LED STRATEGY AND ACTION PLAN

June 2014

John Lawson
Local Economic Development (LED) is a means of systematic identification, development and utilisation of economic opportunity, to benefit local businesses. As the private sector grows inclusively, poverty is reduced sustainably, and public sector income also increases. LED is therefore a multi-stakeholder effort in support of private sector development.

Whereas Stellenbosch is blessed with much economic prosperity, inclusive economic growth still remains far below potential. Sustained economic growth is still the largest contributor to reduction in poverty. But not all forms of economic growth lead to large scale benefits for the poor. LED pursues an inclusive pattern of economic growth that does ultimately contribute to reducing poverty consciously and systematically.

Wealth and jobs are created by businesses that are able to compete profitably in fiercely contested markets. Firm performance however does not just depend on the factors inside the particular firm, but also on externalities such as market demand, market competition, supply conditions and local business environmental conditions. The eco-system or business environment within which the firms find themselves, to a large extent determines how is easy or how difficult it is for an entrepreneur/ firm to succeed. A healthy business environment is therefore essential for growth and poverty reduction.

To maximise prospects of sustained economic growth, stakeholders must therefore strengthen the systemic competitiveness of the local business environment for key sectors. Investors seek such a competitive place to do business from. Once they invest (new or expansion) the consequence more often than not are new jobs and growth.

Whereas previous LED strategies may not have had the desired scale of impact, this strategy aims to unite economic stakeholders to cooperate to realise an improved economic future. A more systematic and pragmatic approach promises more reliability in execution. Without stakeholder commitment, strategies fail. The municipality therefore embarked on a Participatory Appraisal of Competitive Advantage (PACA) to mobilise stakeholder participation and to leverage their insight and capacities to contribute to an improved economy. The process found many pockets of LED excellence, with numerous existing LED initiatives that should continue. A number of new initiatives were also identified by stakeholders. The PACA process aimed to identify opportunities that:

- Increase the overall size of the economy.
- Make it easier for small enterprises to succeed.
- Grow citizen net worth by increasing property values.
- Build an enabling and responsive public sector.

The portfolio of improvement initiatives, support improvement in the following key sectors:

- Tourism
- Agriculture and Agro-processing
- Knowledge intensive sectors
- Small business and BBBEE
- Property related developments
- Responsive and enabling municipality

Implementation of initiatives has started already. A schedule for implementation is provided. A performance framework to monitor and evaluate progress is under development. For sustained and growing impact, further work is required to build a more effective system of LED governance. This requires strengthening the capacity of leaders of the municipality, organised business and sector bodies in good practice of economic development cooperation.
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German research on the most successful economic regions in the world determined that:

"The most successful economic regions turn out to be those in which groups of relevant stakeholders succeed in organizing rapid and effective learning and decision-making processes that actively shape locational and competitive advantages for their economy."

LRED is a means of systematic identification, development and utilisation of economic opportunity, to benefit local businesses. As the private sector grows inclusively, poverty is reduced sustainably, and public sector income also increases.

Local economic development (LED) is amongst other things, the practice of creating sustainable jobs in specific localities or regions. Government alone cannot create more sustainable jobs due to fiscal constraints. Programmes such as EPWP for instance do not create sustainable jobs - government funding runs out. Sustainable jobs are created in the private sector which makes money from markets. In contrast with the public sector that taxes these businesses and their employees to fund their own activities. In order to grow the economy, businesses therefore need to increase their revenues by competing better in markets, which are exposed to fierce global competition. The key to growth is therefore competitiveness, not just of individual firms but of complete value chains.

Firm performance therefore does not just depend on the factors inside the particular firm, but also on externalities such as market demand, market competition, supply conditions and local business environmental conditions. The eco-system or business environment within which the firms find themselves, to a large extent determines how easy or how difficult it is for an entrepreneur/ firm to succeed. A healthy business environment is essential for growth and poverty reduction. Inappropriate regulation, excessive taxation, lack of fair competition, lack of voice and an unstable policy environment restrict investment and the development of markets, stifle entrepreneurship and force many businesses to operate in the informal economy. Development programmes should therefore ensure a thorough diagnostic analysis and maintain, as far as possible, a systemic approach and an understanding of the broader causal picture.

In this context, LED is defined as an ongoing process by which key stakeholders and institutions from all spheres of society, the public and private sector as well as civil society, work jointly to create a unique advantage for the locality and its firms, tackle market failures, remove bureaucratic obstacles for local businesses and strengthen the competitiveness of local firms/SMEs.

