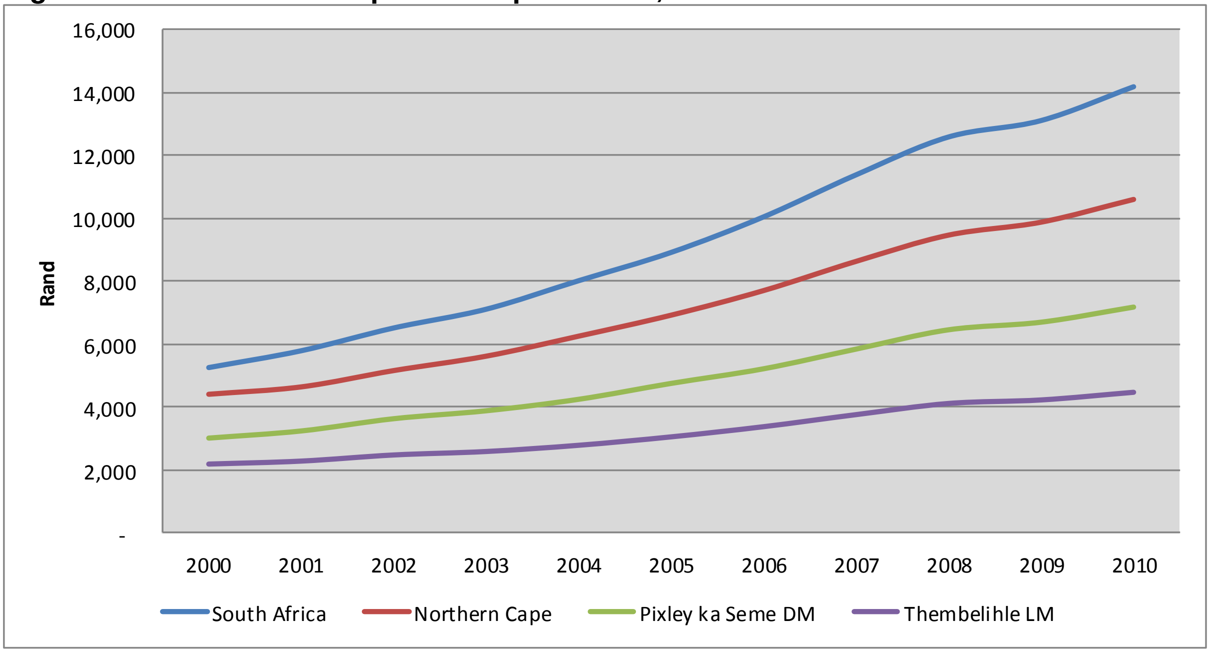
Table 2.4 – Household Income Distribution, 2007

Monthly Income	South Africa	Northern Cape	Pixley Ka Seme DM	Thembelihle LM
R1 - R400	6.2%	4.4%	4.7%	2.4%
R401 - R800	11.1%	9.8%	9.1%	5.5%
R801 - R1 600	23.5%	25.1%	26.8%	26.0%
R1 601 - R3 200	23.7%	24.5%	27.1%	29.3%
R3 201 - R6 400	14.2%	16.4%	16.2%	19.8%
R6 401 - R12 800	9.4%	10.0%	8.3%	9.8%
R12 801 - R25 600	6.6%	5.8%	4.7%	4.3%
R25 601 - R51 200	3.5%	2.8%	1.7%	2.1%
R51 201 - R102 400	1.2%	0.7%	0.4%	0.7%
R102 401 - R204 800	0.4%	0.3%	0.7%	0.0%
R204 801 or more	0.3%	0.3%	0.2%	0.1%

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 Thembelihle have experienced only moderate increases in expenditure levels (7.4% on average p.a.) over the past decade in comparison with Pixley Ka Seme (9.0%) 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. Households in Thembelihle spend about 22% of their income on this product group.

Table 2.5 – Household Consumption Expenditure, 2010

Household Expenditure Item	South Africa	Northern Cape	Pixley Ka Seme DM	Thembelihle LM
Furniture, household appliances, etc.	1.6%	1.3%	1.1%	0.9%
Personal transport equipment	4.2%	3.8%	3.7%	4.7%
Recreational and entertainment goods	1.4%	1.6%	1.7%	1.7%
Other durable goods	0.7%	0.6%	0.6%	0.7%
Clothing and footwear	5.2%	4.3%	4.0%	2.8%
Household textiles, furnishings, glassware, etc.	1.4%	1.2%	1.0%	0.8%
Motor car tyres, parts and accessories	1.4%	1.2%	1.2%	1.5%
Recreational and entertainment goods	0.8%	0.9%	0.9%	1.0%
Miscellaneous goods	0.5%	0.6%	0.6%	0.6%
Food, beverages and tobacco	26.4%	27.3%	26.5%	22.4%
Household fuel and power	3.5%	3.0%	3.1%	1.9%
Household consumer goods	4.0%	3.9%	3.8%	2.9%
Medical and pharmaceutical products	1.8%	1.8%	1.9%	2.8%
Petroleum products	3.5%	3.2%	3.0%	3.7%
Recreational and entertainment goods	0.8%	0.7%	0.8%	1.2%
Rent	12.3%	14.7%	15.2%	15.2%
Household services, including domestic servants	2.7%	2.7%	2.8%	2.8%
Medical services	6.1%	6.0%	6.3%	7.1%
Transport and communication services	8.9%	8.9%	9.1%	10.0%
Recreational, entertainment and educational services	4.3%	3.9%	3.9%	4.0%
Miscellaneous services	8.8%	8.5%	8.7%	11.2%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

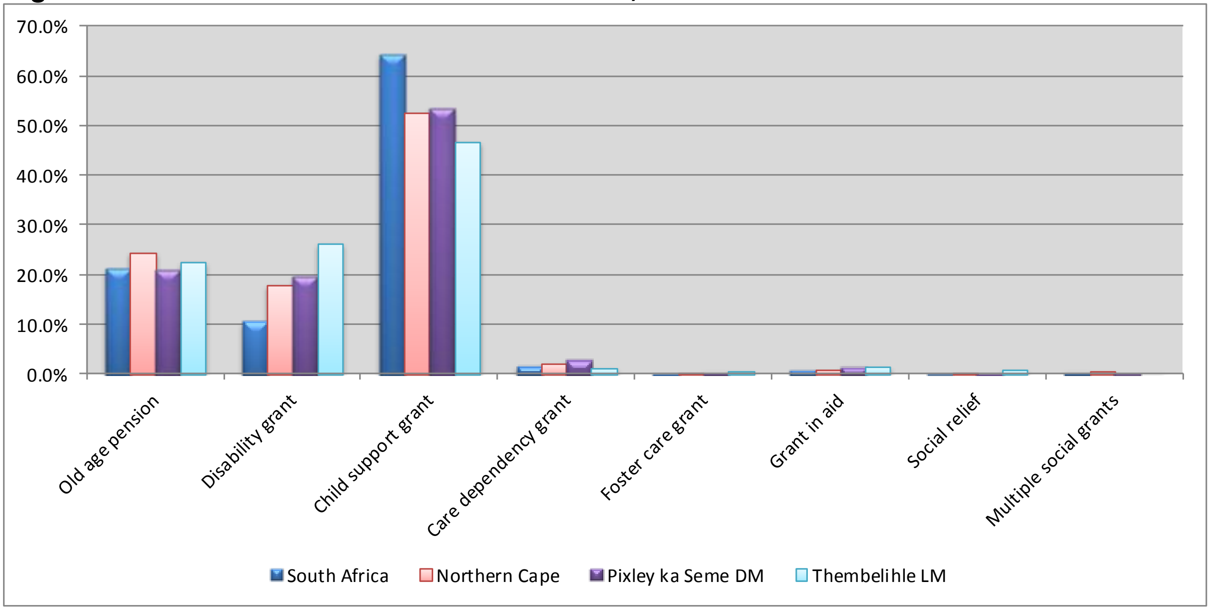
Source: Quantec Research, 2012

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 4,000 people in Thembelihle received social grants which accounted for 8.9% 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 Thembelihle almost 1,900 people received this grant during 2007. In fact, the child support grant made up 46.8% of all social grants received in Thembelihle, slightly lower that Pixley Ka Seme and the Northern Cape. These regions are, however, less dependent on the child support grant when compared to the South African average of 64.5% during 2007.

Figure 2.6 – The distribution of Social Grants, 2007



Source: Statistics South Africa – Community Survey, 2007

In Thembelihle, some 900 people received an old age pension while about 1,000 received a disability grant during 2007.

2.2.3. Crime

During 2010, some 875 crimes were reported at police stations in the Thembelihle municipal area. Since 2005, the total number of reported crimes has increased by 1.6% on average per annum. Table 2.6 presents the distribution of crimes reported at local police stations during 2010.

In Thembelihle, the most crimes were reported at the Hopetown (735 reported incidents) police station during 2010, followed by Strydenburg (140 reported incidents). In this regard, the following observations were made:

- **Hopetown** – The most common type of reported incidence here during 2010 was *common assault,* followed by *drug-related* crimes. The number of crimes reported at the local police station increased from 699 in 2005 to 735 in 2010.
- **Strydenburg** – The most common type of reported incidence here during 2010 was also *common assault,* followed by *assault with the intent to inflict grievous bodily harm*. The number of crimes reported at the local police station increased from 109 in 2005 to 140 in 2010.

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

Type of Crime	Hopetown	Strydenburg
Common assault	129	25
Assault with the intent to inflict grievous bodily harm	93	24
Drug-related crime	98	18
All theft not mentioned elsewhere	88	7
Stock-theft	46	23
Burglary at residential premises	63	4
Malicious damage to property	51	4
Burglary at non-residential premises	41	11
Total Sexual Crimes	26	7

Type of Crime	Hopetown	Strydenburg
Crimen injuria	15	4
Theft out of or from motor vehicle	15	2
Common robbery	15	0
Murder	9	4
Attempted murder	10	0
Commercial crime	8	0
Driving under the influence of alcohol or drugs	7	0
Culpable homicide	5	2
Theft of motor vehicle and motorcycle	4	1
Aggravated Robbery	3	1
Neglect and ill-treatment of children	2	2
Arson	3	0
Shoplifting	3	0
Public violence	0	1
Kidnapping	1	0
Illegal possession of firearms and ammunition	0	0
Total	**735**	**140**

Source: The South African Police Service, 2011

Overall, the most common type of crime during 2010 in Thembelihle was *common assault* (154 reported incidents), followed by *assault with the intent to inflict grievous bodily harm* (117 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

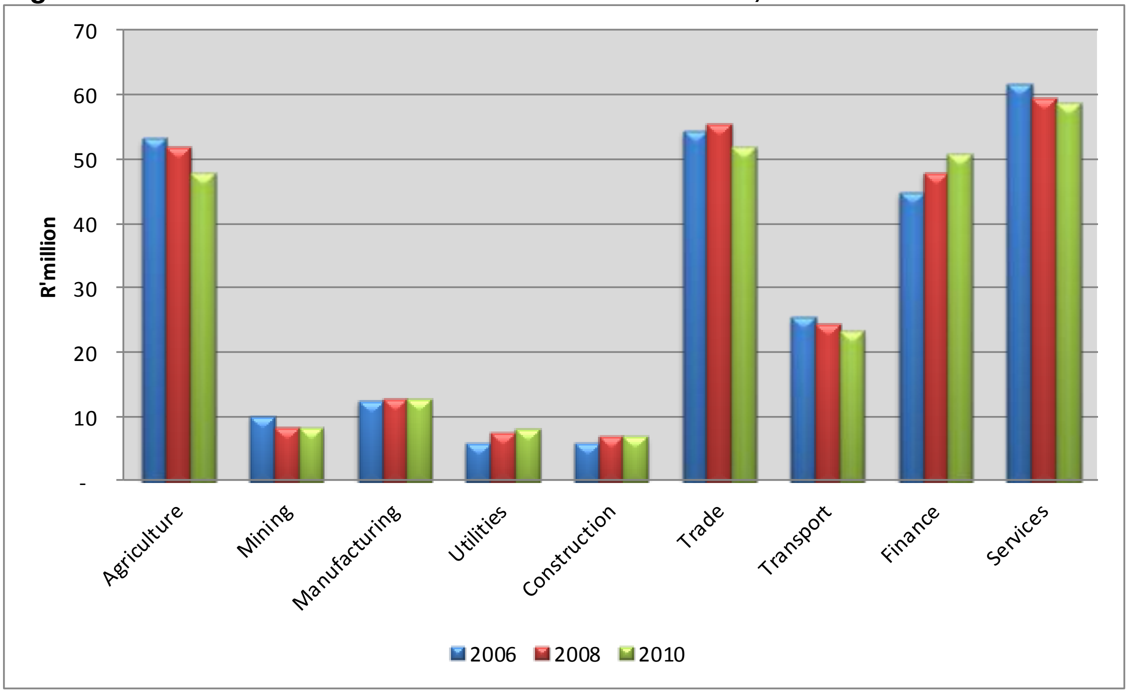
Gross Domestic Product (GDP) is defined as the market value of all final goods and services produced within an area in a given period of time. The size of an economy is usually measured by its Gross Domestic Product. This value is equal to the economic wealth of the area; all the things of economic value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

The Sectoral GDP Profile of Thembelihle 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 R59 million (or 21.8%) to the local economy in 2010. This sector was followed by the Trade (19.3%), Finance (18.9%) and Agriculture sectors (17.7%).

Since 2006, the local economy contracted by 0.5% on average per annum. The fastest growing sectors during this period were Utilities (8.5%) and Construction (3.9%).

The local economy in District context is illustrated by Figure 2.8. From this profile, it is evident that none of the local economic sectors made a significant contribution to that of Pixley Ka Seme. Overall, the local economy contributed 7.8% to the District economy during 2010.

