



BREED VALLEY

MUNICIPALITY - MUNISIPALITEIT - UMASIPALA

Local Economic Development Strategy 2017-2022

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LED STRATEGY - TEAM

FACILITATOR

Wouter Danckaert

Creative Entrepreneur (HAMP bvba & Exchange
vzw)

BVM FACILITATION SUPPORT

Julian Kritzinger

Colin January

Nelmari Visser

Chad Malgas

Portfolio Councillor: LED, Tourism, Arts & Culture

Manager: Local Economic Development

Tourism Officer

Local Economic Development Officer

KEY CONTRIBUTORS

SMME & Informal Sector:

Freddie Lindoor, R Louw, A Savahl, Marco Adams, Christof Linde, Jane Schafer, Lizelle Coombs, Vincent West, Chris Smal, Alexander Rehder, Anette Le Roux, Ruth Booyesen, Elton Shortles, Neville Fourie, Basheerah Bhyat, Russel Johnson, Johny Scheffers, Mercia Lottery, Ravol Baadjies, Beresford Abrahams, Ndooyisile, Magda Langley, Jonathan Marcus, John Marcus, Ngollo Sidwell, Connie Kweleta

Poverty & Inequality:

Nicolene Damons, Leonie Olkers, Theresa Rossouw, Fairouz Adams, Audrey le Fleur, Russell Cupido, Cllr.Frank Van Zyl, Cllr.Joyce Mehlomakulu

Care Capital:

Elana Bosch, Louis le Grange, Melody Botha, Barbara Janse van Rensburg, Gayle Daniels, Cllr. Frank van Zyl, Cllr.George Stalmeester

Business Area Improvement:

Marco Adams, Freddie Lindoor, Johan Abrahams, Rosaline Louw, A Savahl, Cllr.Mageret Sampson, Justice Mhobo

Investment Attraction, Promotion & Retention:

Cllr.Wouter Meiring, Louis le Grange, Kobus Kritzinger, Cllr.Frank van Zyl, Pieter Hartzenberg

Green Economy:

Cathy Pineo, Deonie Basson, Anelda Rabie, Rudolph Roscher, Chris Meintjes, Cllr.Esmé van der Westhuizen, Willem van der Merwe, Jane Schafer, Kobus Kritzinger, Vincent West, Mieke van Zyl, Pieter Hartzenberg, Jaques Swartbooi, Jana Du Plessis, Siyabulela Dyantyi

Tourism:

Barbara Janse van Rensburg, Melody Both, aMelanie Esterhuysen, Wouter Stemmet, Debbie Germishuys, Daniella Hermanus, Dirk de Koker, Elize Roberts, Mare Smit, Arie Fourie, Antoinette Steyn



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INTRODUCTION

Breede Valley Municipality (BVM) is responsible for drafting a local economic development (LED) strategy, coupled with an implementation plan able to promote and enhance sustainable economic development within the locality. A key element in this process, was to partner and consult with pre-identified key role-players from the public sector (represented by sister government departments), private sector (represented by local businesses and corporates), and non-governmental sector (represented by community based organisations). These partnerships and consultations were required to solicit the views and inputs (of the role-players) pertaining to the economic developmental path that the municipality should prioritise over the next five years, hence ensuring that an inclusive economic development approach be adopted.

The purpose of this document is to present a local economic development strategy (and associated proposed action items for implementation) derived from a thorough process of **internal reflection, data mining as well as creative brainstorming** sessions. This document will serve as a sectoral plan for our Integrated Development Plan, and furthermore present key strategic themes as well as measurable activities, outcomes and key indicators against which future performance will be measured.

Municipalities all over the world are consistently striving to improve their competitive advantage in their respective localities by supporting a range of complex initiatives to reach the stage of economic growth. Some of these interventions include, amongst others:

- a) Investing in economic infrastructure that is required to support various business processes.
- b) Initiating red tape reduction strategies that identify sources of red tape, implement mechanisms to adequately address it, and introduce policies and procedures to prevent recurring instances of red tape.
- c) Conduct investment attraction, promotion and retention initiatives to promote and facilitate external investment.
- d) Creating conducive environments for SMME's to accelerate their growth and expansion ability.
- e) Establish collaborative relationships with local business organisations to develop shared understanding as well as partnership arrangements.
- f) Deliver cost effective municipal services in an efficient and effective manner.
- g) Create economic development strategies in partnership with local business to implement short, medium as well as the long-term initiatives.
- h) Offer incentives such as tariff reductions and tax holidays to investors.
- i) Support non-governmental organisations to address social problems, such as substance abuse and high numbers of homeless people that live in poverty, which adversely impact socio-economic development and growth.

In order to realise and give effect to the interventions mentioned above, certain key activities must be facilitated at municipal level. These activities include, but are not limited to, the following:

- a) To establish communication forums with local business organisation and industry associations.

- b) To ensure that adequate municipal leadership is present to identify and draft appropriate initiatives for implementation and consequently, facilitate resource allocation linked to projects and programmes.
- c) To ensure that there is sufficient LED facilitation capacity and partnerships to implement projects and programmes which underpin BVM's LED vision and strategic themes.
- d) Consistently availing and allocating financial resources towards key capital projects, specifically those projects earmarked as essential infrastructural upgrades for business areas in order to rejuvenate commercial zones.
- e) The employment of technically competent staff that are able to implement key activities (as contained in the LED operational plan) in an effective and efficient manner.
- f) Identifying and implementing a range of complimentary activities that conform to the needs of the private sector, and/or entice much needed investment by the private sector.
- g) Adopt and comply with adequate automated performance management systems (as a monitoring and evaluation tool) to ensure that planned activities are actually implemented, and that intended outcomes are realised.

This document must take cognisance of the political and economic phenomena prevalent in the world (specifically phenomena within advanced countries), as such phenomena always tend to have knock-on effects on the performance of countries classified with emerging economies. As the world is constantly transitioning, organisations are obliged to anticipate such global trends and adapt their operations to remain competitive and profitable.

On this premise, the ensuing sections (sections 2 -) will be structured in the following manner:

- Section 1: will briefly unpack BVM's socio-economic and demographic profile. Extracts linked to the performance of the local economy, composition of the local population as well as projections for HIV transmissions and the anticipated mortality rates will be provided to shed some insight on the economic and social realities within the locality. In addition to this, a brief reflection on the nature of BVM's imports and exports will also be provided as this will portray BVM's degree of competitiveness as a municipal region.
- Section 2: will identify and explain most of the current global trends that pose a risk to the new world and South Africa in particular. In addition, the section will reflect on recent technological trends that might have positively influenced the development of the Breede Valley Municipality.
- Section 3: will explain BVM's approach pertaining to the fostering of partnerships to achieve LED impact. The essence of BVM's approach is to select a series of complimentary activities that will promote and underpin our vision and strategic themes, and ultimately, aid in the transformation of its economic reality from a primarily agri-based dependency to a dynamic, innovative and trend setting one. The LED primer, as issued by the World Bank, prescribes a framework that must be prioritised in order to achieve real LED results. This framework is based on the principles of working in partnerships, focusing on complimentary activities, focusing on the low hanging fruits (i.e. immediate implementable and achievable activities/actions), and initiating activities in order to solicit the support from local and regional business. This

can only be done provided that the administrative and political leadership of the municipality endorse a culture of good governance and political stability in the pursuit of equitable and sustainable local economic development initiatives. On this premise, an intra departmental service charter that stipulate key roles, responsibilities, projects and programmes required to mainstream economic development into all municipal departments in BVM; will be formulated. Once formulated, the charter will be submitted to the administrative leadership (executive management) for endorsement, and the political leadership (MAYCO) for support.