<table>
<thead>
<tr>
<th>Development work</th>
<th>Expected results</th>
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<tbody>
<tr>
<td>Govern economic development</td>
<td>Improve competitiveness of the business environment</td>
</tr>
<tr>
<td>Prog Man + Facilitate Econ. Dev. Corp.</td>
<td>Improved competitiveness of sector/s &amp; market efficacy</td>
</tr>
<tr>
<td>Mobilise stakeholder input &amp; investment</td>
<td>Value added by economic performance</td>
</tr>
<tr>
<td>Improvement initiatives</td>
<td>Impact on society</td>
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Starting at the left, moving right:
- Elected leaders of government and business take ownership of their economic future and ensure cooperation, competent facilitation and good governance.
- Appointed LED experts mobilise stakeholders and facilitate processes of economic development.
- Stakeholders participate in these processes and contribute insight, ideas and resources to conceive stakeholder driven initiatives to improve the economy.
- Stakeholder initiatives are implemented to improve the economy.
- Systemic competitiveness of the local business environment is improved, typically by reducing constraints to economic growth.
- This enables businesses in key sectors compete more effectively and improves efficiency of markets, resulting in increased investment, economic growth, increased employment, increased earnings ad equity shifts, which all contribute to improve quality of life, social cohesion and sustainability to the benefit of citizens.
Stellenbosch Municipality is located in the heart of the Cape Winelands. It is situated about 50 km from Cape Town and is flanked by the N1 and N2 main routes. The municipal area covers approximately 900 km² and has a population of approximately 155,000 people. The municipality’s area of jurisdiction includes the town of Stellenbosch and stretches past Jamestown to as far as Raithby in the south, to Bottelary, Koelenhof, and Klapmuts to the north, and over the Helshoogte Pass to Pniel, Kylemore, Groendal and Franschhoek in the east. Apart from formal settlement areas, the municipal area also includes a number of informal settlements.

Stellenbosch town is the second oldest town in South Africa, dating back to 1679 when an island in the Eerste River was named Stellenbosch by the then Governor of the Cape, Simon van der Stel. The first farming activities in the area were started in 1679. Today, the area has become primarily known for its extraordinary wines and its fruit. The towns of Stellenbosch and Franschhoek are renowned for various architectural styles such as Dutch, Georgian and Victorian, which reflect its heritage and traditions, but also divisions of the past.

The area houses excellent educational institutions, including the University of Stellenbosch and a number of prestigious schools. It has a strong business sector, varying from major South African businesses and corporations, to smaller enterprises and home industries. The tourism
industry alone is responsible for the creation of about 18 000 jobs in the area. Wine farms and cellars abound, and the area is the home of the very first Wine Route in South Africa.

A variety of sport facilities is available. Coetzenburg, with its athletics and rugby stadiums, has delivered star performances over many generations. The municipal area has a number of theatres, which include the university’s HB Thom Theatre, Oude Libertas Amphitheatre, renowned for its summer season of music, theatre and dance, Spier Amphitheatre, as well as Klein Libertas Theatre, Dorpstraat Theatre and Aan de Braak Theatre.

The area is known for its quality, award-winning restaurants and is a tourist haven with many boutiques, galleries, and curio shops. There are several museums and art galleries and the area is host to a number of annual cultural, food and wine, and sports festivals. A wide array of accommodation is available for visitors to choose from.

Welfare and community organisations abound and the municipality and university play a leading role in assisting meeting the needs of previously neglected communities.