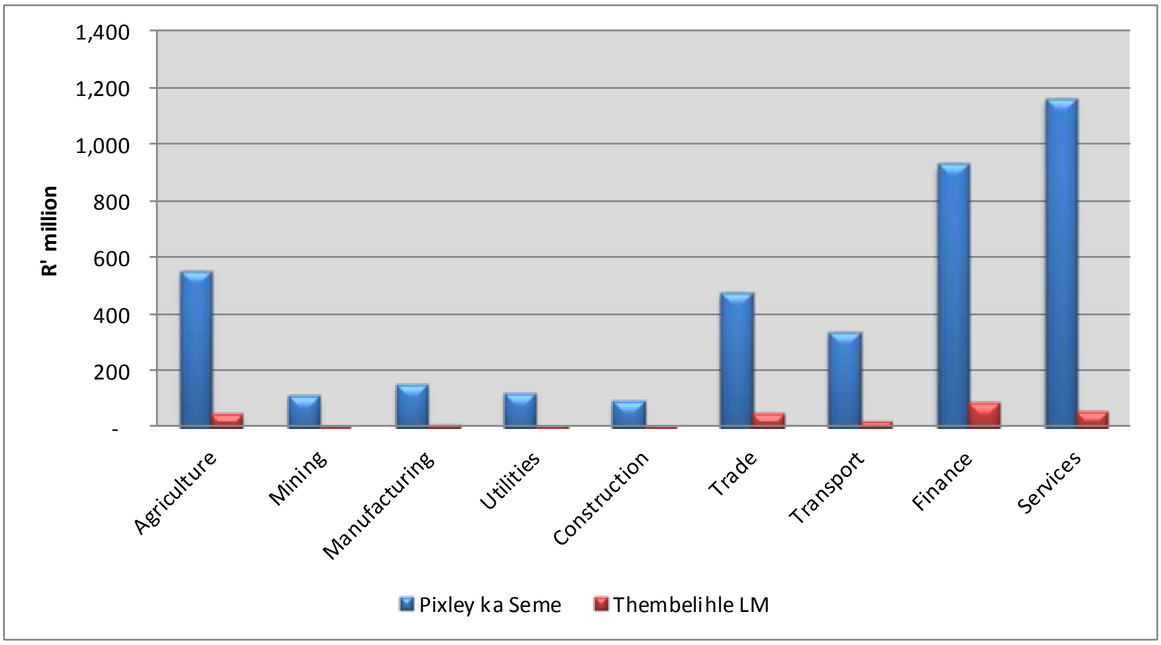
Figure 2.7 – Sectoral Economic Profile of Thembelihle, 2006 - 2010



Source: Quantec Research, 2012

An economic growth correlation can be observed between the local economy and the District. This is mainly due to the dependence of both economies on Agriculture (i.e. similar economic growth drivers).

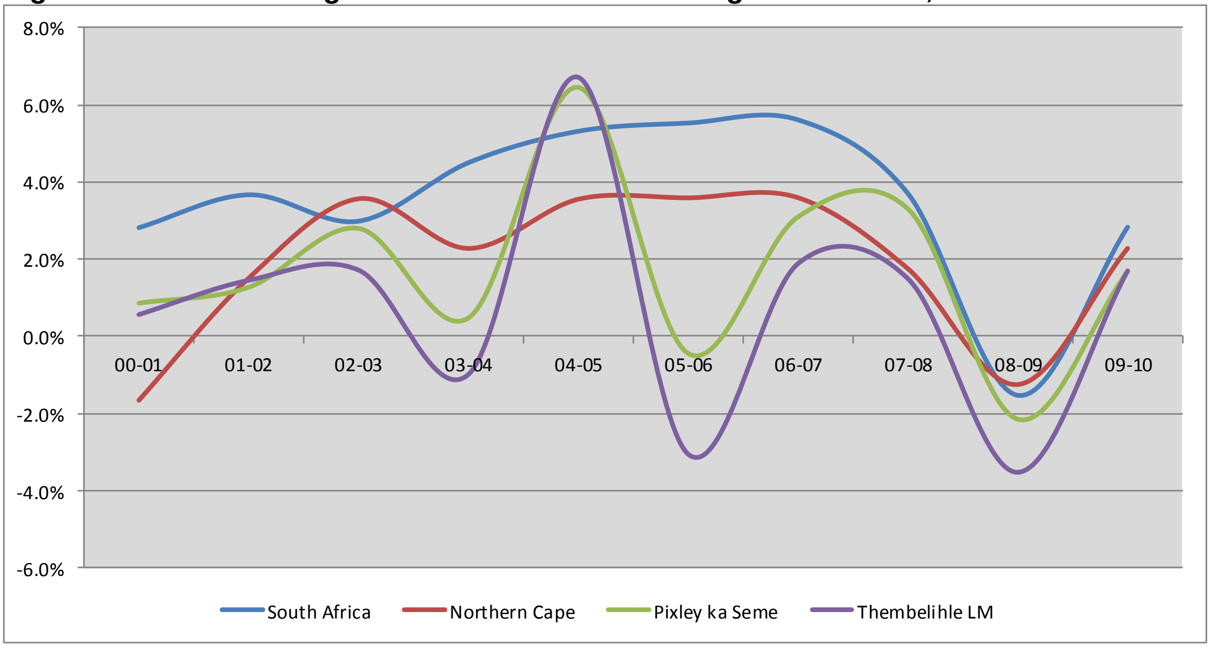
Figure 2.8 – Sectoral Economic Profile of Thembelihle compared to Pixley Ka Seme, 2010



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 0.8% can be observed in Thembelihle which was inadequate to create sufficient jobs in the local economy to reduce the unemployment rate.

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



Source: Quantec Research, 2012

Table 2.7 illustrates the ten year average annual economic growth rates (2000 to 2010) in Thembelihle and the larger region. From this Table is evident that growth in the local economy was mainly driven by Utilities (9.6% p.a.), and Construction (3.0% p.a.). The other sectors in the local economy contracted, or grew very little over the past ten years.

When compared to the larger region, it can be observed that local agricultural production contracted while the sector expanded on District and Provincial level.

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

Sector	South Africa	Northern Cape	Pixley Ka Seme DM	Thembelihle LM
Agriculture	1.7%	3.0%	2.0%	-2.1%
Mining	0.1%	-1.3%	-5.0%	1.0%
Manufacturing	2.3%	2.6%	3.9%	0.3%
Utilities	1.8%	-0.5%	-0.7%	9.6%
Construction	8.3%	5.4%	2.8%	3.0%
Trade	3.1%	2.5%	-0.2%	0.6%
Transport	5.0%	4.1%	-1.3%	-1.9%
Finance	5.9%	4.3%	6.6%	5.5%
Services	2.8%	2.9%	1.3%	-1.5%
Total	**3.5%**	**1.9%**	**1.7%**	**0.8%**

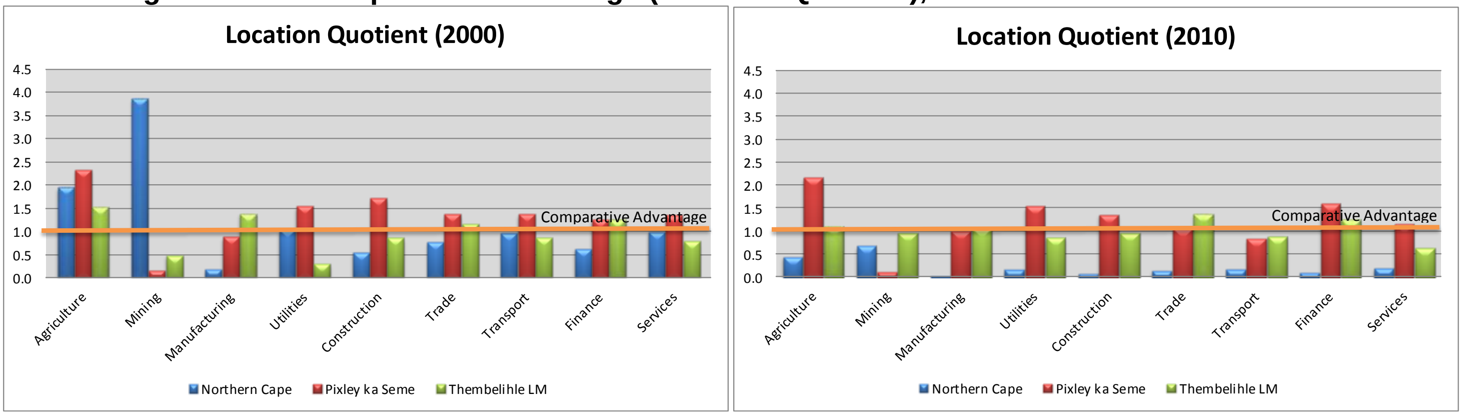
Source: Quantec Research, 2012

Overall, the Finance sector experienced more robust growth within Thembelihle (5.5% p.a.) and Pixley Ka Seme (6.6% p.a.) in comparison with the Northern Cape average.

2.3.2. The Character of the Local 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 – Comparative Advantage (Location Quotient), 2000 & 2010



Source: Quantec Research, 2012

The location quotients for Thembelihle, Pixley Ka Seme, the Northern Cape and South Africa are compared in Figure 2.10. From the 2010 profile, it is evident that Thembelihle has a comparative advantage in agriculture and trade (in relation to the District) with LQ values of 1.1 and 1.4 respectively.

2.4. Labour Profile

2.4.1. Overview

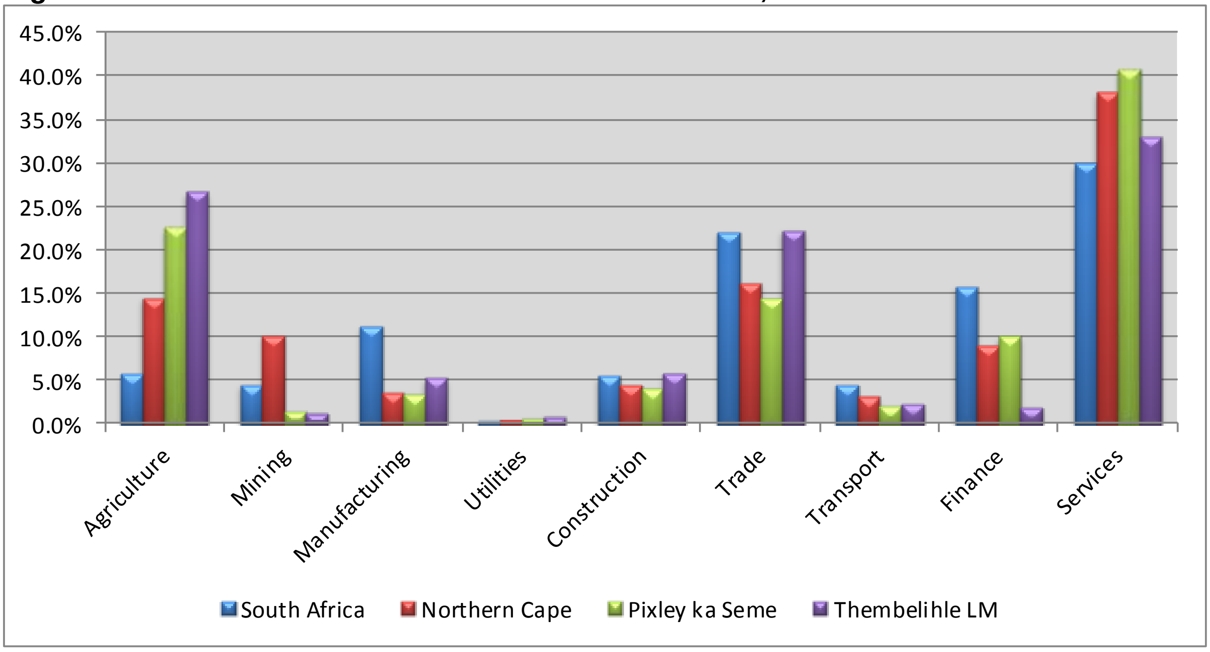
The 2010 sectoral distribution of the labour force in South Africa, the Northern Cape, Pixley Ka Seme and Thembelihle is illustrated by Figure 2.11. From this profile, it is evident that most workers in Thembelihle are employed in the Government Services sector (around 800 workers), followed by Agriculture (about 700 workers) and the Trade (about 550 workers) sectors.

Figure 2.12 provides a closer comparison between the sectoral labour profiles of Pixley Ka Seme and Thembelihle. When compared to the District, it can be observed that the labour force of Thembelihle is highly concentrated in the Agriculture and Trade sectors, while the other regions under observation have a more balanced labour distribution.

Local and regional trends in total employment are depicted by Figure 2.13. From this Figure, it is clear that total employment in Thembelihle has declined over the past decade from some 4,000 jobs in 2000 to almost 3,000 jobs during 2010. Over a ten-year period, this could be translated to an average annual decline of 3.9%. Over the same period, employment in

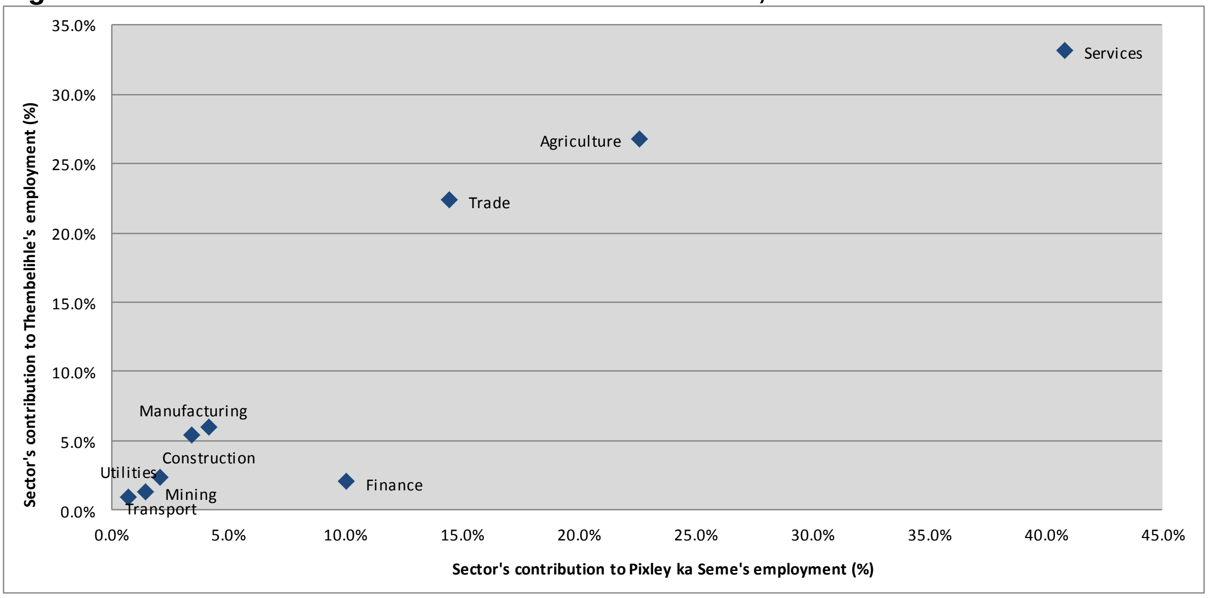
Pixley Ka Seme declined by 1.3% on average per annum, while that of the Northern Cape and South Africa increased by 0.9% and 0.5% respectively.