- Section 4: will briefly unpack how regions should to address the issue of economic development, through striving to work towards achieving their competitive advantage. Herein, a reflection on the work of Professor Henry Porter (an expert on topics pertaining to firms, regions, value chains and competitiveness), will be provided.
- Section 5: will provide a brief synopsis on the projects implemented during the previous term (2012 – 2017) as well as its outcomes. It is important to reflect on those projects already implemented in order to ascertain and report on the impacts thereof. In instances where some projects have not realised, it is important to note and decide whether such projects will feature in the new strategy and implementation plan.
- Section 6: will unpack the methodology followed to conduct the strategic workshops. The workshops served as the point of departure towards ultimately compiling the implementation plan. Key discussions/topics were identified prior to each workshop session, after which key stakeholders (relevant to each topic) were identified.
- Section 7: will present the proposed implementation plan, containing key actions that must be prioritised for the next 5 years (2017 – 2022). The implementation plan emanates from a range of strategic workshops that served as a platform to solicit views and inputs from key stakeholders. The implementation plan will be utilised to populate outcome and impact indicators associated to each action, as well as form the basis for the development of a monitoring and evaluation (M&E) framework that will be uploaded on BVM's automated performance management system.

This LED strategy wish to achieve the following outcomes:

1. Present key information related to the socio economic profile, as it will provide detail regarding the conditions and developmental profile of the local population
2. Emphasise the importance of detailed and sufficiently funded capital budget linked to the transformation of key business zones, as well as the development of new zones as this can aid in retaining existing companies as well as attract new companies seeking to invest in BVM's local economy.
3. Introduce and adopt a systematic approach in tourism through gradually building our brand as a care capital that, in turn, could serve as a potential catalyst to ignite investment from the private as well as the public sector.
4. Develop an efficient municipal administrative approach that underpins business development. This approach must enable BVM to make prompt and adequate decisions when considering potential business development.
5. To embark on a long-term journey of introducing and incorporating green economy theories and principles to the locality, in order to promote the development and

utilisation of green economy technology as well as unlock business opportunities in cleansing, household and industrial waste to mention a few.

6. Reduce municipal red tape and promote BVM as a top destination pertaining to the ease of doing business.
7. Assist other municipal departments (e.g. technical department) to identify and prioritise projects able to significantly contribute towards economic growth and development.

SECTION 1: SOCIO-ECONOMIC AND DEMOGRAPHIC PROFILE

1.1 A Cursory Glance at Breede Valley

The Breede Valley Municipality is classified as a Category B Local Municipality situated within the Cape Winelands District (CWD), a key district in terms of agriculture production as well as value adding activities that serves as multiplier to the agriculture industry. It covers an area of approximately 3 833 km², stretching from the Du Toitskloof Mountains in the southwest to the Kwadousberg Mountains in the southeast and includes the towns of Rawsonville, Worcester, De Doorns and Touws River as well as the rural areas adjacent to and between these towns and the Matroosberg rural area. BVM is located approximately 100 kilometres east of Cape Town with its head office situated in Worcester, which serves as the municipality's major service node. Worcester lies on the N1 and has a major railway link, which presents the town with a locational advantage as it provides access to inland markets. In addition to this, BVM is favourably located with good road connections to the N2 and N7 road networks, hence making it a gateway for connecting the Northern provinces with the Cape Metropole. The most striking feature of the Breede Valley is its scenic beauty. Majestic mountains, fertile valleys, vineyards and vast plains covered with indigenous semi-desert vegetation captivate the soul.

Apart from the formal settlement areas, the municipality has a number of informal settlements. Derived from data contained in the 2016 StatsSA Community Survey, the region has a counted population of 176 578 people (inclusive of the informal settlements) comprising 47 569 households of which 14.7% (7 000) are classified as indigent. The key economic sectors for the municipality are agriculture, tourism and manufacturing (more details pertaining to BVM's economic setup will be provided in ensuing sections).

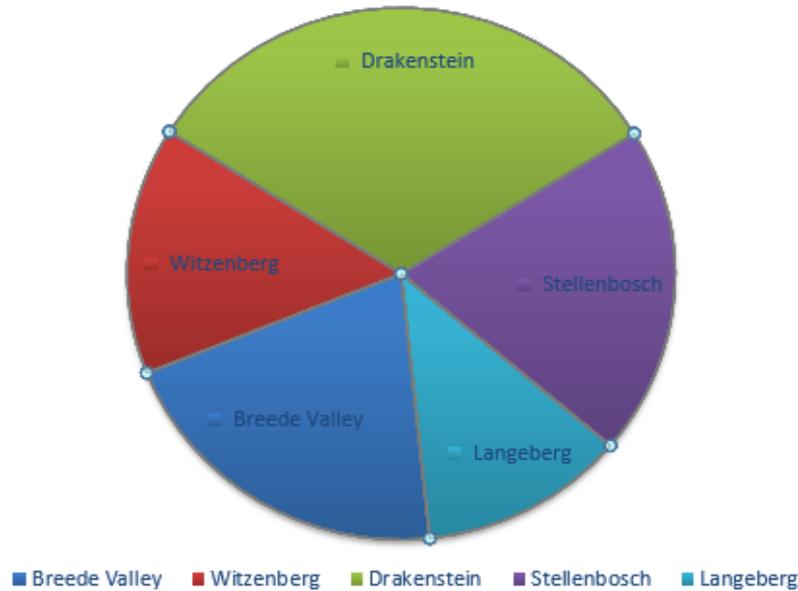


1.2 Socio-Economic Overview: BVM

The socio-economic statistical overview aims to quantify the socio-economic and demographic environment of BVM in context of its neighbouring municipalities/regions, the district, the province and South Africa. A better understanding of these respective environments could inform stakeholders to implement and monitor plans and policies that will allow for a healthy, growing and inclusive economy and society. The fluctuating economic environment subsequently has an effect on the economy's ability to create sustainable jobs. On this premise, this section will include a brief analysis on the employment dynamics of BVM. In addition to this, brief analyses on the Human Development Index (HDI), Gini coefficient, poverty, education, population density, international trade and tourism indicators (in relation to other localities within the region, district, province and South Africa) will be provided. It is important to note that all data contained in this particular section, is derived from a report (titled: Statistical Overview: BVM), populated by IHS Information and Insight (not derived from data as contained in the 2016 StatsSA Community Survey).