### STELLENBOSCH SOCIO-ECONOMIC SNAPSHOT

<table>
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<tbody>
<tr>
<td>Total</td>
<td>121 383</td>
<td>152 525</td>
<td>African</td>
<td>19.6%</td>
<td>27.7%</td>
</tr>
<tr>
<td>Male</td>
<td>59 223</td>
<td>73 963</td>
<td>Coloured</td>
<td>56.4%</td>
<td>53.0%</td>
</tr>
<tr>
<td>Female</td>
<td>62 160</td>
<td>78 562</td>
<td>White</td>
<td>23.7%</td>
<td>18.9%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Asian</td>
<td>0.2%</td>
<td>0.4%</td>
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<thead>
<tr>
<th>Socio-economic indicators:</th>
<th>2001</th>
<th>2006</th>
<th>2011</th>
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<tbody>
<tr>
<td><strong>Education</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Literacy rate</td>
<td>78.1%</td>
<td>81.7%</td>
<td>85.3%</td>
</tr>
<tr>
<td><strong>Health</strong></td>
<td>2001</td>
<td>2006</td>
<td>2011</td>
</tr>
<tr>
<td>HIV+ estimates</td>
<td>2,674</td>
<td>5,457</td>
<td>7,365</td>
</tr>
<tr>
<td>AIDS death estimates</td>
<td>58</td>
<td>183</td>
<td>339</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Crime (number of reported cases)</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
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</thead>
<tbody>
<tr>
<td>Drug-related crimes</td>
<td>1149</td>
<td>1424</td>
<td>53</td>
</tr>
<tr>
<td>Sexual crimes</td>
<td>189</td>
<td>267</td>
<td>229</td>
</tr>
<tr>
<td>Murder</td>
<td>48</td>
<td>55</td>
<td>53</td>
</tr>
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<tr>
<th>Access to Basic Service Delivery (% share of households)</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Formal dwellings</td>
<td>90.7%</td>
</tr>
<tr>
<td>Informal dwellings</td>
<td>9.3%</td>
</tr>
<tr>
<td>Formal dwelling backlog</td>
<td>3149</td>
</tr>
<tr>
<td>Electricity Connections (% share of HHs)</td>
<td>98.8%</td>
</tr>
<tr>
<td>Hygienic toilets</td>
<td>97.2%</td>
</tr>
<tr>
<td>Water (piped water)</td>
<td>96.7%</td>
</tr>
<tr>
<td>Formal Refuse removal (% share of HHs)</td>
<td>89.7%</td>
</tr>
</tbody>
</table>

1Source: Global Insight Regional eXplorer, 2013
<table>
<thead>
<tr>
<th>Income</th>
<th>2001</th>
<th>2006</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of people living in poverty</td>
<td>35.3%</td>
<td>31.5%</td>
<td>29.0%</td>
</tr>
<tr>
<td>Income inequality (Gini coefficient)</td>
<td>0.62%</td>
<td>0.62%</td>
<td>0.57%</td>
</tr>
<tr>
<td>Human Development Index</td>
<td>0.64%</td>
<td>0.66%</td>
<td>0.69%</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Unemployment rate (Official definition)</th>
<th>2006</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>7633 (16.3%)</td>
<td>11 168 (20.2%)</td>
</tr>
<tr>
<td>Male (% share)</td>
<td>15.1%</td>
<td>20.4%</td>
</tr>
<tr>
<td>Female (% share)</td>
<td>17.5%</td>
<td>20.0%</td>
</tr>
</tbody>
</table>

Employment (Sectors), 2011

**Formal sector employment:** Trade (15.5%), Agriculture (14.8%), Manufacturing (13.5%), finance (11.8%), Construction (4.5%), transport (1.8%), and Community social and personal services (31.7%).

**Informal sector employment:** Manufacturing (12.6%), Construction (10.8%), Trade (28.4%), finance (8.9%), transport (10.1%), and Community social and personal services (29.0%).

<table>
<thead>
<tr>
<th>Economy</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP-R Constant Prices 2005 (R1000)</td>
<td>6 209 556</td>
<td>6 415 190</td>
<td>6 604 408</td>
</tr>
<tr>
<td>Average annual growth (Constant Prices 2005)</td>
<td>0.3%</td>
<td>3.3%</td>
<td>2.9%</td>
</tr>
</tbody>
</table>

**GDP-R Constant 2005 Prices (average annual growth)**

| 1996 – 2011 | 1.4% |

<table>
<thead>
<tr>
<th>Trade</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exports (R1000)</td>
<td>7 349 954</td>
</tr>
<tr>
<td>Imports (R 1000)</td>
<td>3 004 732</td>
</tr>
<tr>
<td>Total Trade</td>
<td>10 354 687</td>
</tr>
<tr>
<td>Trade Balance</td>
<td>4 345 222</td>
</tr>
<tr>
<td>Exports as percentage of GDP</td>
<td>74.3%</td>
</tr>
<tr>
<td>Stellenbosch %Share of Cape Winelands District – Export Trade</td>
<td>52.4%</td>
</tr>
<tr>
<td>Stellenbosch %Share of Cape Winelands District – Import Trade</td>
<td>10.1%</td>
</tr>
<tr>
<td>Stellenbosch %Share of Cape Winelands District – Total Trade</td>
<td>23.6%</td>
</tr>
<tr>
<td>Stellenbosch %Share of Western Cape Province - Export Trade</td>
<td>1.0%</td>
</tr>
</tbody>
</table>
Figure 1 reveals the employment shares of the different sectors in Stellenbosch and shows the increase in the community services sector as well as the decline in the manufacturing and agricultural sectors.

**FIGURE 1: SECTOR EMPLOYMENT SHARES, 1996-2009**

![Graph showing sector employment shares from 1996 to 2009.](source: Global Insight)

The gross value added of the different sectors in Stellenbosch can be seen in Figure 2. Finance's share has seen an increase, while manufacturing has declined in importance.