Figure 2.11 – Sectoral distribution of the Labour Force, 2011



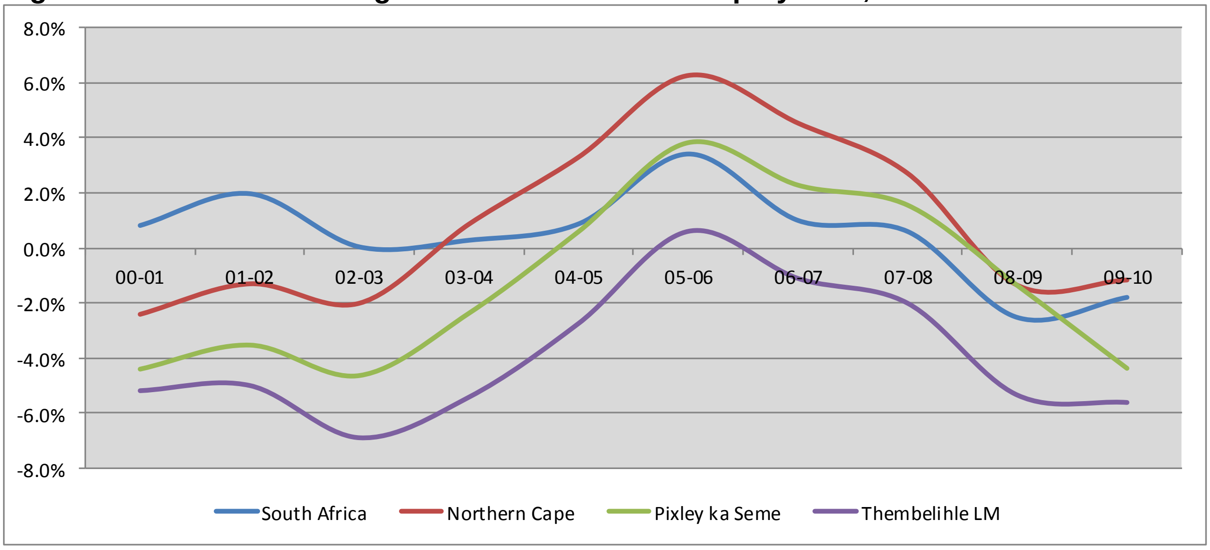
Source: Quantec Research, 2012

Figure 2.12 – Sectoral distribution of the Labour Force, 2011



Source: Quantec Research, 2012

Figure 2.13 – 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 Agriculture (-10.5% p.a.) has been in steep decline over the past decade, followed by Manufacturing (-5.7% p.a.) and Transport (-3.2% p.a.). 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 3.9% p.a.), while the economy grew by 0.8% per annum in GDP terms. This phenomenon is referred to as “jobless growth” which implies that the local economy is becoming less labour intensive and more capital intensive. In Thembelihle this is especially so with regards to agriculture.

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

Sector	South Africa	Northern Cape	Pixley Ka Seme DM	Thembelihle LM
Agriculture	-7.3%	-5.5%	-6.2%	-10.5%
Mining	2.8%	3.9%	0.5%	7.1%
Manufacturing	-1.2%	-3.2%	-2.4%	-5.7%
Utilities	1.1%	2.5%	1.8%	13.4%
Construction	0.1%	-0.3%	-3.4%	-1.9%
Trade	1.1%	2.2%	-0.5%	0.4%
Transport	2.1%	3.1%	-2.1%	-3.2%
Finance	2.6%	5.3%	7.6%	8.6%
Services	1.6%	3.1%	1.4%	-1.9%
Total	**0.5%**	**0.9%**	**-1.3%**	**-3.9%**

Source: Quantec Research, 2012

2.4.2. Characteristics of the Labour Force

Key labour and employment indicators for Thembelihle and the larger region are presented by Table 2.9 below:

From this Table the following observations were made:

- While the number of jobs increased in South Africa and the Northern Cape between 2000 and 2009, it declined in Pixley Ka Seme and Thembelihle.

- During 2009, the unemployment rate for Thembelihle was estimated at some 37.3%, which was relatively higher than the District average. The unemployment rate has increased rapidly in Thembelihle 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 53.1% to 51.3%. 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 (10.2%) in Thembelihle can be classified as highly skilled, while more than 51% of workers can be regarded as semi- or unskilled workers.

Table 2.9 – Regional Employment Indicators, 2000 & 2009

Labour Indicators	South Africa		Northern Cape		Pixley Ka Seme DM		Thembelihle LM	
	2000	2009	2000	2009	2000	2009	2000	2009
Labour force ('000)	11,502	12,261	245	272	44	41	4	3
Unemployment rate (%)	30.2	25.1	27.0	27.6	27.7	33.0	19.0	37.3
Labour force participation rate (%)	61.1	52.0	52.5	53.3	54.0	53.6	53.1	51.3
Highly Skilled Workers	12.3%	12.7%	10.7%	11.7%	9.4%	10.9%	7.5%	10.2%
Skilled Workers	39.3%	42.7%	35.4%	39.7%	34.3%	38.6%	32.8%	38.1%
Semi- and unskilled workers	48.4%	44.5%	53.8%	48.6%	56.3%	50.6%	59.7%	51.7%

Source: Quantec Research, 2012

2.5. Institutional Profile

Thembelihle'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 Thembelihle 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).

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 2.1 – Recommended Institutional Structure for the LED Directorate

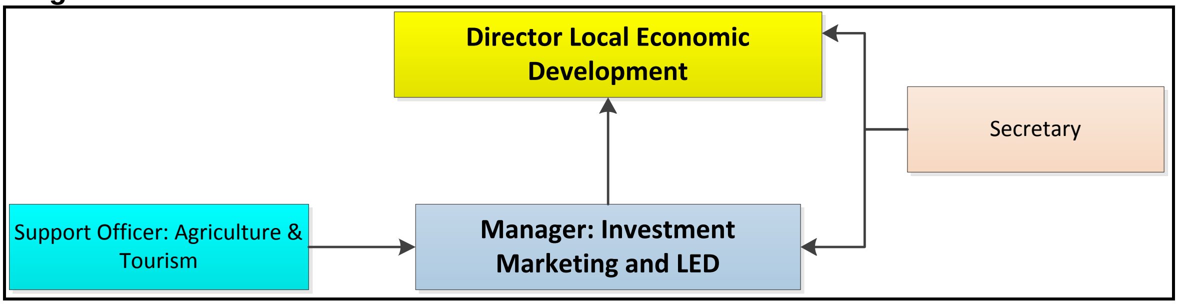


Diagram 2.1 illustrates the recommended institutional structure for the LED Directorate, in line with the LED Strategy Objectives. This structure is deemed to be appropriate to drive and manage the LED functions of the Municipality due to the following reasons:

- The Structure aligns with the LED development objectives 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.

2.6. Inferences for development

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

1. Thembelihle had a local population of almost 15,000 people during 2010. In regional context, this meant that Thembelihle contributed 8.1% to the District and 1.3% to the population of the Northern Cape.
2. Since 2000, the proportion of children under the age of 15 declined by 3.9% (on average per annum). This means that the age profile of the local population is becoming older. The number of children in the area declined from almost 6,000 during 2000 to about 4,000 in 2010.
3. The population of Thembelihle declined from almost 17,000 people in 2000 to just below 15,000 in 2010. This implies that the population contracted by 1.4% on average per annum.
4. Some 17.5% of local adults did not complete any type of formal education whatsoever. Since 2000, the number of adults with a matric certificate increased from about 900 (or 19.3% of the adult population) to about 1,200 in 2010 (i.e. an average growth rate of 0.8% per annum).
5. A total of around 4,000 household dwellings were estimated in the Thembelihle municipal area during 2010. This accounted for some 8.6% of all household dwellings in the District, which ranked Thembelihle sixth among Pixley Ka Seme's Local Municipalities. Since 2000, the number of dwellings grew by only 0.1% on average per annum.
6. Since 2001, household income has grown by 7.3% on average p.a. in Thembelihle 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 Thembelihle and the larger region.
7. Around 63% 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.
8. During 2007, some 4,000 people in Thembelihle received social grants, which accounted for 8.9% 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 Thembelihle, almost 1,900 people received this grant during 2007.
9. The local economy is highly unbalanced and dominated by the Government Services sector, which contributed R59 million (or 21.8%) to the local economy in 2010. This sector was followed by the Trade (19.3%), Finance (18.9%) and Agriculture sectors (17.7%).
10. Most workers in Thembelihle are employed in the Government Services sector (around 800 workers,) followed by Agriculture (about 700 workers) and the Trade (about 550 workers) sectors. Total employment in Thembelihle has declined over the past decade from some 4,000 jobs in 2000 to almost 3,000 jobs during 2010. Over a ten-year period this could be translated to an average annual decline of 3.9%.

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 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

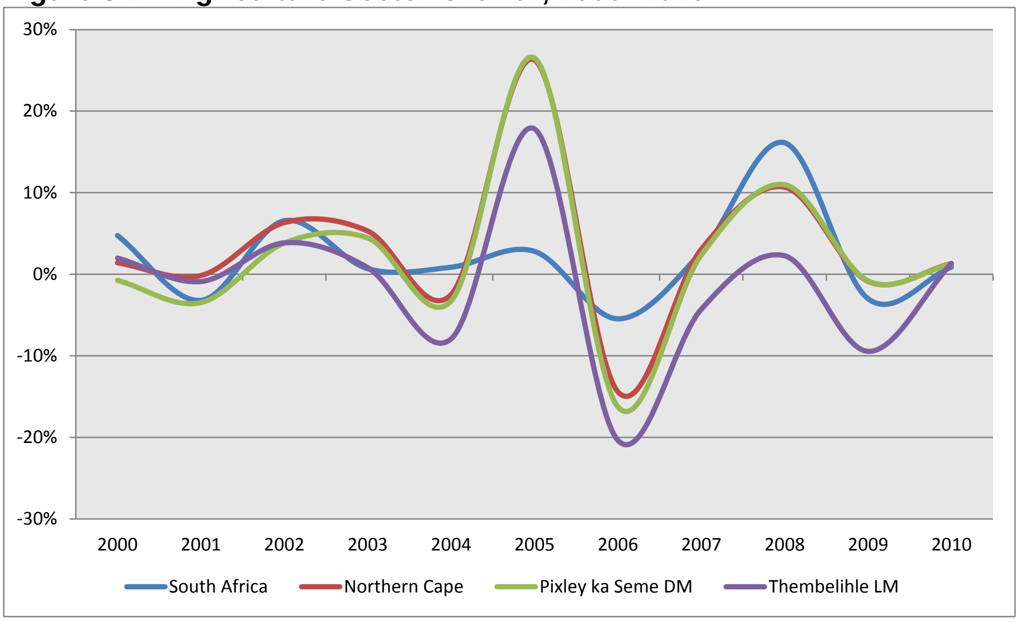
Agricultural production contributed 14.0% to the Pixley Ka Seme District's total economic production in 2008 (GDPR at current prices). Over a ten year period (2000 to 2010), the Agricultural sector experienced an average annual growth of 2.0%.

3.2.2. Thembelihle Overview

The Orange River provides the area with a constant supply of water and offers an opportunity for irrigation farming. The main livestock farming in the region include 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 Thembelihle from 2000 to 2010, compared with the District, the Free State and South Africa. From Figure 3.1 it is evident that Thembelihle follows a slightly lower production trend to that of Pixley Ka Seme and the Northern Cape Province. Production was at optimal growth during 2005.

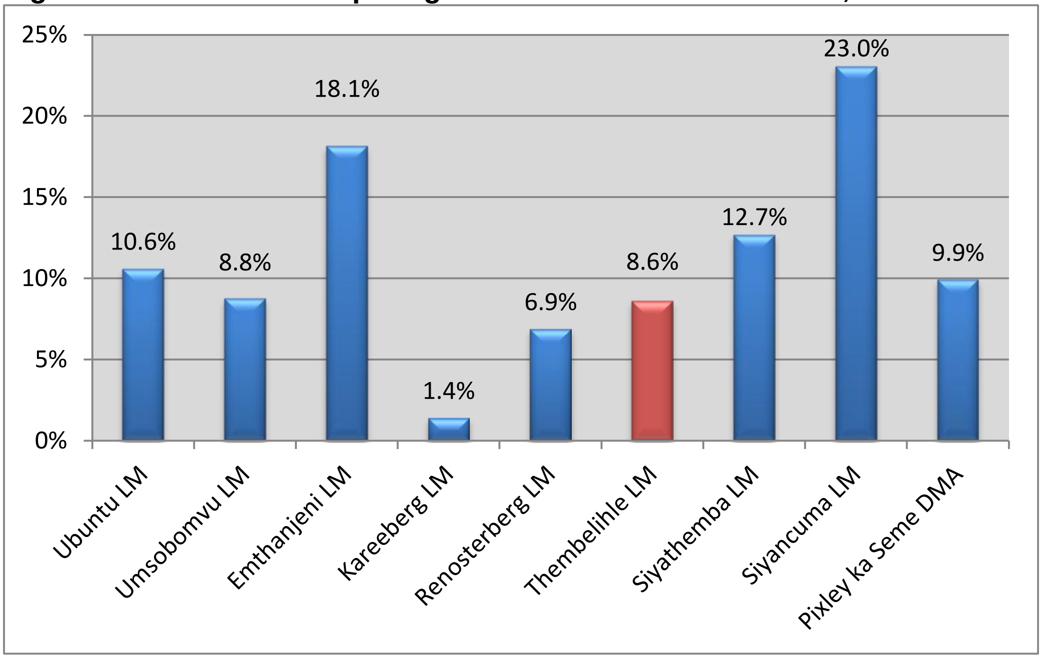
Figure 3.1 – Agriculture Sector Growth, 2000- 2010



Source: Quantec Research, 2012

Figure 3.2 indicates the Thembelihle municipality's Agricultural contribution to the Pixley Ka Seme District compared to the other Local Municipalities. The region contributed 8.6% to the District's agricultural sector, making Thembelihle the third lowest contributor to this sector.