1.2.1 Population

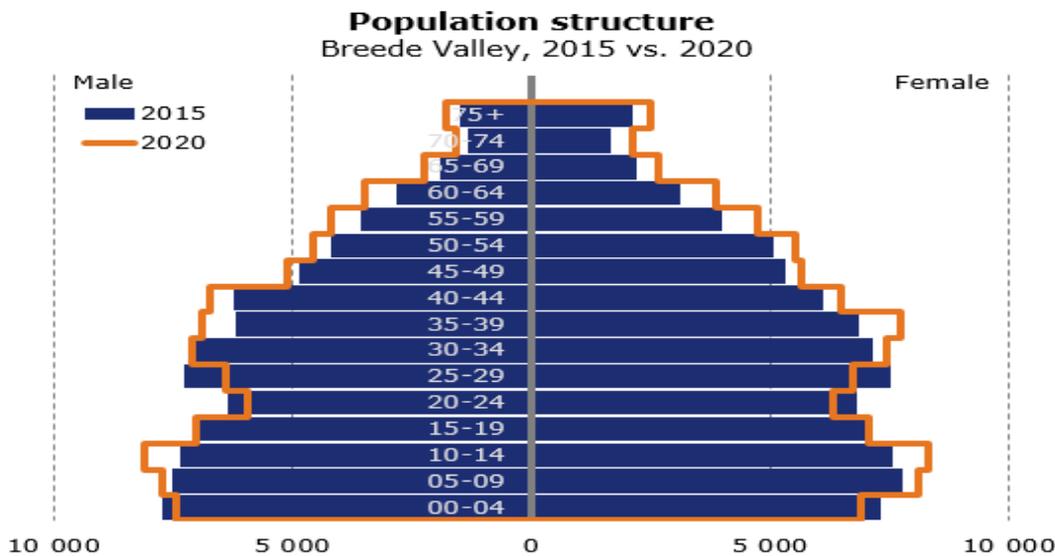
**Total population
Cape Winelands District Municipality, 2015**



Source: IHS Global Insight Regional eXplorer version 1046

The diagram above depicts BVM's population in relation to the neighbouring municipalities within the CWD. With 171 000 people, BVM housed 0.3% of South Africa's total population in 2015. Between 2005 and 2015 the population growth averaged 0.90% per annum which is about half than the growth rate of South Africa as a whole (1.51%). Compared to Cape Winelands's average annual growth rate (1.89%), the growth rate in Breede Valley's population at 0.90% was about half than that of the district municipality. When comparing the average annual growth rate with that of neighbouring municipalities in the district, it is noted that Breede Valley ranked lowest in terms of growth (average annual growth rate of 0.9% between 2005 and 2015). Furthermore, BVM accounted for 20.6% of the total population in the Cape Winelands District Municipality (CWD) in 2015, ranking it as the most populous local municipality in that particular year.

1.2.2 The population structure



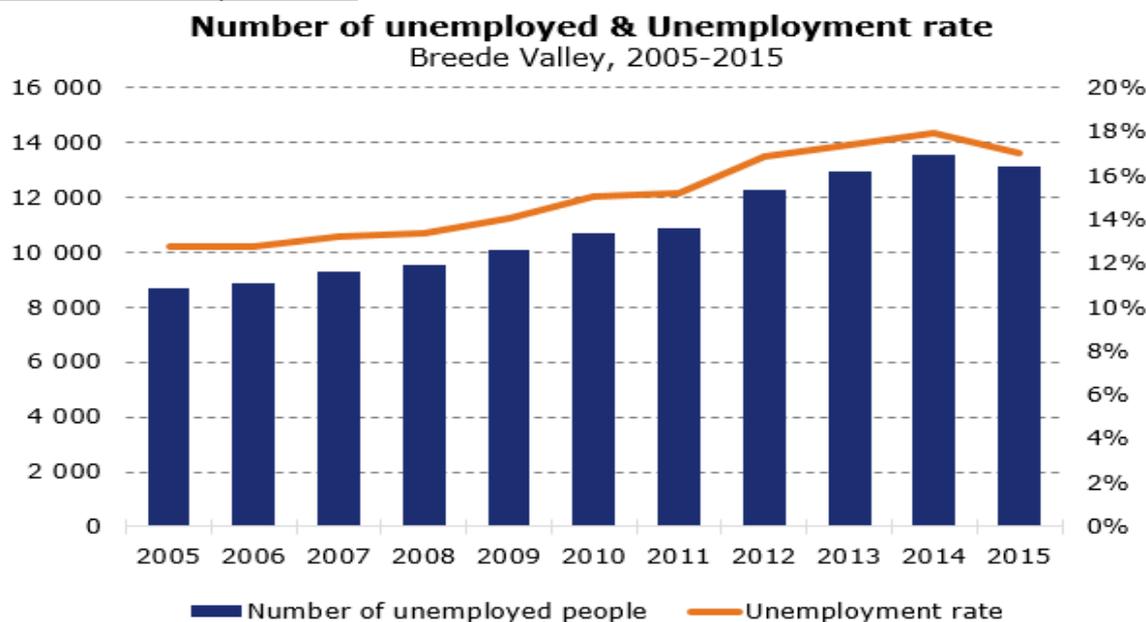
Source: IHS Global Insight Regional eXplorer version 1046

Derived from the diagram above, it is evident that BVM has a relatively youthful population; hence, strategies that target this specific age category must be developed and prioritised. The population pyramid reflects a projected change in the structure of the population from 2015 and 2020.

The differences can be explained as follows:

- In 2015, there is a significantly larger share of young working age people between 20 and 34 (24.8%), compared to what is estimated in 2020 (22.4%). This age category of young working age population will decrease over time.
- The fertility rate in 2020 is estimated to be slightly higher compared to that experienced in 2015.
- The share of children between the ages of 0 to 14 years is projected to be slightly smaller (26.1%) in 2020 when compared to 2015 (26.5%).
- In 2015, the female population for the 20 to 34 years age group amounts to 12.6% of the total female population while the male population group for the same age amounts to 12.2% of the total male population. In 2020, the male working age population at 10.9% does not exceed that of the female population working age population at 11.5%, although both are at a lower level compared to 2015.

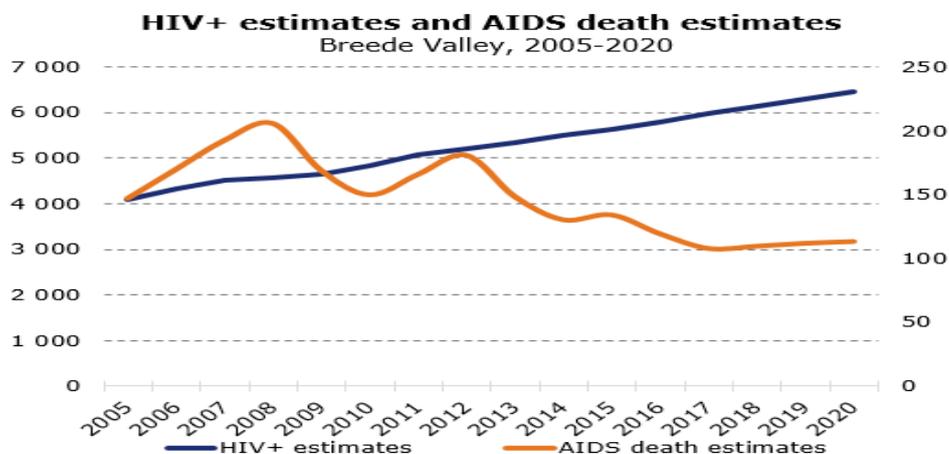
1.2.3 The unemployment rate



Source: IHS Global Insight Regional eXplorer version 1046

In 2015, the unemployment rate in BVM (based on the official definition of unemployment) was 17.03%, which is an increase of 4.26 percentage points. The unemployment rate in BVM is higher than that of Cape Winelands. Comparing to the Western Cape Province it is notable that the unemployment rate for BVM was lower than that of Western Cape, which was 21.65%. In 2015, the unemployment rate in BVM (based on the official definition of unemployment) was 17.03%, which is an increase of 4.26 percentage points. The unemployment rate for South Africa was 25.47% in 2015, which is a decrease of 1.12 percentage points from 26.60% in 2005.