**FIGURE 2: SHARE OF GROSS VALUE ADDED OF DIFFERENT SECTORS IN STELLENBOSCH, 1996-2009**

![Graph showing gross value added as a share of the total regional GVA.](source: Global Insight)
TOWARDS AN 8% GROWTH SCENARIO

The LED unit commissioned a research report prepared for Stellenbosch Municipality by the Bureau for Economic research at the University of Stellenbosch (May 2014) to respond to following question: "What is required to achieve 8% real GDP growth in the Stellenbosch municipal economy?" The executive summary and key “take away” thoughts are included below.

TAKE AWAY THOUGHTS

- Stellenbosch is already the fastest growing region in the Winelands and grew at real average 5½% per annum between 2000-2013.
- Services have been the largest contributor to employment while agriculture has dramatically shed employment.
- Manufacturing as percentage of activity is significantly larger in Stellenbosch than elsewhere and should be nurtured. There is scope to accelerate the expansion of this sector in the region.
- A baseline economic forecast implies an additional 10500 new jobs by 2018 but all jobs created to be in the highly skilled and skilled segments of the labour force. Semi and unskilled job levels to remain flat - an undesirable outcome.
- The “towards 8%” growth scenario changes the composition of growth and favours the manufacturing and construction sectors. This results in total job creation of 16000 by 2018 but now including 1000 semi and unskilled jobs being creating per annum.
- Appropriate zoning favouring targeted sectors such as manufacturing in areas where available labour occurs should be considered e.g. industrial development on the outskirts of the town centre where the labour surplus resides.
- The scenario outcome depends on an increased focus on the manufacturing and construction sectors as growth enablers but not at the expense of nurturing the current competitive strengths found in tourism and agriculture.
- Stellenbosch already enjoys peer-leading growth and therefore any interventions focussing on lowering the cost side of doing business should be favoured. Given the limited scope for the municipal intervention, better crime prevention and the local tax regime are important levers that may be used to increase relative local competitiveness. Ensuring the best infrastructure should also include aspects from the so-called new economy such as universal broadband access at the lowest possible cost.
- The scenario is meant as indicative and should not be interpreted as anything more than a “what-if”. Local economic development takes place in a fluid, diverse and dynamic space where historical realities, structures and political imperatives all interact to shape future outcomes.

EXECUTIVE SUMMARY

Stellenbosch is a well-balanced regional economy and is the largest and fastest-growing in the Cape Winelands District (CWD). Apart from the region’s locational attributes, making it a destination of choice for tourists, business people and workers, the municipality is blessed with a strong knowledge sector (with strong research & development capacity), as well as key competitive advantages. These include a globally competitive wine & deciduous fruit sector with strong linkages to food & beverage processing; a vibrant tourism sector; the economy being integrated with the Cape Metro economy and having a strong brand (i.e. the Cape Winelands).
Agriculture and food & beverage processing (24%) form the backbone of the regional economy, which has become well-diversified with the development of secondary and tertiary economic activities. Business services (18½%), wholesale and retail activities (13%, also boosted by tourism), finance & insurance (7½%) and other services (8%) and manufacturing industries (7%) and construction (4½%) also make strong contributions to GDP.

Real GDP growth averaged 5½% per annum over the period 2000-13 and 14 100 new jobs were created over this period, i.e. at a rate of 2.1% per annum. Characteristic of the region’s expansion has been the fast growth of the services sector (7% per annum; contributing 64% of GDP) also accounting for 150% of the net employment creation which occurred over the 2000-13 period. In contrast, the region’s manufacturing base (accounting for a relatively large share of value-added, i.e. 25% compared to the provincial average of 17% in 2013) has shown moderate growth (3% per annum), with its relative share declining from 37½% in 1995. Construction has been a rapidly expanding sector (9.9% per annum) while agriculture has been stable in terms of output, but shedding labour on a large scale.

This sector composition of growth has led to a labour skills demand profile seeing the rapid expansion of demand for skilled labour (at rates of between 4½% and 5½% per annum, 2000-13), while the demand for semi- and unskilled labour (-0.5% per annum) has declined. Stellenbosch therefore shares the modern trend and the contemporary problematique where we find that the demand for higher skilled labour increases where shortages exist while the demand for lower skilled labour declines where the surpluses are. The realities of the modern knowledge economy are evident and likely to deepen, but the trend in the labour market is unsustainable.

The objective of the current study was to explore the contents of an economic strategy which can propel the regional economy onto a higher growth plane on a sustainable basis. More specifically, the study seeks to calibrate a sectoral composition of growth which could accelerate the 5½% trend growth performance closer to 8% on a sustainable basis. An 8% real economic growth rate seems far-fetched in the current macro-economic climate of below 2% annual growth, but is not that unrealistic.