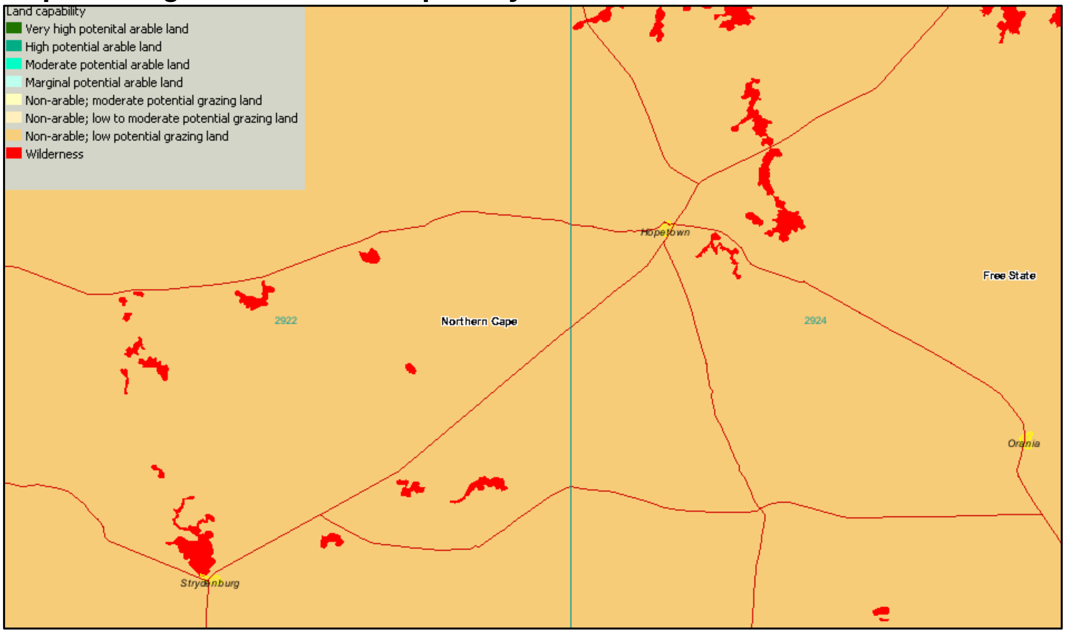
Figure 3.2 – Local Municipal Agriculture Sector Contribution, 2000- 2010



Source: Quantec Research, 2012

Map 3.1 indicates the agricultural land capability of the region, with specific reference to Hopetown, Strydenburg and Orania. 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.

Map 3.1 – Agriculture Land Capability for Prieska



Source: Agricultural Information System for South Africa (AGIS)

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

1. Most of the region surrounding Hopetown is regarded as low potential arable land. This indicates that the area is suited to sheep and goat farming.

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. The concept relies on producing products free from pesticides and antibiotics, giving the farmed animals the chance to roam free as much as possible, within their natural environment. The move towards producing health and diet foods has become a lucrative market within the agricultural sector, providing a wide range of opportunities for farmers to expand their activities to include the production of crops that cater to an ever-growing health-conscious society.

B. Technology Change

Due to the shortage in suitable fertile land for agricultural purposes in the Municipality, the majority of increased production will rely on technological improvements. These technological improvements could increase production, production cost savings, better utilisation of scarce sources (i.e. water and fertile land), and 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 (Table 3.1) development opportunities have been identified for the Agriculture sector of the Thembelihle Local Municipality:

Table 3.1- Agriculture LED Development Potential

Development Potential
1. The area is ideal for vegetable and grain cultivation and processing due to the availability of irrigation and good soil conditions. 2. The production of niche market mutton that is unique to the conditions of the Karoo can provide valuable revenue to the area. 3. There is an opportunity to plant lucerne under irrigation that could be used to produce animal feed. 4. Cattle farming in the area present the opportunity for establishing a Leather Tannery in Thembelihle to add beneficiation to agricultural produce. 5. Irrigated land can be developed to support emerging farmer initiatives and advance the opportunities for emerging farmers to expand their activities. 6. The establishment of agricultural cooperatives and entrepreneurial development programmes is vital in creating a sustainable agricultural sector.

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% overall.

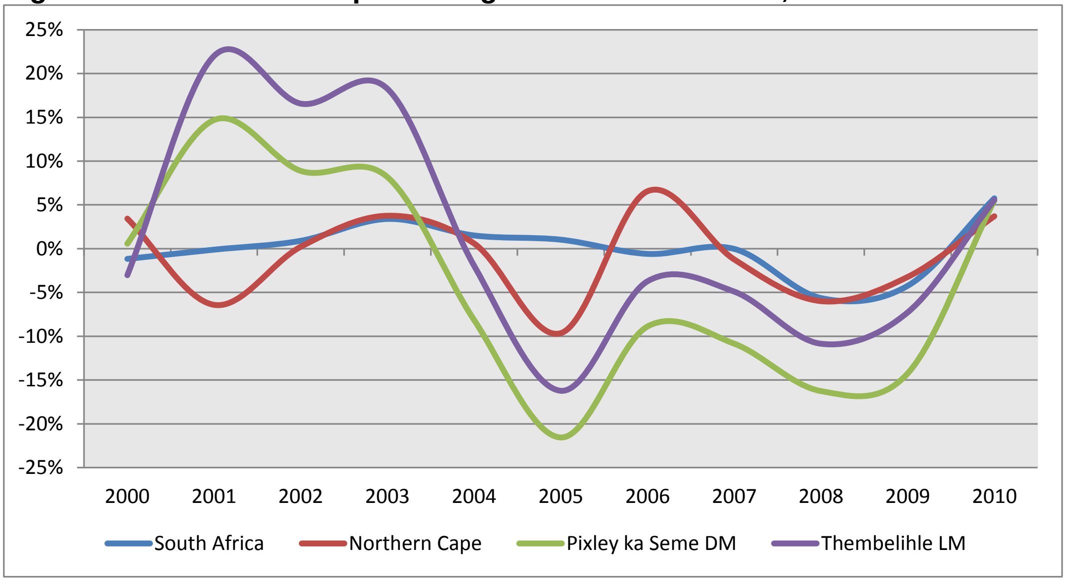
3.3.2. Thembelihle Overview

One of the first diamonds in the Northern Cape (the Eureka Diamond) was discovered near Hopetown.

The following mineral deposits are located in Thembelihle:
1. Semi-precious stones (Gypsum)
2. Diamonds
3. Limestone
4. Rock salt
5. Clay along the Orange River

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

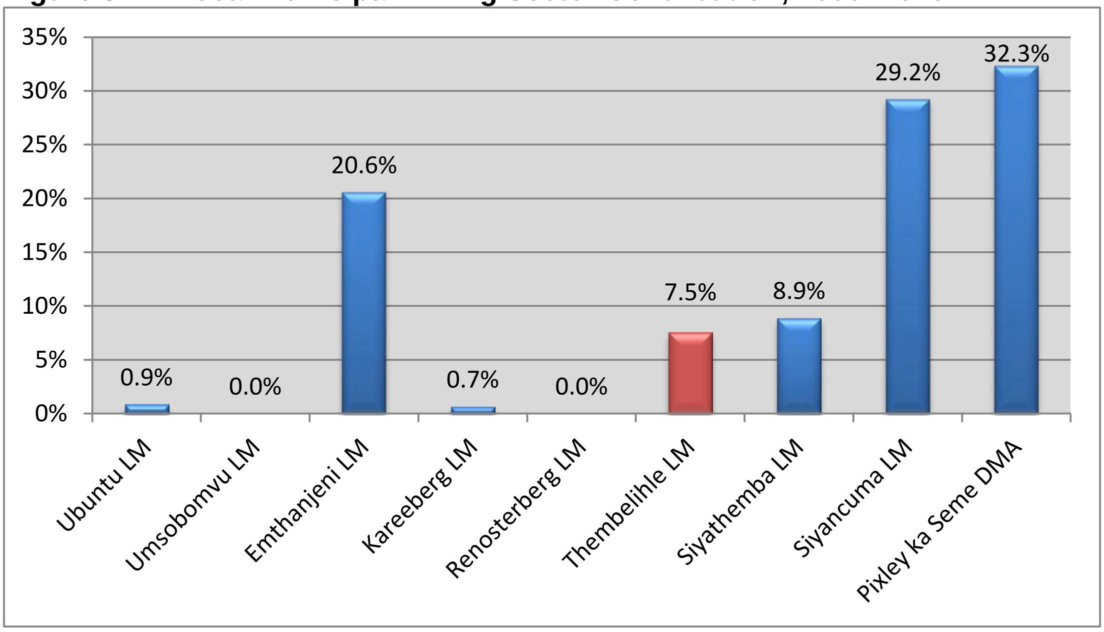
Figure 3.3 – Local Municipal Mining Sector Contribution, 2000- 2010



Source: Quantec Research, 2012

Figure 3.4 indicates the Thembelihle municipality's Mining contribution to Pixley Ka Seme District sector compared to the other Local Municipalities in the region. Thembelihle contributed 7.5% to the District sector, making it the fifth largest Mining Municipality in Pixley Ka Seme.

Figure 3.4 – Local Municipal 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 Thembelihle 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 increases, 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 Thembelihle 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 Thembelihle Local Municipality should assist as many small scale operations as possible to get started. 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 Thembelihle there is a large labour pool to generate employment in the Municipality and that could be incorporated into Mining projects. There is however, a need for skilled labourers and the region has a shortage of such skills. Big mining companies have to take initiative to train local workers for 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 Thembelihle Local Municipality:

Table 3.2- Mining LED Development Potential

Development Potential
1. There is an opportunity for beneficiation of the various minerals found in Thembelihle. 2. The production of animal licks from rock salt that is found in the region can add revenue to the area. 3. Limestone production can be used for the production of animal feed and the extraction of lime pigment. 4. A stone quarry and crusher can be established for the production of gravel in Thembelihle to be used in the building industry. 5. There is also the prospect for mining clay that can be utilised in the manufacturing of bricks.

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

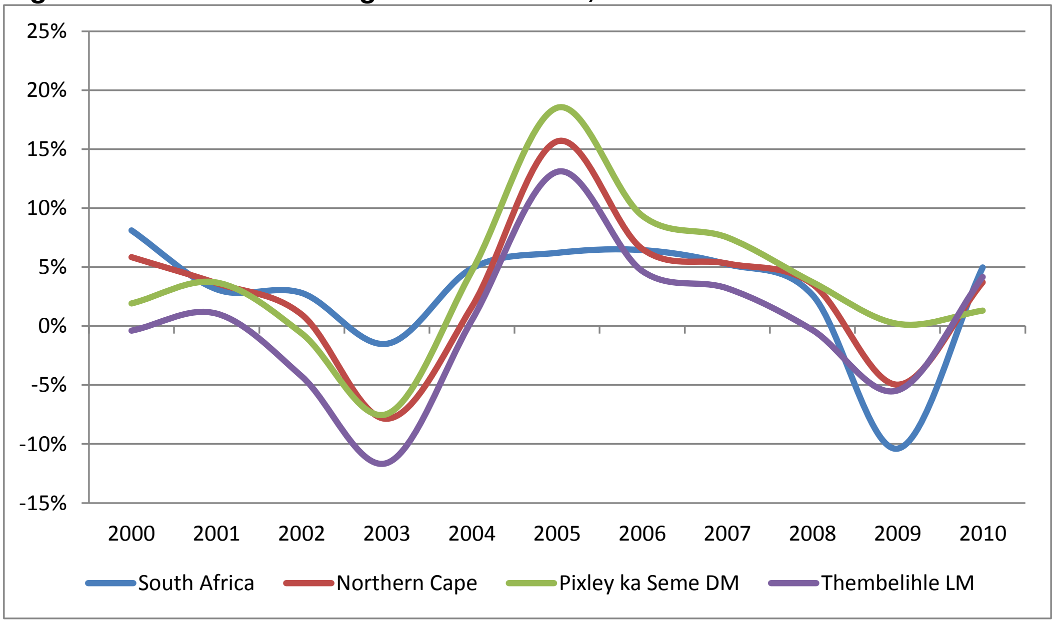
The Pixley Ka Seme Manufacturing sector contributed 11.9% to the total GDPR (GDPR at current prices) of the Northern Cape in 2010. Manufacturing in the district has strong links with the Agriculture sector.

3.4.2. Thembelihle Overview

Agro-processing is the main Manufacturing activity in Thembelihle, which consists of the production of various Fruit and Vegetable related products. The Thembelihle region also consists of small-scale value-adding of agricultural produce, such as meat production from sheep and game. There are also various chicken farms in the area that produce chicken manure for further processing.

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

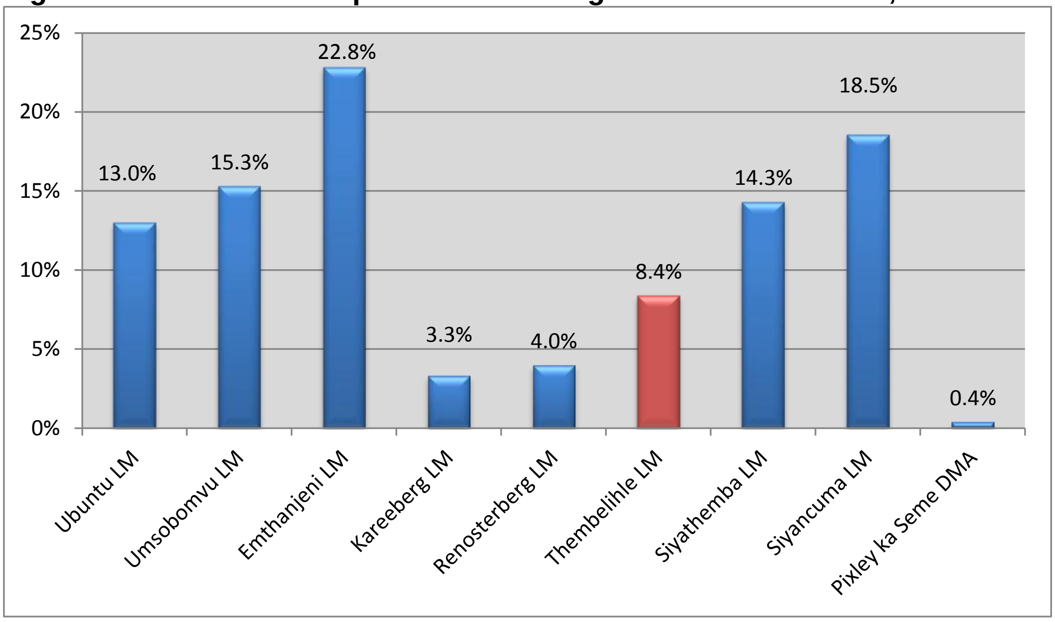
Figure 3.5 – Manufacturing Sector Growth, 2000- 2010



Source: Quantec Research, 2012

Figure 3.6 indicates the Thembelihle municipality's manufacturing contribution to the Pixley Ka Seme District's sector compared to the other Local Municipalities in the region. Thembelihle contributed around 8.4%, ranking the region at number six in Pixley Ka Seme, in terms of manufacturing.