1.2.4 HIV death estimates



Source: IHS Global Insight Regional eXplorer version 1046

HIV and AIDS can have a substantial impact on the growth of a particular population. However, there are many factors affecting the impact of the HIV virus on population progression: adult HIV prevalence rates; the speed at which the virus progresses; age distribution of the virus; the mother-to-child transmission; child treatment; adult treatment; and the percentage by which the virus decreases total fertility. ARV treatment can also prolong the lifespan of people that are HIV+. In the absence of any treatment, people diagnosed with HIV live for approximately 10 years before reaching the final stage of the disease (called AIDS).

When patients reach this stage, recovery is highly unlikely. **HIV+ and AIDS estimates are defined as follows:** The HIV+ estimates are calculated by using the prevalence rates from the HIV/AIDS model built by the Actuarial Society of Southern Africa (ASSA-2008). These rates are used as base rates on a provincial level. IHS slightly adjusted the provincial ASSA-2008 data to more accurately reflect the national HIV Prevalence rate per population group as used in the national demographic models. The ASSA model in turn uses the prevalence rates from various primary data sets, in particular the HIV/AIDS surveys conducted by the Department of Health and the Antenatal clinic surveys. Their rates are further adjusted for over-reporting and then smoothed.

In 2015, 5 650 people in the BVM were infected with HIV. This reflects an increase at an average annual rate of 3.28% since 2005, and in 2015 represented 3.31% of the local municipality's total population. CWDM had an average annual growth rate of 4.19% from 2005 to 2015 in the number of people infected with HIV, which is higher than that of the BVM. The number of infections in Western Cape Province increased from 148,000 in 2005 to 237,000 in 2015. When looking at South Africa as a whole it can be seen that the number of people that are infected increased from 2005 to 2015 with an average annual growth rate of 1.56%. The diagram further depicts that there will be a decrease of the mortality rates as a result of HIV as most of the drugs that are issued by the public health care system reduce mother to child transmission and it also increases life expectancy.

Presenting the number of HIV+ people against the number of people living with AIDS, the people with AIDS added up to 147 in 2005 and 134 for 2015. This number denotes a decrease

from 2005 to 2015 with a high average annual rate of -0.91% (or -13 people). For the year 2015, they represented 0.08% of the total population of the entire local municipality.

1.2.5 Gross domestic Product by Region

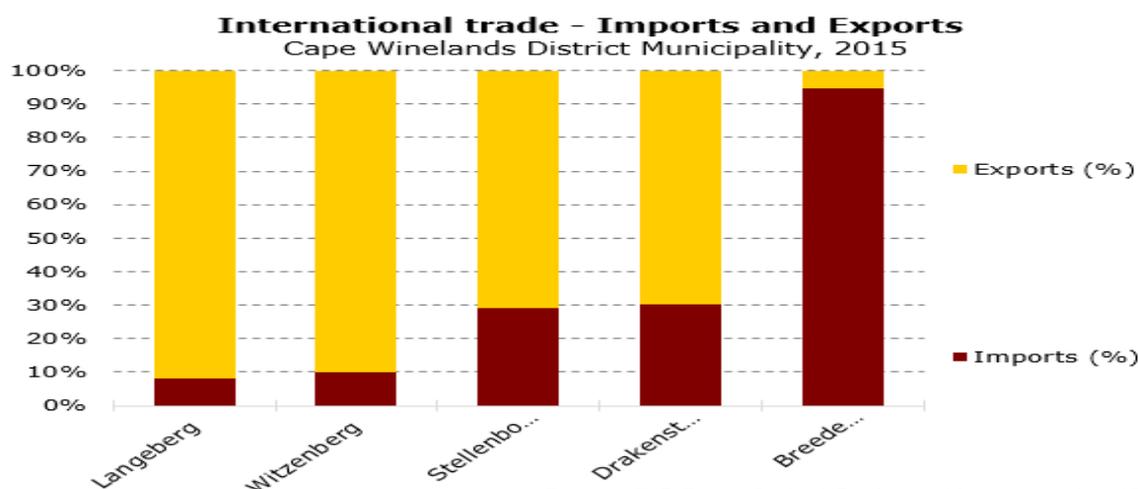
	Breede Valley	Cape Winelands	Western Cape	National Total	Breede Valley as % of district municipality	Breede Valley as % of province	Breede Valley as % of national
2005	5.6	26.2	237.4	1,639.3	21.5%	2.4%	0.34%
2006	6.4	29.7	264.9	1,839.4	21.4%	2.4%	0.35%
2007	7.4	35.0	306.0	2,109.5	21.1%	2.4%	0.35%
2008	8.0	38.2	330.8	2,369.1	20.8%	2.4%	0.34%
2009	8.4	40.2	343.0	2,507.7	21.0%	2.5%	0.34%
2010	9.1	43.1	372.8	2,748.0	21.1%	2.4%	0.33%
2011	10.3	48.6	413.6	3,023.7	21.1%	2.5%	0.34%
2012	10.9	51.9	447.2	3,254.0	21.0%	2.4%	0.33%
2013	11.5	56.2	488.2	3,549.2	20.6%	2.4%	0.33%
2014	12.0	59.6	519.8	3,812.6	20.2%	2.3%	0.32%
2015	12.6	62.8	548.6	4,013.6	20.0%	2.3%	0.31%

Source: IHS Global Insight Regional eXplorer version 1046

Gross Domestic Product by Region (GDP-R) represents the value of all goods and services produced within a region, over a period of one year, plus taxes and minus subsidies.

With a GDP of R12.6 billion in 2015 (up from R 5.63 billion in 2005), BVM contributed 20.00% to the CWDM GDP of R62.8 billion in 2015 increasing in the share of the Cape Winelands from 21.52% in 2005. BVM contributes 2.29% to the GDP of Western Cape Province and 0.31% the GDP of South Africa, which had a total GDP of R4.01 trillion in 2015 (as measured in nominal or current prices). Its contribution to the national economy stayed similar in importance from 2005 when it contributed 0.34% to South Africa, but it is lower than the peak of 0.35% in 2007

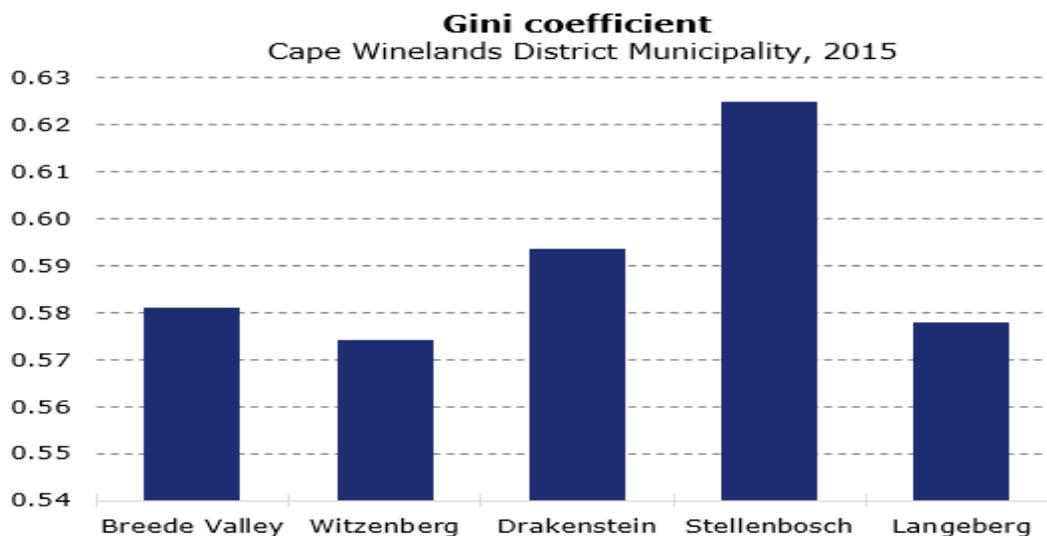
1.2.6 International trade imports and exports