The analysis commences with an unpacking of the 2004-08 period of high growth achieved in the Stellenbosch municipal economy, i.e. during the run-up to the global financial crises and recession. Real GDP growth averaged 7.6% over this 5-year period and in calendar 2006 an 8% real GDP growth rate was registered. The period was characterized by highly favourable economic growth conditions in the national and global economies. This period already provides pointers to what is shown in the remainder of the study and that is the growth boost required in the secondary industries such as manufacturing and construction in order to deliver the growth dividend that will elevate the regional growth performance to an 8% level.

A proper baseline projection of GDP growth (5% per annum) and employment creation (2.8% per annum, or a cumulative 10 500 new jobs) was constructed taking into account the existing and anticipated macro-economic parameters and thereafter two scenarios were developed. One, a ‘towards 8% growth’ scenario, with real GDP growth averaging 6½% per annum, but reaching 8% in 2018 and employment expanding by 4.2% per annum (or a cumulative 16 000 new jobs over the forecast period, i.e. 5 500 on top of the baseline projection). Two, a ‘hypothetical’ scenario (2019-23), ‘sustaining 8% growth’ illustrating key elements of any economic strategy with the aim of generating higher and inclusive economic growth. The following remarks are in order:

In manufacturing, with a trend growth rate of 3% per annum (2000-13), it is calculated that the real value-added growth rate (i.e. 3.4% per annum) in the baseline projection has to accelerate to 6.4% per annum (2014-18) in the ‘towards 8% scenario’, which can potentially deliver
aggregate 8% growth by 2018. Real manufacturing growth is projected to reach 9% in 2018 and in the (hypothetical) ‘sustained 8% growth scenario’ (2019-23) to average close to 11% per annum.

In construction, with a trend growth rate of 9.9% per annum (2000-13), the corresponding acceleration is from 7.5% per annum in the baseline forecast to 10.2% per annum in the ‘towards 8% scenario’. Real construction growth is projected to reach 13.5% in 2018 and in the ‘sustained 8% growth scenario’ (2019-23) to average 14% per annum.

The higher semi- and unskilled labour components of these sectoral workforces should ensure that the skills profile of employment creation changes notably in the municipal economy – whereas the demand for this category of labour declined in absolute terms over the period 2000-13, this could change to 4.5% annual growth (or 1 000 new semi- and unskilled jobs per annum in the ‘towards 8% growth scenario’; 1 500 new jobs per annum in the ‘sustained 8% growth scenario’).

In all, in the ‘towards 8% growth’ scenario an additional cumulative 5 500 jobs are created over the five year period 2014-18 on top of the 10 500 new jobs projected in the baseline forecast. (Another 6 400 new jobs on top of the ‘towards 8% growth’ scenario is projected over the period 2019-23). The improved employment growth is a function of both higher GDP growth and some improvement in the employment elasticity, from around 0.40 (2000-13) to 0.60 (2014-23).

While the broad services sector is projected to grow in line with historical trends (and not repeating the exceptional growth over the 2004-08 period), it will continue to generate the bulk (up to 70%) of the new job opportunities. In this regard the tourism sector is a key sector warranting support.

Physical limits will constrain the expansion of agriculture; however, keen demand conditions, a competitive currency and strong forward linkages with the food & beverage processing industries (and tourism) will continue to render this a key sector in the region. Substantial scope to increase value addition in the agro-processing industries embodies huge growth potential which need to be unlocked. The expansion is likely to occur downstream in the processing industries.

Both in theory and practice, also evident in the CWD, the link between well-directed, managed and maintained infrastructure spending and real economic growth is undeniable. Infrastructure spending needs to be directed at the areas with comparative advantage, e.g. industrial development on the outskirts of the town center where the labour surplus resides. The development of secondary industries can make a positive impact on the socio-economic conditions of these communities.

Decisive policy action is required. The municipality needs to forge close ties with the provincial government and provided its close proximity to industry at the local level, nurture a business climate conducive to private fixed investment and employment creation. A range of national and some provincial industrial incentives are on offer from the dti and other institutions like the IDC.

In all, while the regional economy’s competitive strengths in agriculture and tourism need to be developed further, and while the rapid growth of its tertiary industries like wholesale & retail, financial & business services will in all likelihood continue, a key structural change need to be engineered, namely, arresting the declining share of manufacturing activity and boosting the construction sector further. The focus of developing the manufacturing base has to be exports given the limited size of the domestic market. This will eventually change the skills profile of employment and elevate the region’s growth performance closer to 8% on a sustainable basis.
In this regard the region’s strong knowledge sector, playing a catalytic role in collaborative efforts between the tertiary and research institutions, business and the three tiers of government, is well-positioned. The commercialization of r&d activities and the building of small and medium-sized businesses become key.