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



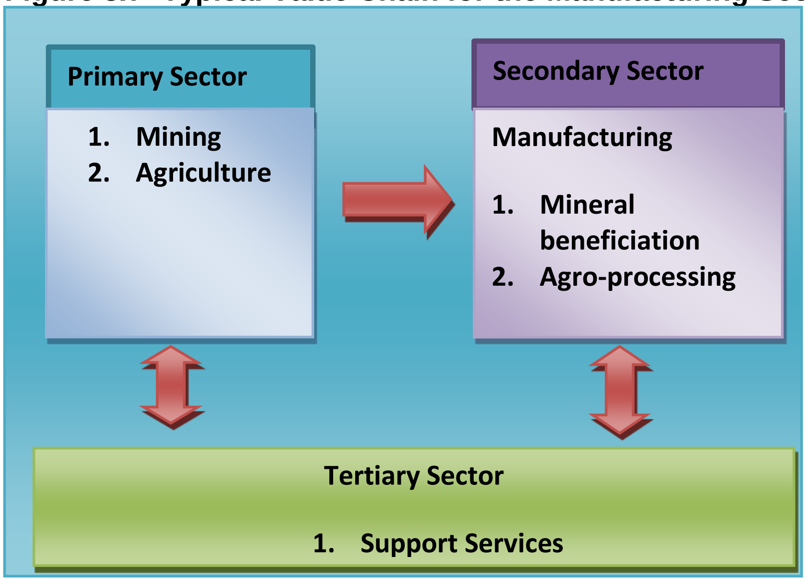
Source: Quantec Research, 2012

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 finally, 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. Thembelihle 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 links with agriculture as well as mining activities have gone largely unexploited, with input materials and machinery largely being imported into Thembelihle 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 Thembelihle 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. But foreign companies also compete for local consumers' patronage and globalisation also poses a serious threat. 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. That is because these small specialised businesses can generally charge a premium or enjoy the benefit of little (or even no) competition. Thembelihle has the opportunity to manufacture and package "niche" agricultural products for markets in Gauteng and the rest of the country.

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

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 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 Thembelihle Local Municipality:

Table 3.3- Manufacturing LED Development Potential

Development Potential
1. There is an opportunity for the development of an Agro-processing Park in Thembelihle to produce various products from the local Agriculture sector. 2. There is a prospect for the development and implementation of Municipal investment incentives and infrastructure creation to facilitate the expansion of industrial activities in the region. 3. The establishment of a leather tannery will add beneficiation to local agricultural produce. 4. The development of a stone crusher for the production of gravel will provide revenue for the construction industry. 5. Establishing BEE shareholding and partnerships in the Thembelihle Manufacturing sector will advance the ideals of an equitable society for the eradication of poverty. 6. The manufacturing of alcoholic beverages, such as beer and wine, from local agricultural produce can provide new entrepreneurial opportunities. 7. The production of animal feeds for poultry, sheep, cattle and pets can become a sustainable industry. 8. There is an opportunity to process pressed boards from maize husks, which can be a viable entrepreneurial initiative. 9. The establishment of a bakery for the production of bread can be a worthwhile SMME opportunity. 10. Compost can be manufactured from agricultural and sewage waste. 11. The establishment of a Soybean Crushing Plant for the production of oil and protein extraction is a good possibility to enhance local skills and to establish a more diverse local manufacturing industry. 12. The production of popcorn from maize can add to the diversification of the local industry.

3.5. Utilities

Utilities Sector: Electricity, Gas, Steam and Water Supply

This sector covers the activity of providing electric power, natural gas, steam supply and water supply through a permanent infrastructure (network) of lines, mains and pipes. It includes the production, collection and distribution of electricity; the manufacturing of gas; the distribution of gaseous fuels through mains; the collection, purification and distribution of water.

Source: StatsSA, Standard Industrial Classification, Sixth Edition, 2005

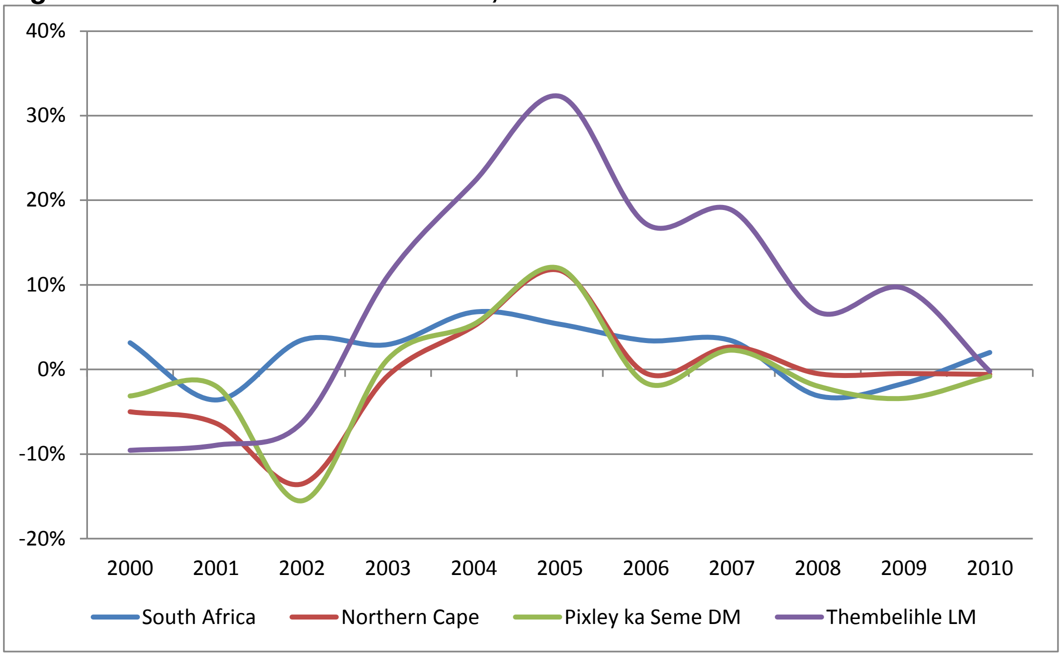
3.5.1. Pixley Ka Seme Overview

The Utilities 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 utilities sector, where Pixley Ka Seme only contributes 1.4%.

3.5.2. Thembelihle Overview

Figure 3.8 indicates the Utilities production growth of Thembelihle from 2000 to 2010 compared with the District, the Province and South Africa. From Figure 3.8 it is evident that Thembelihle experienced a relatively higher growth trend to that of Pixley Ka Seme District's Utilities sector from around 2003, but experienced a decline in 2009.

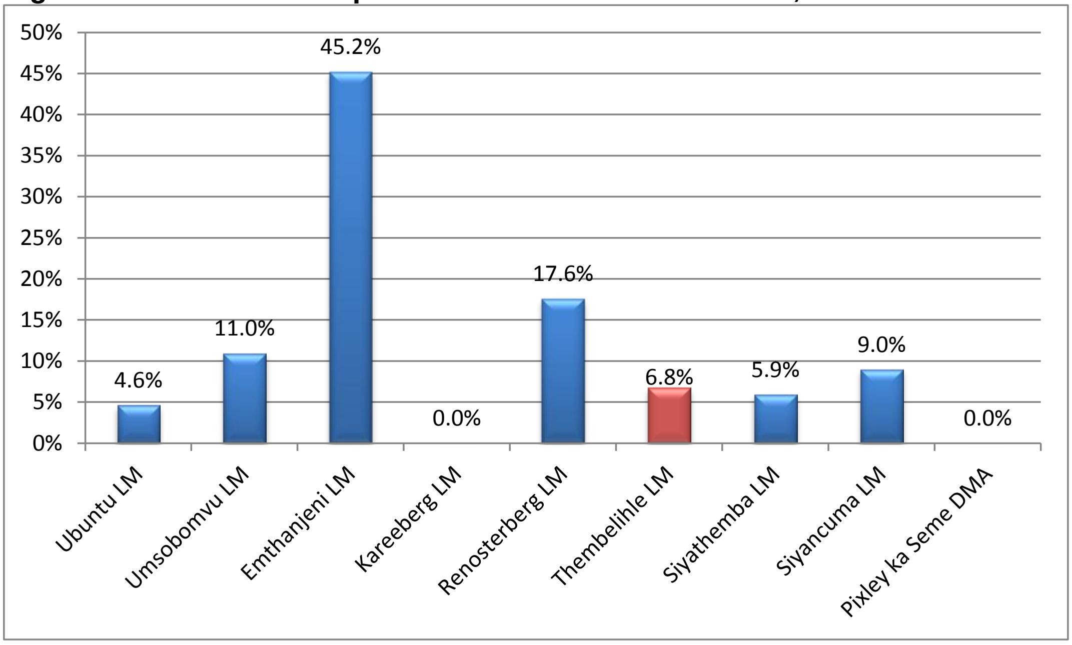
Figure 3.8 – Utilities Sector Growth, 2000- 2010



Source: Quantec Research, 2012

Figure 3.9 indicates Thembelihle municipality's Utilities sector's contribution to Pixley Ka Seme District compared to the other Local Municipalities in the region. Thembelihle contributed around 6.8%, ranking fifth, in terms of Utilities in Pixley Ka Seme.

Figure 3.9 – Local Municipal Utilities Sector Contribution, 2000- 2010



Source: Quantec Research, 2012

3.5.3. Water

The Lower Orange water management area is the largest, but also the driest and most sparsely populated, water management area in South Africa. The Lower Orange water management area is the most downstream of five water management areas covering the Orange/Vaal River Basin, with extensive inter-catchment transfers into and from most of these water management areas. It also borders on three other water management areas. The main river in the water management area is the Orange River, which is the largest and longest river in South Africa, stretching over 2 300 km from its origins in the highlands of Lesotho to where it discharges in the Atlantic Ocean at Alexander Bay.

Extensive irrigation is practised along the Orange River. This irrigation is supplied with releases from the Vanderkloof and Gariep dams. The water availability along the main stem of the Orange depends on releases from upstream, as the WMA itself generates very little runoff. Groundwater plays a major role in meeting the water requirements of the towns and rural settlements along the tributaries of the Orange, although the volumes are not large. The Vaal River, the main tributary to the Orange River, has its confluence with the Orange River about 13 km west of Douglas. Other tributaries are the Ongers- and Hartebeest Rivers from the south and the Molopo- and Fish Rivers (Namibia) from the north.

The importance of the agricultural sector is attributable to the climate, which is particularly suitable for the growing of high value crops, especially table grapes, together with the availability of water along the Orange River. Because of the suitable climate, a window of opportunity exists for the provision of high quality table grapes to Europe early in the season when prices are at their highest. Other products include dates, raisins, wine, flowers, vegetables, grain and fodder crops.

Expansion of the agricultural sector is limited by the availability of water for irrigation and in some instances by arable land. To stimulate growth in agriculture will therefore require improved water use efficiency.

Water Requirements

Agriculture, which includes irrigation and livestock farming, is by far the dominant water use sector in the Lower Orange water management area, representing 92.1% of the total requirement for water. Water requirements for domestic and industrial use total 7.9% (DWAF Annual Report 2007-2008).

Virtually all of the irrigation developments situated along the main stem of the Orange River are dependent on water abstractions from the river. With most of the irrigation being for high value orchard-type crops, much of the water is required at a relatively high assurance of supply.

Water Resources and Development Potential

As a result of the extremely low and infrequent nature of rainfall over most of the water management area, little usable surface runoff is generated in the water management area. The runoff which does occur is highly variable and intermittent. Development of surface water from tributary streams in the water management area has reached its potential and all the water is being fully utilised. The Orange River (together with its main tributary the Vaal River) is controlled through storage reservoirs in the upper water management areas and in Lesotho, with limited regulation capacity in the Lower Orange water management area. There is currently a deficit on the Orange Tributaries sub-area water balance. The deficit is attributable to the requirements for irrigation being much higher than what can reliably be supplied from the local resources.

Although the surface water resources naturally occurring in the water management area have been fully regulated, potential has been identified for the re-regulation of releases from the Vanderkloof Dam, as well as the partial storage of flood flows from the Upper Orange- and Vaal Rivers. Both options could contribute to the improved management of the Orange/Vaal River System and facilitate more water being made available for use upstream.

Groundwater utilisation is of major importance in the Lower Orange water management area and constitutes the only source of water over much of the area. It is mainly used for rural domestic supplies, stock watering and water supplies to inland towns in the water management area. As a result of the low rainfall over the water management area, restoring of groundwater is limited and only small quantities can be abstracted on a sustainable basis.

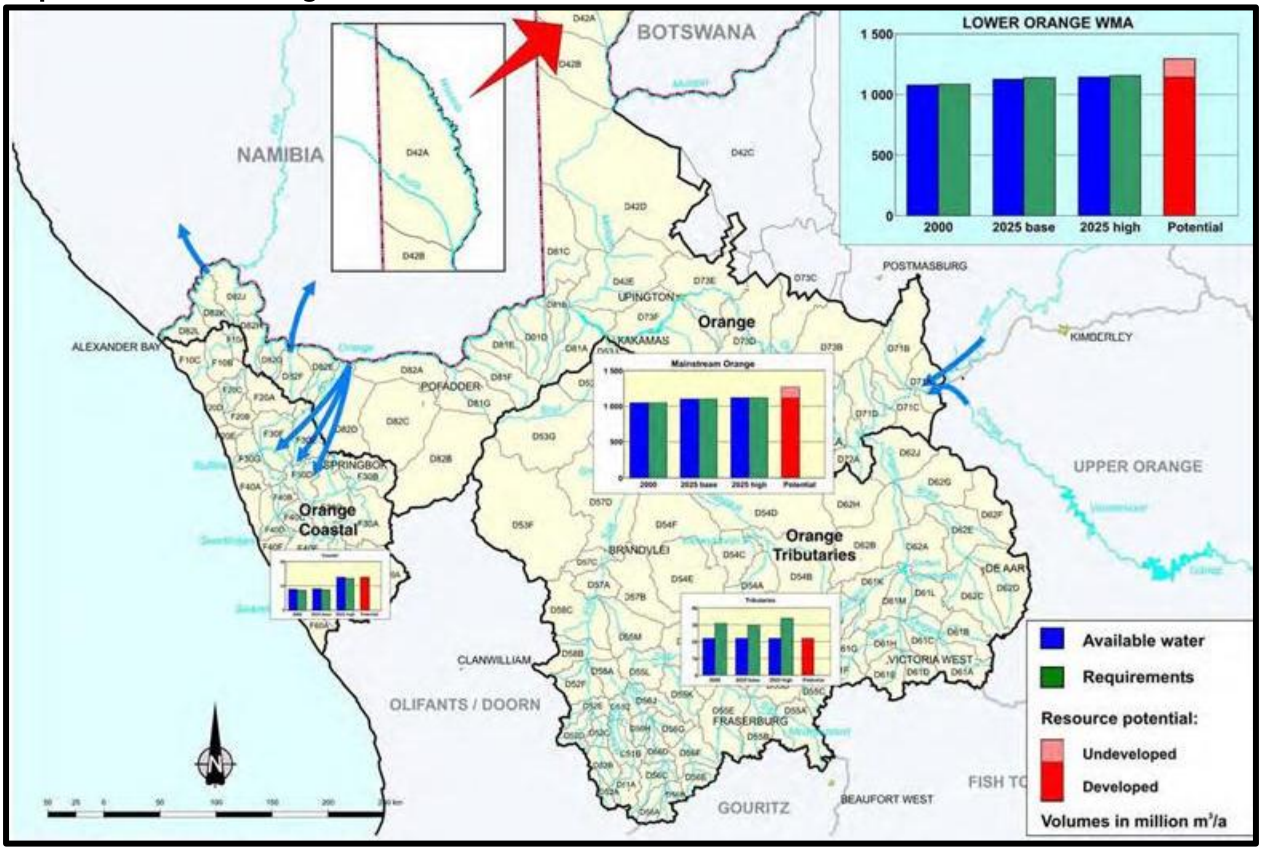
Current utilisation of groundwater in the water management area is approximately in balance with the sustainable yield from this source. No significant potential for further development exists, and some over-exploitation has been experienced in the coastal region (DWAF, Lower Orange WMA, Overview of Water Resources Availability and Utilisation).