When comparing the BVM with the other regions in the CWDM, Breede Valley has the biggest amount of international trade (when aggregating imports and exports, in absolute terms) with a total of R23.2 billion. The region that exports the most in currency value is Drakenstein with a total of R12.8 billion. Witzenberg had the lowest total trade figure at R1.09 billion. The

Witzenberg also had the lowest exports in terms of currency value with a total of R979 million exports

1.2.7 The Gini coefficient

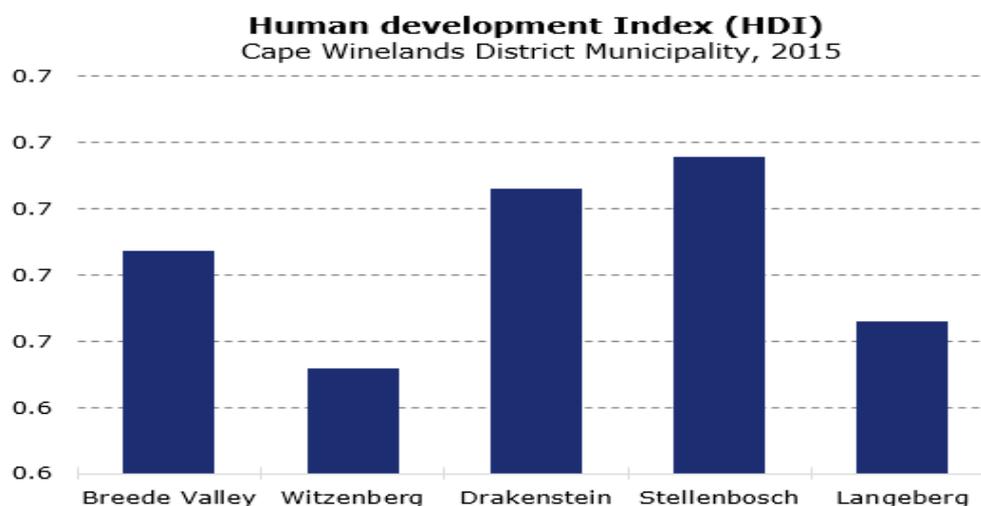


Source: IHS Global Insight Regional eXplorer version 1046

The Gini coefficient is a summary statistic of income inequality. It varies from 0 to 1. If the Gini coefficient is equal to zero, income is distributed in a perfectly equal manner, hence there is no variance between the high and low income earners within the population. In contrast, if the Gini coefficient equals 1, income is completely unequal and inequitable, i.e. one individual in the population is earning all the income and the rest has no income. Generally this coefficient lies in the range between 0.25 and 0.70.

In 2015, the Gini coefficient in Breede Valley Local Municipality was at 0.581, which reflects a marginal increase in the number over the ten-year period from 2005 to 2015. The Cape Winelands District Municipality and the Western Cape Province, both had a more unequal spread of income amongst their residents (at 0.597 and 0.615 respectively) when compared to Breede Valley Local Municipality.

1.2.8 The Human Development Index



Source: IHS Global Insight Regional eXplorer version 1046

The Human Development Index (HDI) is the combination of three basic dimensions of human development: A long and healthy life, knowledge and a decent standard of living. A long and healthy life is typically measured using life expectancy at birth. Knowledge is normally based on adult literacy and / or the combination of enrolment in primary, secondary and tertiary schools. In order to gauge a decent standard of living, we make use of GDP per capita. On a technical note, the HDI can have a maximum value of 1, indicating a very high level of human development, while the minimum value is 0, indicating no human development.

1.2.9 Origins of tourists

	Domestic tourists	International tourists	Total tourists
2005	22,700	12,400	35,100
2006	21,300	13,900	35,200
2007	20,200	14,700	34,900
2008	18,800	15,300	34,100
2009	17,400	15,900	33,300
2010	16,300	18,000	34,300
2011	15,400	18,500	34,000
2012	14,600	19,700	34,300
2013	14,100	19,500	33,700
2014	13,600	18,800	32,400
2015	13,300	17,100	30,400
Average Annual growth			
2005-2015	-5.20%	3.27%	-1.42%

Source: IHS Global Insight Regional eXplorer, version 1046

The number of tourists visiting BVM from other regions in South Africa has decreased at an average annual rate of -5.20% from 2005 (22 700) to 2015 (13 300). The tourists visiting from other countries decreased at an average annual growth rate of 3.27% (from 12 400 in 2005 to 17 100). International tourists constitute 56.34% of the total number of trips, with domestic tourism representing the balance of 43.66%.

SECTION 2: GLOBAL TRENDS

The world at this stage:

- Currently, the world is undergoing a major transition from predominantly rural to urban living with cities growing more rapidly in Asia and Africa. If this transition process is managed well, it can help to incubate innovation and assist in driving economic growth (Global risk report:2015).
- Continuous conflict in the Middle East exacerbates an already volatile world, as this is synonymous with massive refugee migration to Europe that have the potential to ignite another world war.
- Climate change continue to produce unorthodox weather patterns and occurrences; an example being a significant spike in temperature levels which, in turn, significantly affects countries predominantly reliant on agri-based economies.
- Recently, a general tendency to embrace the importance of the so-called nation state started to feature strongly as the status quo, especially after the UK's exit from the EU (Brexit).
- Multinational manufacturing companies compete internationally to find cost effective sites and inputs to decrease production cost.

- Companies all over the world are employing people with highly specialized skills while, in contrast, those with no skills are earning meagre salaries and consequently find themselves on the periphery in relation to access to health, welfare goods, quality education and social amenities.
- Local conditions and environments continue to dictate the degree of investment attraction and retention within a locality (for example, a municipality's ability to provide services that entice businesses, will consequently attract greater investment).
- Municipalities and cities continue to face major challenges pertaining to climate change, and are therefore forced to develop an ability to address issues associated to climate change, social unrest, and cyber threats.
- Large scale infrastructure backlogs that exert massive pressure on the fiscus of local municipalities.

This LED strategy was compiled during a period of political uncertainty and economic turmoil, with particular reference to the national cabinet reshuffling and the downgrade of the South African economy to junk status by two sovereign ratings agencies respectively. Even though such events tend to influence the outlook of investors in an adverse manner, BVM must remain committed to implement projects and programmes aimed at creating and realising competitive advantage(s). The following issues were continually taken into account while drafting the strategy:

- a) **Societal issues** as it influence how projects and programmes are framed for implementation. For example, high levels of crime will significantly influence the ability and effectiveness of LED initiatives.
- b) **Technological issues** as it influence how people/business work. For example, new software developments can cause human labour to become redundant, resulting in lay-offs that will ultimately influence an economy.
- c) **Global economic issues** as such phenomena tend to have knock on effects on a local economy as well. For example, the contraction of the US economy during 2009 and the era of President Donald Trump (geared towards inward investment in the US economy), can potentially result in lower global demands that could be detrimental for BVM as its economy heavily relies on exports.
- d) **Legislative issues** as it tend to influence the manner and ease of doing business. For example, the introduction of new requirements at different times into the same market, without taking account of changing the regulations that were previously in existence, could cause unnecessary red tape and result in reluctance to pursue with business in an area.
- e) **Environmental issues** as it influence the manner in which business is done, and consequently, impacts the growth rate of an economy (e.g. the recent drought and its impact on the agricultural sector).
- f) **Political issues** as it often dictates regional or country specific framework conditions that are not always appealing to multinational business institutions. For example, allegations linked to potential state capture within South Africa could convince a potential investor to withhold/withdraw his/her investment.