Finally, it needs to be emphasized that the current study has a distinct 'what-if' flavor. It is not a rigorous forecast of regional growth and employment creation over the next 5-10 years, but rather a somewhat hypothetical exercise designed to estimate the potentialities over the medium term and should be regarded as such. The idea was to calibrate the sectoral composition of growth which would deliver an 8% real GDP growth rate and to assess the skills profile of the resulting labour demand and to draw conclusions regarding proper interventions, if any were required.

BUREAU FOR ECONOMIC RESEARCH
28 May 2014

MAIN FINDINGS OF THE PARTICIPATORY PLANNING PROCESS

- Enormous economic potential
- Many wasted opportunities.
- Municipality currently the weak link – the major stifling factor in the economy
- 2 opposing forces in town - for and against growth
  - Unbalanced growth risks destroying competitive advantage
  - No growth risks social instability and massive destruction
  - Sensible alternative: Growth which makes Stellenbosch more beautiful
- Most agree on shared and inclusive growth goals
- Differences on how economic development can be best achieved.
  - 3 development paradigms (Social-, Spatial-, Economic-) repeatedly cause damage
  - Leaders and decision takers pull in opposing directions, stifling progress.
- Myths and assumptions further contribute to mistrust and a polarised society
- Pockets of excellence in economic development already exist.
- Big issue: Improving economic development co-operation
- Competitive advantage largely understood by leaders.

STRENGTHS OF THE STELLENBOSCH ECONOMY

Economies compete mainly on their strengths. The unique strategic position of the Stellenbosch economy is the combination of:

- Human development
- Innovation
- Quality of life
- Wine, fine food, and
- Tourism (countryside closest to Cape Town)

The combination of these factors is illustrated on the next page as the unique competitive position of the greater Stellenbosch economy.
Proximity of the sea, mountains, Cape Town and airport
Location at the outer edge of the Cape Town metropole with good access routes
Diversified, high-value agriculture across the area, including the heart of South Africa’s world-class wine industry
Highly attractive tourism environment, capturing overseas, African, up-country and short-distance visitors
The University of Stellenbosch and other higher-education and research centres forming the base of Stellenbosch’s economy
A broad-based economic sector structure, including several promising niche sectors
Proximity to regional and (inter-)national transport facilities (sea, air, rail, road)
Popular retirement retreat attracting skilled and high-wealth people
Effective local and district municipality (with the CWDM offices located in Stellenbosch)
Proximity to provincial- and national-government offices in the provincial capital (Cape Town) and the seat of national parliament
Base for a number of world-class corporates
Attractive living environment which helps to attract and retain skilled and experienced labour
Well-developed local infrastructure

The competitive positions of each of the key sectors are described in terms of main strengths, weaknesses, opportunities and threats in tables in the next few pages.
### Strengths
- Historic farms
- Close to City of Cape Town
- Availability to water
- NDP provides guidelines for enhancing agricultural and economic development
- Intellectual capital (private sector)
- Availability of agricultural land
- Availability of labor
- Cash crops (Stellenbosch net importer of vegetables)
- Many training opportunities
- Good farmer and farmworker relationship
- Market access

### Weaknesses
- Wine no longer profitable enough
- Lease contracts (tariffs)
- Limited policies for land reform on a local level
- Public transport
- Social housing on farms is not addressed appropriately
- Limited access to agri – land for emerging farmers
- Business friendly guidelines on local level does not exist
- Control of pest and diseases
- Underutilization of intellectual capital
- Immigration creates unemployment
- Town development not properly addressed in SDF
- Spatial planning: no emphasis on rural projects
- Legalisation (zoning scheme) and impact on rights

### Opportunities
- Agricultural programmes
- Department of Agriculture
- Fair trade
- Value adding on products and services
- Utilizing existing indigenous knowledge
- Diversification of the sector: aquaculture
- Extension and development of airport will enhance exports
- Employment of high tech agri processes (intensive farming)
- High value crops (berries and tunnel farming)
- Land reform BBBEE if implemented in a responsible way
- Agri-tourism
- Skills development to empower
- Availability of public land