Water Balance

The Orange Mainstream sub-area shows a water balance, as only enough water is (under normal conditions) released from Vanderkloof Dam to meet the requirements, while return flows to the river contributes to downstream requirements, as well as the requirements of the estuary. Similarly, a balance also exists with respect to the Coastal subarea as the transfers from the Orange River are only sufficient to meet the requirements which cannot be supplied from local resources. The deficit reflected for the Orange Tributaries sub-area is attributable to the requirements for irrigation being much higher than what can reliably be supplied from the local resources, but farming practices have been adjusted accordingly (DWAF, Lower Orange WMA, Overview of Water Resources Availability and Utilisation).

A reconciliation of the available water and total requirements for the years 2000 and 2025 is graphically presented in Map 3.2. The map shows the base scenario and a representation of a possible high water use scenario. Transfers between water management areas and abstractions by Namibia are included as well.

Map 3.2 – Lower Orange WMA Water Reconciliation



Source: DWAF, Lower Orange WMA, Overview of Water Resources Availability and Utilisation

3.5.4. Development Potential

The following development opportunities have been identified in the Utilities sector of the Thembelihle Local Municipality:

Table 3.4- Utilities LED Development Potential

Development Potential
1. The development of a Solar Energy Plant will enhance the region's capacity to fulfil its energy requirements and is ideal due to the area's high count of sunshine days per year. 2. The development of a new water pipeline between Strydenburg and Hopetown will assist in alleviating the pressure on existing water resources. 3. Ensuring higher electricity capacity in Thembelihle by upgrading the substation will ensure the region can expand economically and fulfil its electricity requirements. 4. Ensuring that skills development takes place in the Municipality to contribute to infrastructure development in Thembelihle is vital for the economic advancement of the area. 5. Upgrading of the water purification works to safeguard a healthy and clean water supply is essential. 6. The development and provision of serviced business & industrial plots in the region will stimulate new business and entrepreneurial initiatives.

3.6. 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.

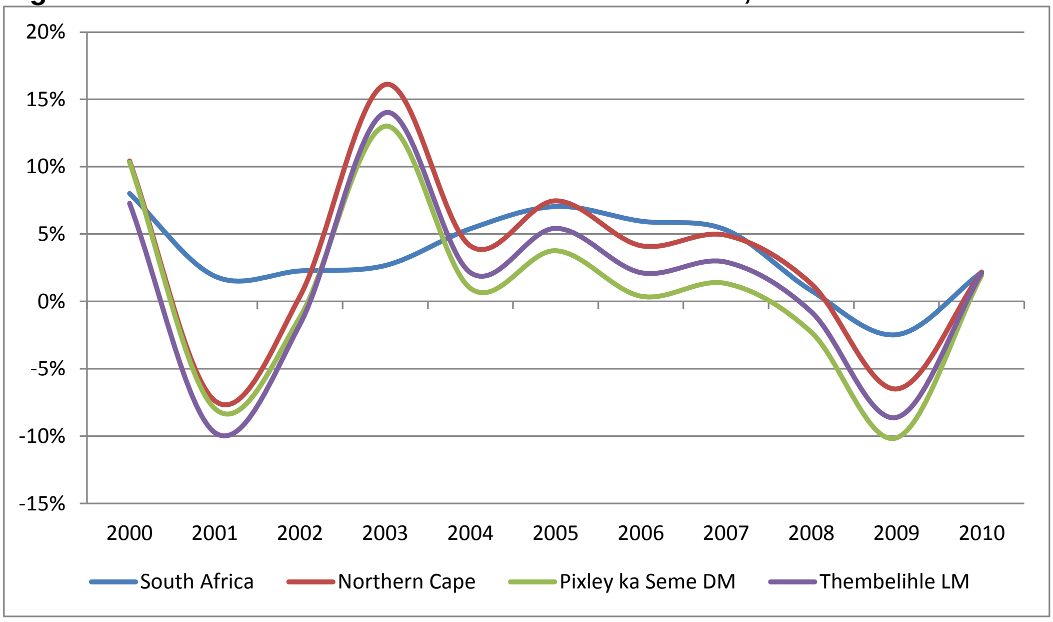
3.6.1. Pixley Ka Seme Context

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

3.6.2. Thembelihle Context

Figure 3.10 indicates the Wholesale and Retail Trade Sector production growth for Thembelihle from 2000 to 2010, compared with the District, the Province and South Africa. From Figure 3.10 it is evident that Thembelihle experienced a relatively similar production trend to that of Pixley Ka Seme District's trade sector, with a decline during 2009.

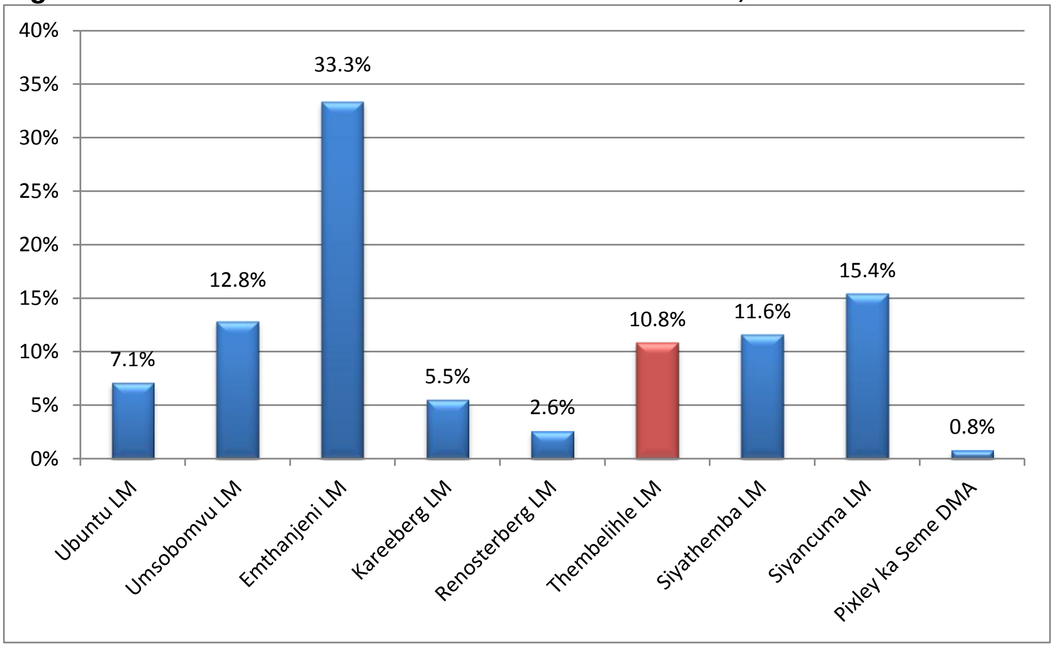
Figure 3.10 –Retail & Wholesale Trade Sector Growth, 2000- 2010



Source: Quantec Research, 2012

Figure 3.11 indicates the Thembelihle Wholesale and Retail Trade sector's contribution to the Pixley Ka Seme District's sector, compared to the other Local Municipalities in the region. Thembelihle contributed around 10.8%, fifth highest, to Pixley Ka Seme's trade sector.

Figure 3.11- Retail & Wholesale Trade Sector Growth, 2000- 2010



Source: Quantec Research, 2012

Table 3.5 indicates the expenditure profile of Thembelihle and indicates the main demand for various Wholesale and Retail Trade categories. Food and beverages made up 22.4% of household expenditure in Thembelihle, followed by rent for accommodation at 15.2%.

Table 3.5- Main Expenditure Categories

Household Expenditure Category	%
Furniture, household appliances, etc.	0.9%
Personal transport equipment	4.7%
Recreational and entertainment goods	1.7%
Other durable goods	0.7%
Clothing and footwear	2.8%
Household textiles, furnishings, glassware, etc.	0.8%
Motor car tyres, parts and accessories	1.5%
Recreational and entertainment goods	1.0%
Miscellaneous goods	0.6%
Food, beverages and tobacco	22.4%
Household fuel and power	1.9%
Household consumer goods	2.9%
Medical and pharmaceutical products	2.8%
Petroleum products	3.7%
Recreational and entertainment goods	1.2%
Rent	15.2%
Household services, including domestic servants	2.8%
Medical services	7.1%
Transport and communication services	10.0%
Recreational, entertainment and educational services	4.0%
Miscellaneous services	11.2%

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

3.6.3. Development Potential

The following development opportunities have been identified in the Trade sector of the Thembelihle Local Municipality:

Table 3.6- Trade LED Development Potential

Development Potential
1. The development of a shopping centre in Hopetown will go a long way towards enhancing the trade profile of the area. 2. The development of a garage or rest stop trade facility next to the N12 highway can boost the local revenue stream. 3. Establishing an SMME Incubator and Mentoring Hub will facilitate business development in Thembelihle towards new entrepreneurial initiatives and skills development. 4. Establishing a One-stop Information Centre in the region will assist in the dissemination of important information with regards to trade partners, funding, etc.

3.7. 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.

3.7.1. 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% of 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]

3.7.2. District and Local Context

Hopetown was established around 1854 when a town was laid out with a Dutch Reformed Church. In 1866, a diamond, 'Eureka', was found and in 1868, on the farm Zandfontein, the 83.5 carat 'Star of South Africa' diamond was discovered. Today, Hopetown is a farming town. The Orange River is also situated in the Municipality and provides opportunities for leisure, adventure and eco- tourism[3].

The following are the main tourism attractions in Thembelihle:

1. 33 Church Street
2. Battle of Belmont
3. Blockhouse at Orange River Station.
4. Concentration Camp Cemetery on the Kromhout Landgoed, Doornbult.
5. Convict Stone
6. Old Wagon Bridge
7. Sport & Adventure (Orange River)

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

3.7.3. Development Potential

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

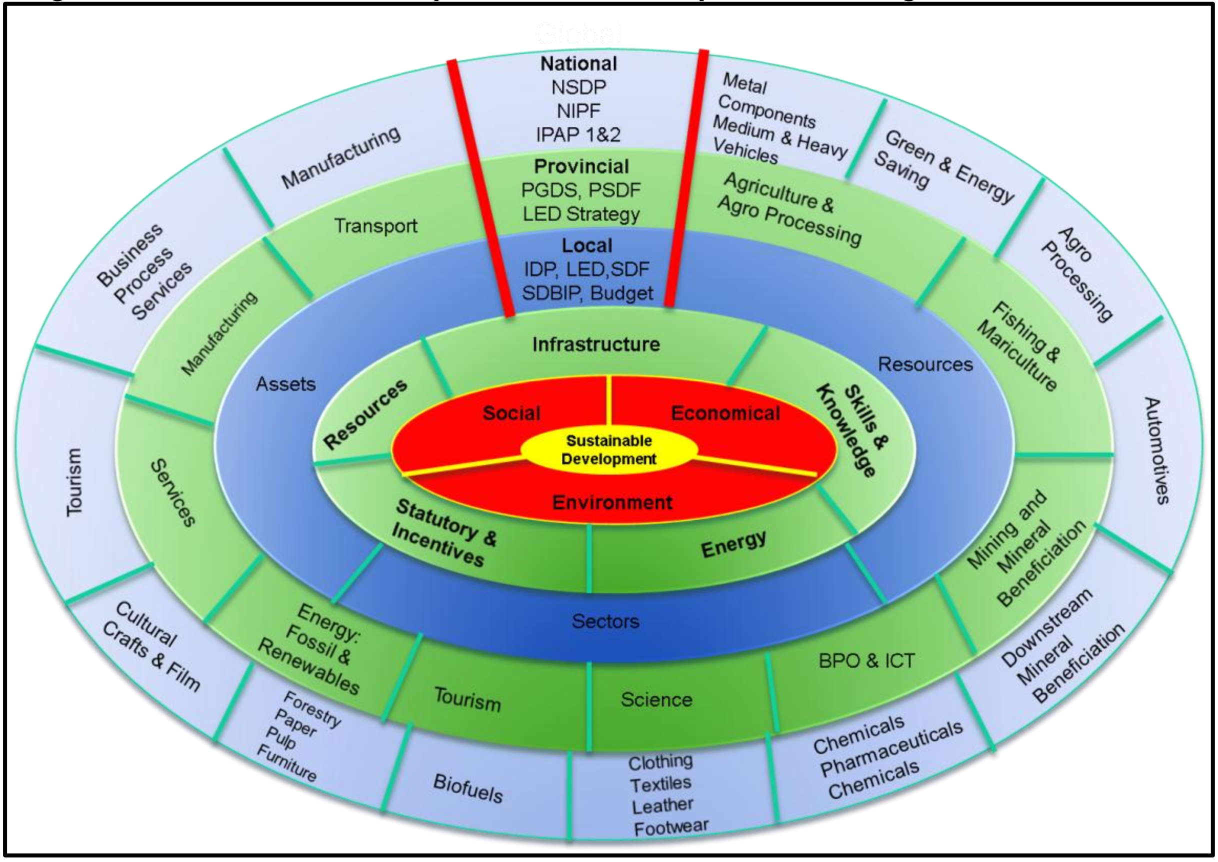
Table 3.7- Tourism LED Development Potential and Possible Location

Development Potential
1. The establishment of Adventure Tourism activities, such as hiking and water sports, will entice tourists to experience the natural beauty of the area. 2. The development of a Heritage Tourism Route will advance the opportunity to explore the rich history of Thembelihle. This can include the establishment of a Cultural Village to showcase local history and cultural diversity. 3. The development of a Resort on the Orange River will create opportunities for leisure, adventure, fishing and eco-tourism activities. 4. Establishing eco-tourism opportunities on local game farms in the region will open new prospects to diversify the tourism market. 5. Development of a Tourism Information Centre in Hopetown is vital to provide tourists with information on what Thembelihle has to offer. 6. Revamping of the local museum in Hopetown will retain local heritage and ensure tourist interest in local history. 7. The upgrading and maintenance of the old bridge road offers another tourism incentive. 8. The upgrading and maintenance of the caravan park and camping facilities offers tourists the chance to visit the area while still remaining close to the natural beauty of the region. 9. The development and marketing of tourism sites on private land will expand the range of tourism sites available to ensure tourists remain longer in the area and return to the region.