Furthermore, section 152 of the Constitution of South Africa mandates local government to facilitate the development of local economies. The White Paper on Local Government and Municipal Systems Act of 2000, provide the legislative framework pertaining to how

municipalities should execute this particular responsibility. The National framework for LED prescribe an approach to develop and stimulate sustainable economic growth based on a number of strategic themes aimed at influencing the local economy through actions of the district and the local authorities: These include, amongst others:

- Improving good governance, service delivery, public and market confidence in municipalities.
- Exploiting the comparative and competitive advantage of a municipality.
- Enterprise support and business development.
- Sustainable community investment programs discussing on organising communities for development and public spending such as EPWP and the RSEP programmes.
- Creating safer communities.

SECTION 3: BVM'S APPROACH TOWARDS STRATEGY DEVELOPMENT

Local Economic Development is a process whereby the public- (municipality), private- (businesses), and non-governmental sectors (churches, CBO's, etc.) work together to create conducive environments that encourage and stimulate economic growth, to ultimately realise greater employment creation and economic prosperity for its citizens. The success of any LED system is based on the performance of the local authority, coupled with local businesses ability to adapt to dynamic changes that influence the international market economy. The strategy will primarily review our last LED strategy and use it as a point of departure to formulate a new implementation plan with associated actions, earmarked for the next development phase (2017 – 2022).

It is common knowledge that realising the vision, goals and objectives linked to a local economic development strategy and its associated initiatives, require collective efforts from a range of officials within the municipality (beside external stakeholders). Firstly, an informed political leadership that understand the context and have the political will to create an appropriate organisational point of departure to facilitate local economic development is required. Secondly, a supportive executive leadership that endorse LED implementation plans and associated activities as well as avail and allocate adequate resources to give effect to these plans and activities, are required. Finally, a dedicated and capable operational/implementation team, that facilitate and implement the agreed upon plans and activities/programmes internally as well as through partnership arrangements, are required.

BVM's LED strategy, specifically the implementation plan, is derived from key inputs made by role players; and its success is heavily reliant on strengthening partnerships with local organisations (public, private and non-governmental). The rationale for emphasising the importance of local economic development, lie in its ability to attract much needed investment and retain companies that have already invested in a local economy.

The distinction between strategy and planning must be kept in mind. **Strategy is deciding where to go whereas planning is deciding to put one foot in front of the other** (Winston Churchill). As business and economic environments regularly fluctuate at a rapid pace, it becomes increasingly important that business and regions develop adequate business and

technological intelligence required to identify trends and develop appropriate responses that will align them in a manner that underpin their relevance and competitiveness.

Strategy often serves as the roadmap that informs and is aligned to an overall vision, whilst planning serves as a cohesive operational tool that gives effect to the strategic framework. Furthermore, strategy entails more than simply planning the organisation's activities. It requires the ability of identifying and understanding what is the right (and required) thing to do, as well as learning to do it right. It relate closely to good leadership qualities, as well as other essential organisational skills, which include:

- a) Building and allocating resources to strive toward the organisations vision as well as strategic themes.
- b) Structuring and aligning the organisation to pursue agreed functions and implement key deliverables.
- c) Utilising an automated performance management systems (as M&E tool) to ensure that planned activities are indeed implemented.
- d) Developing a positive organisational culture and style that dictate how certain challenges and projects will be addressed.
- e) Managing, motivating and developing human resources to reach our objectives.
- f) Influencing the capability of our internal organisation as well as the capabilities of organisations with whom we work in partnerships.

The figure below is indicative of all the strategy-making components. If all components (as alluded to in the figure below) are adequately addressed, real transformative organisational responses that are able to transform society and/or their target market, will be realised.



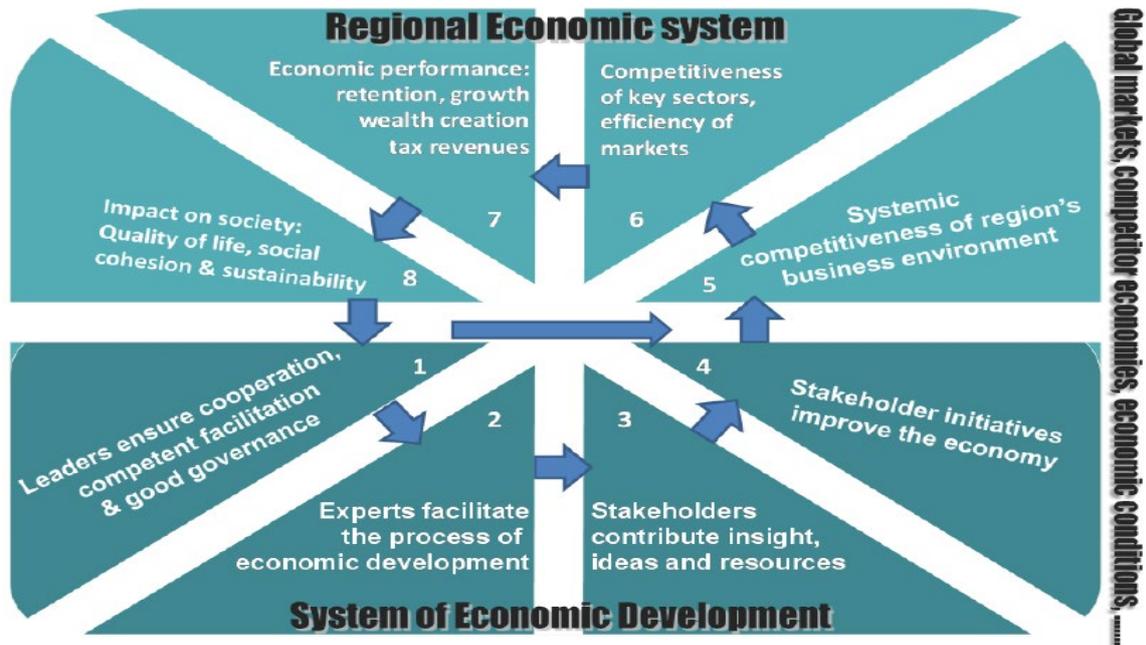
BVM's LED department facilitated internal discussion to review deficiencies and challenges pertaining to the execution of LED programmes, and consequently, identified the following key themes that will be prioritised throughout the next 5 years (2017 -2022):

- SME's and the development of informal trade.

- Supporting initiatives able to create an enabling environment for green economy and other related commercial activities.
- Promoting innovative tourism programmes.
- Investing in infrastructure to unlock economic development.
- Understanding poverty and inequality as it is a major source of under development.
- Investing in business improvement zones.
- Branding the BVM as the Care Capital.
- Engaging in vigorous investment attraction, promotion and retention initiatives in order to retain existing companies as well as attract new ones.
- Complete a key catalytic project identified in the preceding LED strategy (i.e. the disposal of industrial land situated at Uitvlucht in order to promote industrial development).
- Progressively work towards reducing red tape and promoting the ease of doing business.
- Using smart procurement strategies as a catalyst to effect local economic development.
- Continuously seek to improve business zones by, amongst others, reducing crime as well as evaluating the feasibility of creating new zones such as the Mtwazi corridor in Zwelethemba.