### Threats
- Negative spin off (housing backlog) on agricultural land and farms
- Safety on farms
- Pollution of rivers
- Climate change
- Labour unrest
- Vandalism
- High cost of land
- Global recession
- Land issue not adequately addressed in SDF
- Not enough emphasis on smaller towns
- No common vision between municipality and external stakeholders
- IDP not principal strategy of municipality
- Limited development due to insufficient infrastructure
- Not able to improve infrastructure
- Compliance based relationship with other spheres of government
- Big landowners
- Influx of people who cannot contribute financially
- Unable to upgrade/improve living conditions in informal areas
- Potential loss of senior officials
- High turnarounds of staff: leaking of expertise
- Staff stretched
## TOURISM

### Strengths
- Beauty
- Marketing campaigns
- Diverse offering
- Diverse culture
- Close to Cape Town
- Wine tourism
- Tourism infrastructure
- Established destination
- Events: conferences, weddings
- Strong networks
- International relations

### Weaknesses
- Funding
- Limited Wi-Fi access
- Crime
- Underestimation of the value of tourism development
- Communication between the municipality and tourism sector
- Public transport
- SMME funding in Tourism including Micro
- Municipal policy
- Big business (corporate) support
- Entrance and exit corridors
- Tourism office facilities too small (Stellenbosch and Franschoek)

### Opportunities
- Extended agri-tourism
- Eco tourism
- Wi-Fi access to all
- Improvement in safety and security
- Micro tourism business funding
- Municipal funding (bureau’s)
- Job creation
- Tourism development
- Skills training
- Public and private transport
- Events and conferences including weddings
- Arts, culture, heritage, sport and outdoor music tourism

### Threats
- Crime
- Bad municipal planning
- Limited communication
- Limited municipal funding
- Political instability
- Limited jobs
- Infrastructure
- Over development
- Misperceptions
- Misunderstanding of the value of tourism
- Transport
- Middle/lower income housing
# KNOWLEDGE INTENSIVE SECTORS

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Quality of place</td>
<td>• Institutional fragmentation (silos) – US, Municipality, Private sector, Civil society</td>
</tr>
<tr>
<td>• Creative Stellenbosch</td>
<td>• Political fragmentation</td>
</tr>
<tr>
<td>• Innovative eco-system</td>
<td>• Lack of access to wi-fi/broadband (internet and ICT infrastructure)</td>
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<tr>
<td>• Desirable location</td>
<td>• Low social capital, lack of trust</td>
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<tr>
<td>• Access to:</td>
<td></td>
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<tr>
<td>• metro,</td>
<td></td>
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<tr>
<td>• business,</td>
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<td>• culture,</td>
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<td>• university,</td>
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<td>• knowledge resources</td>
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<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Provide for broad spectrum (SMME ←→ corporate HQ)</td>
<td></td>
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<tr>
<td>• Attract more LSE listed HQ’s to WCO 24</td>
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<tr>
<td>• Promote public/private investment in rapid transport infrastructure linked to airport (CPTIt) and Cape Town</td>
<td></td>
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<tr>
<td>• Invest in mega cutting edge fibre optic and communications infrastructure</td>
<td></td>
</tr>
<tr>
<td>• Potential economic node (Woodmill, Technopark, Kayamandi)</td>
<td></td>
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<tr>
<td>• Institutionary reform of municipality</td>
<td></td>
</tr>
<tr>
<td>• Intellectual facilitation ‘system builders’, ‘coordination’</td>
<td></td>
</tr>
<tr>
<td>• Sophisticated design of working environment: quality is important</td>
<td></td>
</tr>
<tr>
<td>• Spatial planning for knowledge and research collaboration (maybe co-working and co-research)</td>
<td></td>
</tr>
<tr>
<td>• Change airfield to accommodate executive jets for corporate leaders</td>
<td></td>
</tr>
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</table>
## Small and Emerging Business

### Strengths
- Strong property market
- Many existing resources
- Social cohesion, i.e. shared goals like security etc.
- Formalise informal settlement and back yards

### Weaknesses
- Lack of start-up capital
- Red tape
- Accommodation supply less than demand
- Lack of space for trade
- Insufficient infrastructure
- Weak collaboration between existing initiatives

### Opportunities
- Provide middle income property (shaping Stellenbosch)
- Develop more rate payers
- Understand Kayamandi property market to optimise
- Densification: strong community engagement
- Communication platform (both ways)
- Provide affordable space (incubation centre)
- Co-ordinate stakeholders
- Organise trade
- Promote industrial development, SEZ.
- Create cohesive network
- Enterprise development program
- Promote value in lower value property
- Tourism BBBEE
- Volunteering mentorship
- Local stock exchange (financing model with mentoring support)
- Tourism accommodation in poorer areas
- Specify % GAP in new development
- Municipal partnership with developers, financial institutions to create property entry
- ART in poorer areas/ creative arts (Kayamandi district)