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:

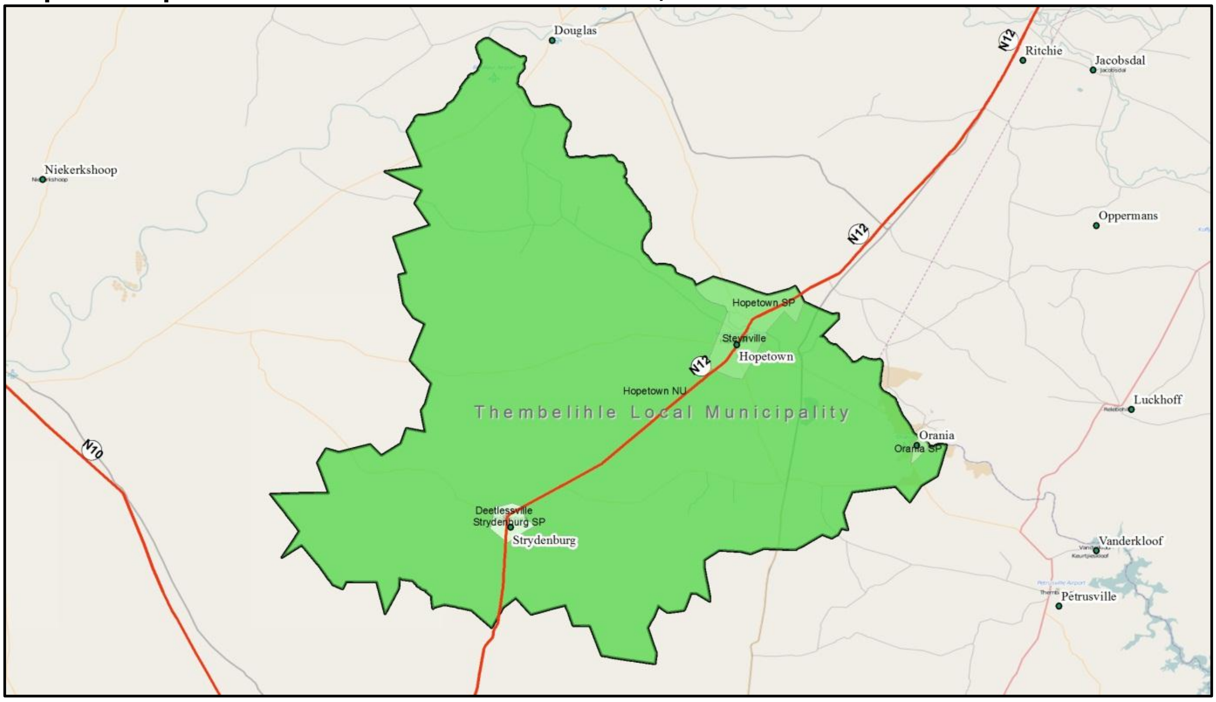
- Available skills and knowledge
- Available energy
- Available development incentives
- Available primary resources

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 4,000 in 2001 to just under 3,000 in 2010 (a decline of 3.7% 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* workers in the area remained just below 300, while the number of *skilled* workers remained at about 1,000 between 2001 and 2010. Most skilled and highly skilled workers in the area can be found in Hopetown and its surrounding areas.

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	
Hopetown SP	134	92	(➘)	104	95	(➘)	39	25	(➘)
Steynville	118	81	(➘)	388	356	(➘)	801	505	(➘)
Orania SP	51	35	(➘)	113	104	(➘)	52	33	(➘)
Strydenburg SP	24	17	(➘)	41	38	(➘)	26	16	(➘)
Deetlessville	12	8	(➘)	83	76	(➘)	142	90	(➘)
Hopetown NU	46	32	(➘)	328	301	(➘)	884	558	(➘)
Hopetown SP	134	92	(➘)	104	95	(➘)	39	25	(➘)

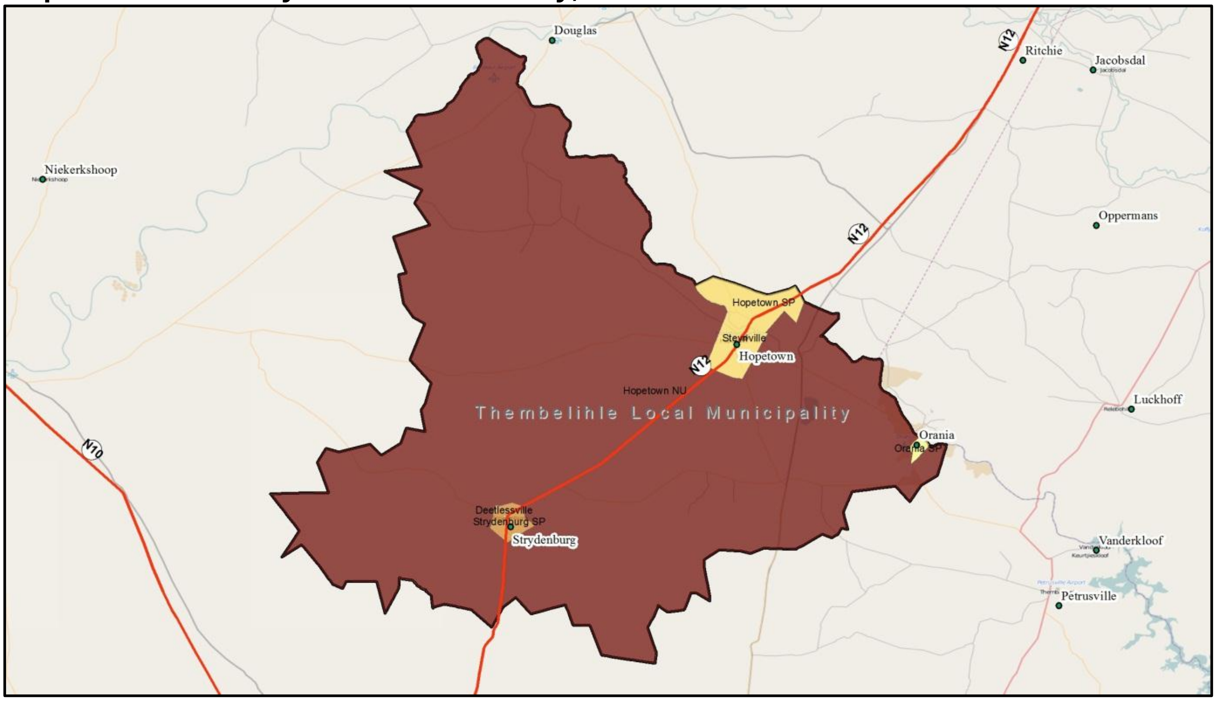
Source: Spatial projections based on Census 2001 and Quantec Research 2012

Among the highly skilled group, most workers could be classified under the occupation group *senior officials and managers.* This was true for *skilled agricultural and fishery* workers under the skilled group. Almost 50% 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 was estimated that some 75% to 85% of households in the Municipal area had access to electricity during 2010.

Map 4.2 – Availability levels of Electricity, 2010



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

Most of the geographic area in the Municipality is rural farmland with limited electricity infrastructure being available. Hopetown has the best access to electricity, followed by Strydenburg, where some 80% of households have access.

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

Sub-Place	Number of Households		Level of Access
	2001	2010	
Hopetown SP	212	301	90.9%
Steynville	927	1 320	61.2%
Orania SP	184	261	96.9%
Strydenburg SP	109	155	79.5%
Deetlessville	343	488	85.2%
Hopetown NU	587	836	58.0%
Total	**2 361**	**3 362**	**67.7%**

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

The level of household access to electricity has improved significantly from 68.9% in 2001 to over 82% 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	98 936	115 637 000
Wheat	52 454	82 728 000
Barley	5 811	7 687 000
Groundnuts	50	225 000
Potatoes	11 704	13 961 000
Total	**168 955**	**220 238 000**

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 crops. These commodities generated a total farm income of more than R200 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

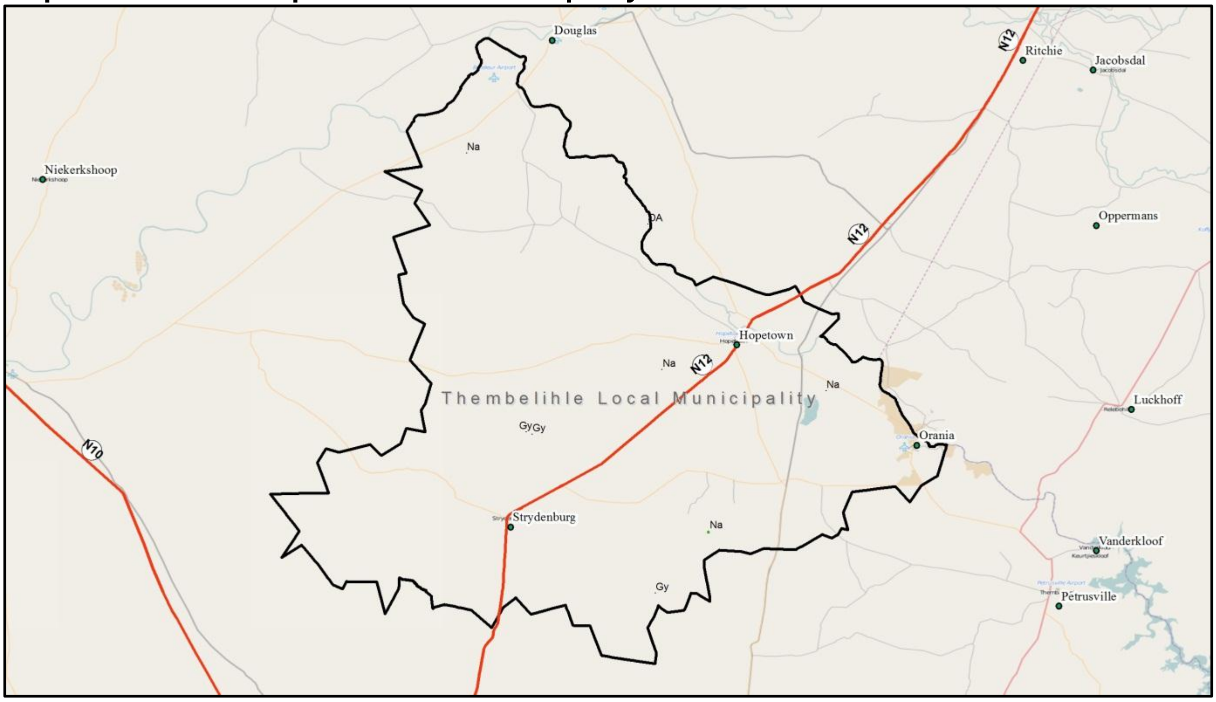
Livestock	Total on Farms	Sold	Income (R)
Cattle	8 735	3 044	12 658 000
Sheep	144 492	99 983	54 533 000
Goats	3 927	2 186	989 000
Game	Unknown	1 975	725 000
Total	**157 154**	**107 188**	**68 905 000**

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 R68.9 million to local Agriculture. From this total, the sale of sheep was the most significant. During 2007, there were almost 160,000 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:

- Generally, the area does not have any significant mineral deposits.
- To the north of Strydenburg, various small deposits of Gypsum can be found.
- Other small-scale mineral deposits that can be located in the Municipal area include Salt and Diamonds.

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 Thembelihle. The Development Pillars are now presented as the core of the Thembelihle LED Strategy. These "LED drivers" also serve as points of alignment with the relevant development policies.

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

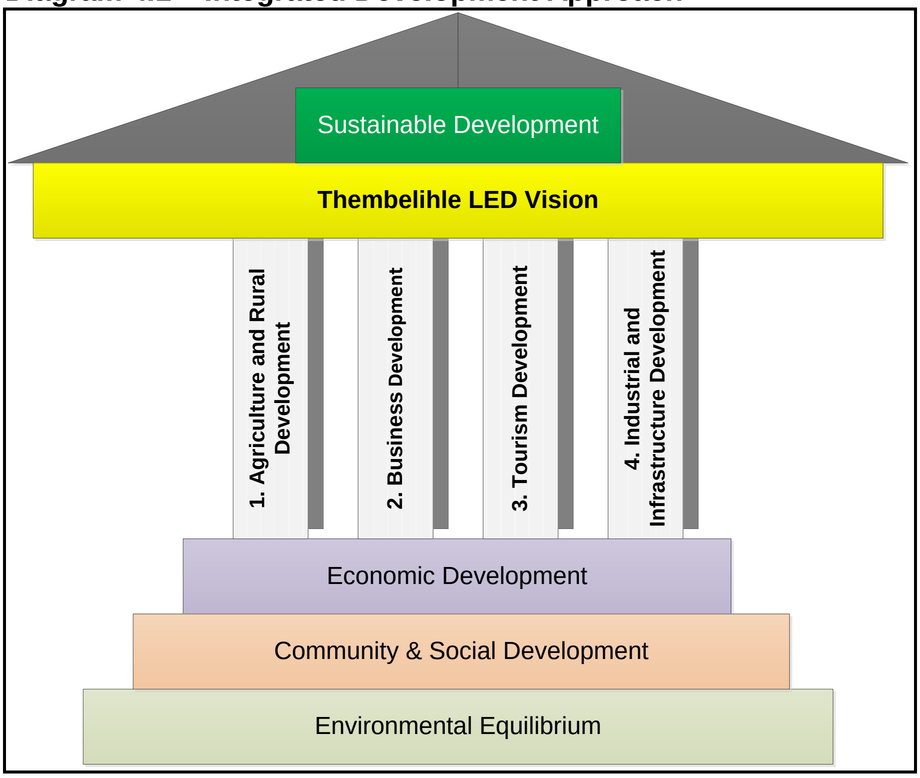
"A sustainable and fast-growing local economy achieved through local branding and export promotion, which builds on a diverse entrepreneurial spirit among local communities."

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.