The figure below illustrate that strong leadership is a prerequisite for effective strategies. Furthermore, it provides an overview of the different leaders required to contribute towards establishing a functioning LED system. According to the system for economic development (Lawson: 2012) the following sequential building blocks must be present to promote economic development:

1. Leaders ensure cooperation, competent facilitation and good governance
2. Experts facilitate the process of economic development
3. Stakeholder contribute insight, ideas and resources
4. Stakeholder initiatives improves the local economy
5. Systematic competitiveness of regions business environment
6. Competiveness of key market lead to efficiency of markets
7. Economic performance lead to growth, retention of businesses, more wealth creation and increase in tax revenues
8. Impact on society as result of improved quality of life and social cohesion which in turn, enhance sustainability



SECTION 4: REALISING COMPETITIVE ADVANTAGE(S) – HENRY PORTER

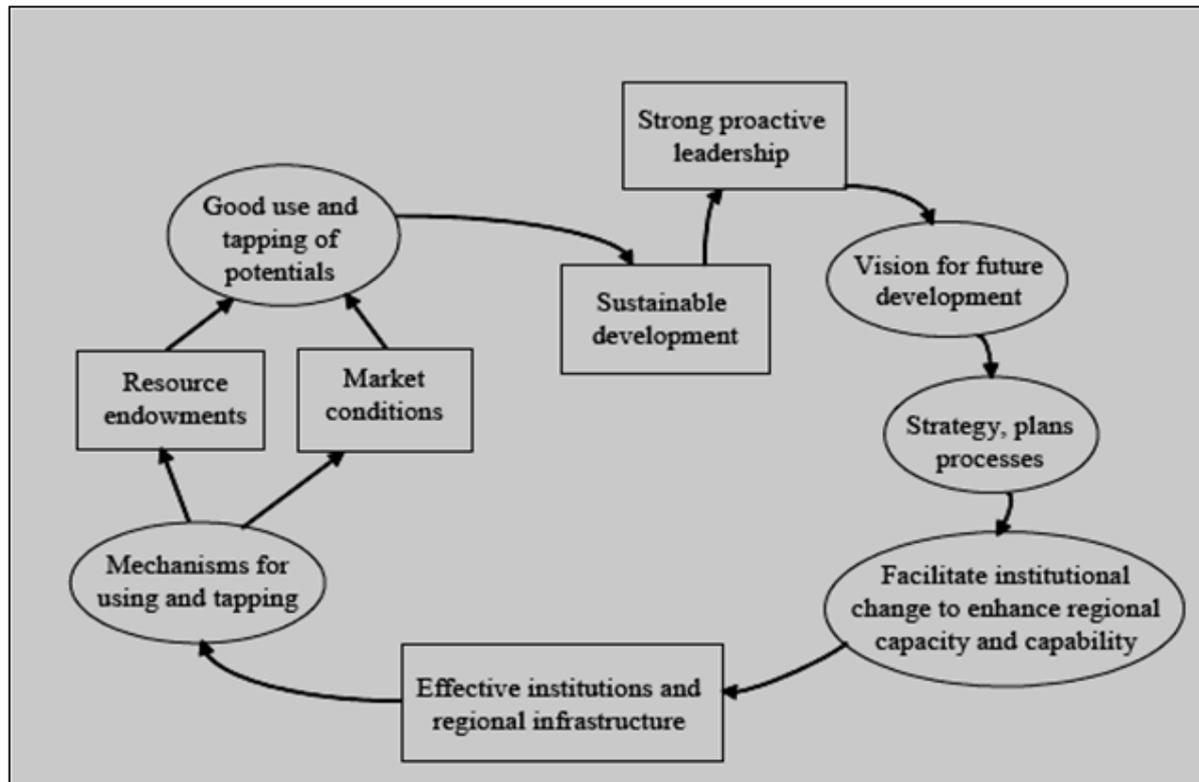
Porter (2001) states the following:” Government has an important role to play in productivity and economic development especially at a policy level, and it must be orientated more on the potential of rent creation rather than rent seeking policies. The nature of the appropriate government policy responses vary within the stage of development of a particular region. In emerging economies the focus is on macro-economic stability and impacting on factor conditions like improving infrastructure (be it administrative and/or physical), whereas in advanced economies the focus is on cluster development and to encourage innovation”. As South Africa is still in a transition phase to some extent, emphasis must be placed on resolving issues linked to administrative challenges such as reducing red tape and improving business zones. Because of the time lag effect, it is important to note that the full scope of impacts will only become evident later in time.

According to (Porter: 2001 and Wayland: 1995) the ultimate goal should be to strive towards the creation of unique advantage(s) that cannot be replicated easily, as this is essential for creating a basis for sustained growth.

Based on Porter’s theoretical approach, this strategy will target two domains:

- to build on current competitive advantage(s) that BVM currently enjoy
- to remove any barriers that prevent BVM from becoming a region synonymous with value adding commercial activities which activate collaborative work efforts in the field of innovation

The diagram on Regional Competitiveness depicts the importance of having leadership with a clear vision, able to create strategy for future development.



Source: M Kitson, R Martin, and P Tyler (2004): *Regional Competitiveness: An Elusive yet Key Concept?* (Regional Studies)

BVM will realise a competitive advantage given that it is able to generate long-term economic benefits for its citizens. However, to realise such benefits, it is imperative that BVM remove barriers that restrict it in this regard. This would require the following:

- a) Stay committed to its long-term plan linked to the establishment of an additional industrial park
- b) Implement programmes that support more, and innovative start-ups
- c) Collective buy-in to the municipal vision and adoption of collective values
- d) Effective institutional mechanisms to implement strategies and projects
- e) Continually strive towards developing a critical mix in entrepreneurship

Integrating social aspects with economic policy is gaining traction as an important principle. In the new thinking to strive for competitiveness, there is no inherent conflict between economic and social policy. Any economy that strive towards productiveness, require the following to function optimally:

- a) Rising skills levels,
- b) Safe and secure working environments as well as external environments for its labour force,
- c) Upskilling the unemployed in order to equip them to be absorbed into the formal labour market and economy,
- d) Working vigorously toward a reduction in BVM's carbon footprint through the introduction of green technologies and methodologies,

- e) Social policies that strive to encourage productive citizenship able to contribute meaningfully to a locality's tax base.

SECTION 5: SYNOPSIS ON KEY PROJECTS IDENTIFIED IN PREVIOUS STRATEGY

Sector	Examples	Results
1. Building & Strengthening Institutional & Social Capital including Leadership	Short Term (Meaningful Impacts: 2012-2015) <ul style="list-style-type: none"> • Develop, finalise, and monitor BV Development Charter outlining key principles, priorities, and stakeholder roles to facilitate alignment • Form BV Economic Development Leadership Committee to monitor 2030 BV LTEDSF and catalytic initiatives, evaluate impact and provide leadership direction/support • Review BVM LED capacity requirements and secure resources to facilitate implementation of BVLTEDS • Worcester CBD PPP/ Business Improvement District and improved enforcement of safety and by-laws • Grow Expanded Public Works Programmes (EPWP) for the unemployed, women and youth including re-cycling, community 	<ul style="list-style-type: none"> • Development Charter was adopted at a gathering of community, BVM and business • Leadership committee was established but was later replaced with monthly meetings between BVM and Business leaders • The LED department received greater budget allocations, hence enabling the department to, amongst others, fill key vacancies • Business plans were approved by Council and the first Special Ratings Area was established in terms of the bylaw • BVM municipal and state funding were used to roll out public job creation initiatives amounting to R16 171 329 since adoption