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

These Development Pillars are based on the situation experienced within the Thembelihle 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 Rural Development

There is a growing need to solve a host of problems faced by the Agriculture sector in Thembelihle 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 Thembelihle. 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 Thembelihle. 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 for Thembelihle:

1. Agro-Processing
2. Support for Emerging Farmers

4.2.1.2. Pillar 2: Business Development

Business 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 Business Development in Thembelihle. Thus, the Pillar has a dual aim, including:

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

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

The strategic focus of this Pillar is on the following areas:
- The efficient utilisation of government programmes aimed at Business Development
- Networking and matchmaking
- Development assistance provision to the business sector
- Channelling of information

The following Programme was identified for Thembelihle:
1. Investment Promotion

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 for Thembelihle:
1. Tourism Marketing Development
2. Improving the Tourism Profile ant Attractions

4.2.1.4. PLAN 4: Industrial and Infrastructure Development

The concept of Industrial and Investment Development Promotion, in the case of Thembelihle, 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 Thembelihle, retaining existing businesses and industries and encouraging local capital to invest locally.

The Industrial and Investment Development Programme is based upon the creation of a vibrant, diversified and sustainable economic development base for investment in Thembelihle, which includes the mining sector. This, however, requires strong, visionary leadership and cooperation between the various LED role players of Thembelihle 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 Thembelihle which represents both local government and the private sector.

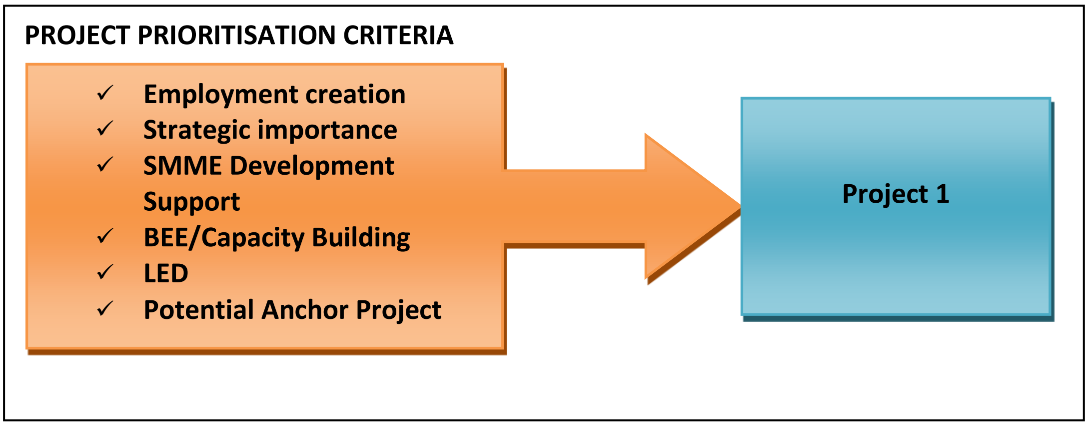
The following Programmes were identified for Thembelihle:

1. Mining Beneficiation
2. Industrial Infrastructure Facilitation

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 Thembelihle. 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 Rural Development

Programme 1: Agro-Processing

- The establishment of a Soybean Crushing Plant
- Sheep processing (meat & wool)
- Lucerne production for animal feed
- Niche market mutton production (Karoo)

Programme 2: Support for Emerging Farmers

- Emerging farmer mentoring programmes in association with local commercial farmers

- The establishment of agricultural cooperatives and entrepreneurial development programmes

Pillar 2: Business Development

Programme 1: Investment Promotion

- Development and provision of local investment incentives
- The development a garage or rest stop trade facility
- The establishment of a bakery
- Paving of streets in Hopetown and Strydenburg

Pillar 3: Tourism Development

Programme 1: Tourism Marketing Development

- The establishment of Adventure Tourism Packages
- Development of a Tourism Marketing Strategy
- Establishing a One-stop Information Centre
- Development of a Tourism Information Centre

Programme 2: Improving the Tourism Profile ant Attractions

- The development of a Resort on the Orange River
- Establishment of a Game Reserve
- Revamping of the local museum in Hopetown
- Upgrading and maintenance of the old bridge road
- Upgrading and of the caravan park and camping facilities

Pillar 4: Industrial and Investment Development

Programme 1: Mining Beneficiation

- Clay mining brick manufacturing
- A stone quarry and crusher
- The production of animal licks from rock salt

Programme 2: Industrial Infrastructure Facilitation

- The establishment of serviced industrial plots
- The development of a new water pipeline from the Orange River to Hopetown
- Upgrading of the water purification works near Hopetown

4.3. Policy Alignment

In recent years there has been a major thrust to establish developmental state through a 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.

<u>Implications of the Framework for Local Economic Development</u>

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

<u>Implications of the Northern Cape PGDS and LED Strategy</u>

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 Thembelihle

Considering the policy alignment of the Thembelihle 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 Rural Development
2. Business Development
3. Tourism Development
4. Industrial and Infrastructure Development

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 Rural Development	• New Growth Path • The Comprehensive Rural Development Programme • Northern Cape Provincial Growth and Development Strategy • Northern Cape Provincial Local Economic Development Strategy
2. Business 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. Industrial and Infrastructure Development	• 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 Thembelihle 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 Thembelihle LED Strategy.

Table 5.1 – Project Pillars and Programmes

Pillar	Programme	Project
Agriculture and Rural Development	1. Agro-Processing	• The establishment of a Soybean Crushing Plant • Sheep processing (meat & wool) • Lucerne production for animal feed • Niche market mutton production (Karoo)
	2. Support for Emerging Farmers	• Emerging farmer mentoring programmes in association with local commercial farmers • The establishment of agricultural cooperatives and entrepreneurial development programmes
Business Development	1. Investment Promotion	• Development and provision of local investment incentives • The development a garage or rest stop trade facility • The establishment of a bakery • Paving of streets in Hopetown and Strydenburg

Pillar	Programme	Project
Tourism Development	1. Tourism Marketing Development	• The establishment of Adventure Tourism Packages • Development of a Tourism Marketing Strategy • Establishing a One-stop Information Centre • Development of a Tourism Information Centre
	2. Improving the Tourism Profile ant Attractions	• The development of a Resort on the Orange River • Establishment of a Game Reserve • Revamping of the local museum in Hopetown • Upgrading and maintenance of the old bridge road • Upgrading and of the caravan park and camping facilities
Industrial and Investment Development	1. Mining Beneficiation	• Clay mining brick manufacturing • A stone quarry and crusher • The production of animal licks from rock salt
	2. Industrial Infrastructure Facilitation	• The establishment of serviced industrial plots • The development of a new water pipeline from the Orange River to Hopetown • Upgrading of the water purification works near Hopetown

5.2. Institutional Development

Thembelihle'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 Thembelihle 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).

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 5.1 – Recommended Institutional Structure for the LED Directorate

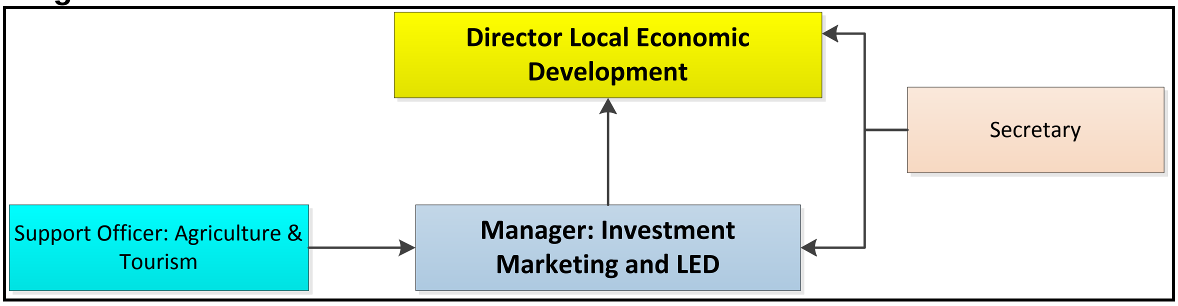


Diagram 5.1 illustrates the recommended institutional structure for the LED Directorate, in line with the LED Strategy Objectives. This structure is deemed to be appropriate to drive and manage the LED functions of the Municipality due to the following reasons:

- The Structure aligns with the LED development objectives 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.

SECTION 6: Implementation Plan

This Section presents the Implementation and Action Plan for the Thembelihle 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 Thembelihle, 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 Thembelihle 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 Thembelihle.

Business diversification is important to sustainable economic development in Thembelihle 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. Thembelihle must prove extremely visionary in promoting economic diversification. In addition, Thembelihle 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 Thembelihle. 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 Thembelihle. 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 Thembelihle 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 Thembelihle 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 Thembelihle 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. Thembelihle 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 Thembelihle 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 Thembelihle 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 Thembelihle.

[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 Thembelihle 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 Thembelihle 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:

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

- <u>Background Information:</u> 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.

- <u>Discussion of the proposed project:</u> 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.

- <u>Advantages and Disadvantages of the Proposed Project:</u> 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.

- <u>Project Schedule:</u> 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.

- <u>Final Recommendation:</u> 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, Thembelihle 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 Thembelihle 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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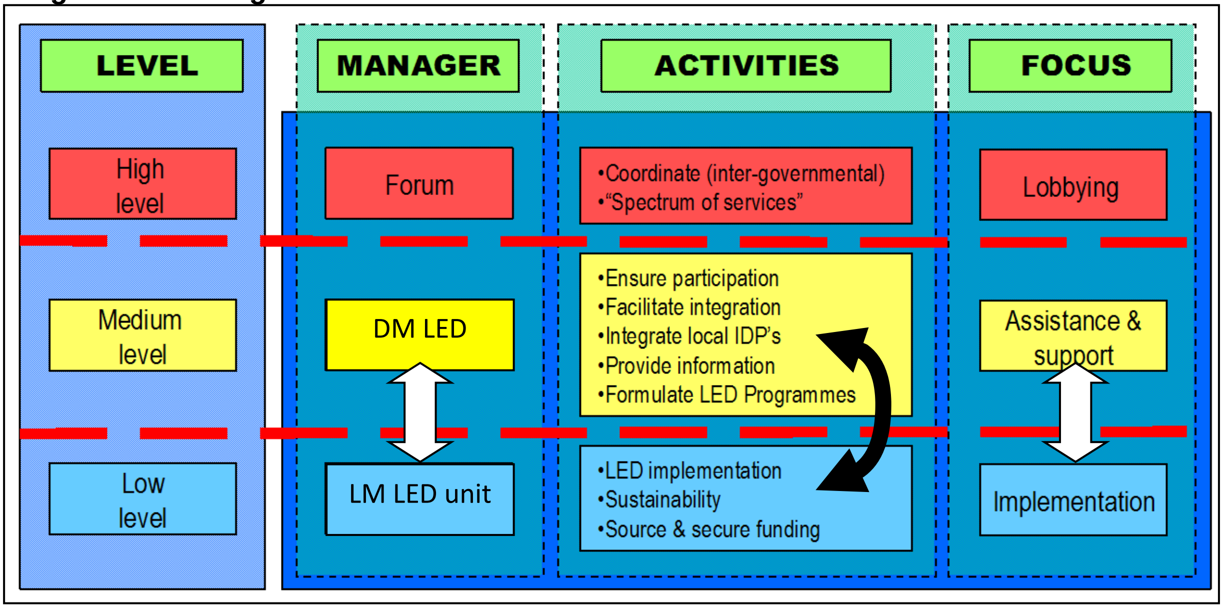
6.2. Integrated Institutional Approach

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 Thembelihle 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 Thembelihle 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 Thembelihle 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 Thembelihle 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 (Thembelihle) 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 Thembelihle.
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 6.3. 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

YEAR 1	YEAR 2	YEAR 3
Launch and Preparation	**Investment Brokerage**	**Implementation and Monitoring**
▪ Initiate investment strategy process and launch work plan ▪ Network responsibilities with respective role players. ▪ Commence with project business plans: pre-feasibility studies for high priority projects. ▪ Institutional adjustments ▪ Benchmark Thembelihle in terms of other SA municipalities, e.g. LED approaches, local government procedures, etc.	▪ Conclude pre-feasibility studies. ▪ Conclude institutional adjustment. ▪ Preparation of marketing information and documentation. ▪ Plan investment promotion tours to take place at the end of year 2. ▪ Plan annual local investment conference to take place at beginning of year 3.	▪ Local investment conference. ▪ Project implementation. ▪ Progress audit. ▪ Re-alignment and re-strategising for year 4: second 3 year cycle. ▪ Establish continuity concerning new government elections.

ONGOING MONITORING AND REVISION

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 Thembelihle'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 Thembelihle
- 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 Thembelihle 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 Thembelihle
- 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 – Thembelihle LED performance monitoring indicators

LED Pillar	Programmes	Projects	Five year KPIs
Pillar 1 **Agriculture and Rural Development**	Agro-processing Support for Emerging Farmers	The establishment of a Soybean Crushing Plant Sheep processing (meat & wool) Lucerne production for animal feed Niche market mutton production (Karoo) Emerging farmer mentoring programmes in association with local commercial farmers The establishment	Number of emerging farmers operating in the area Portion of crops which are beneficiated Export tonnage of 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
		of agricultural cooperatives and entrepreneurial development programmes	programmes
Pillar 2 **Business Development**	Investment Promotion	Development and provision of local investment incentives The development a garage or rest stop trade facility The establishment of a bakery Paving of streets in Hopetown and Strydenburg	Number of SMMEs in the area (growth) Number of LED initiatives implemented through the LED Forum Number of new SMMEs Survival rate of SMMEs Infrastructure support for informal traders Available investment incentives Conditions of local streets and roads
Pillar 3 **Tourism Development**	Tourism Marketing & Development Improving the Tourism Profile and Attractions	The development of Adventure Tourism Packages Development of a Tourism Marketing Strategy Development of a Tourism Information Centre The development of a Resort on the Orange River Establishment of a Game Reserve Restoring the local museum in Hopetown Upgrading and maintenance of the old bridge road Upgrading of the	Thembelihle share of the Pixley ka Seme tourism market. Development of new tourism packages & routes Tourism investment (in new and existing offerings/destinations) Conditions of local streets and roads

LED Pillar	Programmes	Projects	Five year KPIs
		caravan park and camping facilities	
Pillar 4 **Industrial and Infrastructure Development**	Mineral Beneficiation Industrial Infrastructure Development	Clay mining & brick manufacturing A stone quarry and crusher The production of animal licks from rock salt The establishment of serviced industrial plots The development of a new water pipeline from the Orange River to Hopetown Upgrading of the water purification works near Hopetown	Fixed investment, job creation and production Investment incentives Value of real private sector investment p.a. Manufacturing GGP Value of annual exports Diversification in the Manufacturing sector Competitiveness of exports The cost of doing business in Thembelihle

6.5. The Way Forward

To ensure the optimal implementation of the Thembelihle 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.