	<p>housing, social infrastructure, environmental management etc.</p> <ul style="list-style-type: none"> • Ongoing expansion, growth, and marketing of key provincial, educational and health institutions <p>Medium - Long Term (Meaningful Impacts: 2015 onwards)</p> <ul style="list-style-type: none"> • Youth Development Strategy incl. School Alumni Mentoring Initiative 	<p>of the genesis strategy in 2012</p> <ul style="list-style-type: none"> • This was not implemented due to budget constraints. However, branding the care capital is featured as a key project in the new LED implementation plan • Youth strategy was developed and RSEP role out programmes targeting infrastructure for youth and children
<p>2 Long Infrastructure Initiatives</p>	<p>Short Term (Meaningful Impacts: 2012-2015)</p> <ul style="list-style-type: none"> • BV Spatial Development Framework (currently underway as of March/April 2012) to prioritise nodes and corridors for urban integration and priority development • Implement GAP housing and mixed use node development • Fast-track N1 Eastern Bypass around Worcester (linked to N1 Toll Road plans by SANRAL) 	<ul style="list-style-type: none"> • Spatial Development Framework was completed • BVM was not yet successful in implementing GAP housing projects • Project not implemented as result of impeding court cases between the Provincial government and SANRAL on the implementation of toll roads (SANRAL's prerequisite for such ring roads are toll roads)

	<ul style="list-style-type: none"> • Worcester-Stettynskloof Water Supply Pipeline • Electricity distribution capital investment plan and budget • Services investment plan to unlock industrial areas for investment • Renewable Energy incl. Solar and Waste projects • Initiate Neighbourhood Development Partnership grant application for township commercial development in Zwelethemba • Promotion and Management of Worcester 	<ul style="list-style-type: none"> • Investment relating to the augmentation of the Stettynskloof water pipeline were made in the following order: Augmentation of Water Supply Pipeline: R87,886,841.14; Augmentation of Stettynskloof Dam Water Inlet Works: R10,395,390.86; Augmentation of Stettynskloof Booster Pump Station: R9,411,642.81 (all amounts are VAT inclusive) • Electricity distribution master plan was complete • Process in progress. Service provider is in the process of being appointed to compile an urban vision framework linked to the proposed development • Touwsrivier solar project was established and is fully operational • Development of Zwelethemba Commercial Corridor is in progress. Precinct plan will be provided by 30 June 2017 • Business Improvement District has been approved by Council
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	<ul style="list-style-type: none"> • Maintenance and Heritage Plan • Public parks management policy including community management options • Expand alien vegetation EPWP funding and link to entrepreneurship support programme, renewable energy etc. <p>Medium - Long Term (Meaningful Impacts: 2015 onwards)</p> <ul style="list-style-type: none"> • Public and private investment in priority integration corridors and nodes such as Victoria Park, Avian Park etc. • Agriculture Water Demand Management Strategy (linked to Catchment Management Strategy) 	<ul style="list-style-type: none"> • Plan developed, however no implementation • Implemented by Parks department. Parks were maintained through RSEP projects • Project executed by Parks department • Not yet implemented • Project referred to JPI and Dept. Agriculture has commissioned a feasibility study to expand Brandvlei Dam. This is now a provincial project
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SECTION 6: STRATEGIC WORKSHOP METHODOLOGY

BVM’s LED department has a long-standing partnership with a Belgium-based agency (Exchange vzw) that supply technical support to various government and commercial organisations situated within developing countries. BVM, through its LED department, took the initiative to submit an application to Exchange vzw to obtain the services of a qualified expert in the field of economics, management and law coupled with exposure to public participation as well as participatory workshop facilitation processes. On the backdrop of BVM’s twinning agreement with the city of Aalst (Belgium), coupled with an active working relationship as alluded to previously, a specialist was earmarked and availed to assist with the participatory workshop facilitation process. As stated previously, predetermined themes/topics were identified as a point of departure for the brainstorming/discussions in the workshops.

Workshops were planned to solicit views and inputs on the following broad categories of focus areas:

- SME's and the development of informal trade,
- Supporting initiatives aimed at creating an enabling environment for the green economy and other related commercial activities,
- Promoting innovative tourism programmes,
- Investment in infrastructure to unlock economic development,
- Understanding poverty and inequality as it is a major source of under development,
- Investment in business improvement zones,
- Branding the BVM as the Care Capital,
- Engaging in a range of investment attraction, promotion and retention initiatives to retain existing companies as well as attracting new ones,
- Continue implementing an old catalytic project of disposing Uivlugt to promote industrial development,
- Keep on reducing red tape,
- Using smart procurement as a catalyst to effect local economic development,
- Keep on improving business zones by reducing crime and creating new ones like the Mtwasi corridor in Zwelethemba.

6.1 Brainstorming techniques implemented during the strategic stakeholder workshops included (amongst others)

- a) Mind mapping
 - b) Group brainstorming
 - c) The blind writer (participant responds to questions individually before sharing it with his group
- Participants were divided into groups of 4-5. Each group selected a scribe to note each member's idea(s) as well as the group's general responses.
 - Once the scribe has been selected, participants were encouraged to collectively define the problem or idea to be brainstormed. It is crucial that everyone has a clear sense of the topic being explored.

6.2 Establish the ground rules

- The workshop facilitator(s) in relation with the workshop participants, establishes the ground rules prior to commencement of the workshop
- The workshop should:
 - Ensure that everyone has an opportunity to voice their opinions and ideas
 - Ensure that no one will insult, demean, or evaluate another participants' response
 - Accept and embrace all ideas without placing judgment
 - Record all response unless repeated
 - Establish a time frame to ensure that each participant receives enough time to speak and share their idea(s)

6.3 Active participation

- Start the brainstorming. Decide who will be the first to share their ideas. The recorder should write down all responses (if possible) so everyone can see them. Make sure

not to evaluate or criticise anyone’s ideas/inputs until the brainstorming session has been concluded.

6.4 Review and discuss

- Participants will together read and go through the results created by the group. They will discuss their thoughts on the responses given, and share their opinions. They may use this time to ask questions to clarify their understanding/concerns.

6.5 Evaluate and make changes

- Together the group will begin to evaluate the responses that have been generated. Some initial qualities to look for when examining the responses include:
 - Looking for any answers that are repeated or similar.
 - Grouping ‘like’ concepts together.
 - Eliminating responses that the group feels is irrelevant or no longer suitable

6.6 Discuss group consensus

- Now that the group has reached a consensus, and the list has been condensed, members can revisit and discuss the ideas presented. They may use this time to deliver their ideas to the workshop participants.

6.7 Workshop discussion/evaluation

- During this phase, all workshop participants collectively discuss each group’s ideas or answers and evaluate each in turn. Emanating from the discussions, participants were granted an opportunity to vote on the idea they prefer based on the reasoning presented and whether it fits the need or question being asked.

SECTION 7: LED IMPLEMENTATION PLAN

The implementation plan below, depicts key activities which BVM commit towards implementing over the next 5 years. Implementation actions have been identified for each target sector, and is primarily derived from public and private sector inputs emanating from the various strategic workshops held. In addition to this, the implementation plan is linked to the Western Cape strategic goal 1 – “create opportunities for jobs and growth” (as contained in the Western Cape Government’s Strategic Plan), as well as BVM’s vision for LED (as alluded to in section 3).