### Threats
- Deterioration of attractive environment. i.e. Heritage, agriculture
# Responsive and Enabling Public Sector

<table>
<thead>
<tr>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Good basis to work from</td>
<td>• Slow updating of website</td>
</tr>
<tr>
<td>• Access to U.S. and other influential ‘shakers’</td>
<td>• Weak IT</td>
</tr>
<tr>
<td>• Better infrastructure than most municipalities</td>
<td>• Capital investment backlogs</td>
</tr>
<tr>
<td>• Support tourism</td>
<td>• Not enough continuity: both admin and political levels</td>
</tr>
<tr>
<td>• 4 years of stable management to rear benefits</td>
<td>• No radical policies to address economic development</td>
</tr>
<tr>
<td>• Knowledgeable and experienced directors</td>
<td>• Not enough focus on policy direction</td>
</tr>
<tr>
<td>• Relative strong financial position of municipality</td>
<td>• Some officials placed in wrong positions</td>
</tr>
<tr>
<td>• Financial capacity</td>
<td>• Poorly defined processes</td>
</tr>
<tr>
<td>• Basics in place</td>
<td>• Poor customer care and communication/interaction</td>
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</table>

<table>
<thead>
<tr>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Intergovernmental co-operation improving</td>
<td>•</td>
</tr>
<tr>
<td>• ‘new’ co-operative initiatives started up and growing</td>
<td></td>
</tr>
<tr>
<td>• Stability</td>
<td></td>
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<tr>
<td>• 360 and Franschhoek tourism does good work – expand</td>
<td></td>
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<tr>
<td>• Utilise private sector and local knowledge for non-core ‘municipal’ issues</td>
<td></td>
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<tr>
<td>• Access to influential business people</td>
<td></td>
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<tr>
<td>• Cycling plan unlock mobility problems</td>
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<tr>
<td>• Permanency of directors</td>
<td></td>
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<tr>
<td>• Allow Directors and Managers freedom of thought and freedom to think innovatively</td>
<td></td>
</tr>
<tr>
<td>• Unlock the potential of innovative staff</td>
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</table>
The strategy aims to change the economic trajectory by implementing economic development initiatives with the following objectives:

1. Increase the overall size of the economy (GGP) to increase the money circulating in the local economy.
2. Make it easier for small enterprises to succeed in competitive markets.
3. Grow citizen net worth by making markets work better to increase property values.
4. Build a public sector that values and supports its citizens who convert economic opportunity into reality, creating jobs, wealth and increase municipal revenue.

Towards this strategic intent a portfolio of improvement initiatives were identified through a Participatory Appraisal of Competitive Advantage (PACA) process in support of the key sectors:

- Tourism
- Agriculture and Ago-processing
- Knowledge intensive sectors
- Property related developments
- Responsive and enabling municipality

- There are many existing key LED Initiatives
- In addition, a number of new prioritised LED initiatives are prioritised
  - Ideas and concepts from local stakeholders participating in the process
ACTION PLAN: EXISTING DEVELOPMENT INITIATIVES KEY TO LED

- University of Stellenbosch
- Stellenbosch Agricultural society
- Stellenbosch Wine routes
- S360 Tourism
- Franschoek Valley Trust
- Spatial Development Frameworks (SDFs)
- Land Use Management plans (LUMs)
- Shaping Stellenbosch (Smart City)
- Transit oriented development (Transport plan)
- Crime working group
- Integrated development plans
- Address municipal infrastructure backlog
- Church Street development
- US sports development program
- Innovus incubators
- Chambers of business
  - AHI
  - Cape Chamber
  - BBUS
- SME services
  - SEDA
  - Business partners
  - Anglo-American & other CSI funders
  - SEED and other NGOs

ACTION PLAN: LIST OF NEW LED INITIATIVES

- Optimal use of Municipal Property
- Make it easier for Agri-Diversification and Differentiation
- Productive use of Municipal Agricultural land
- Use Rhenish Complex and Die Braak productively
- Andringa Street Museum
- Eco-Tourism Partnerships with Public Sector
- Tourism Development Framework
- Provide certainty about Stellenbosch Growth Pattern
- Transport Plan for Stellenbosch
- Address middle income and GAP Housing Market

INTEGRATED VIEW OF EXISTING INITIATIVES AND NEW INITIATIVES
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<td>Optimal use of Municipal Property</td>
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<td>Municipal</td>
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<td>Provide certainty about Stellenbosch Growth Pattern</td>
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<td>Transport Plan for Stellenbosch</td>
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<td>Address middle income and GAP Housing Market</td>
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<td>Unlock Property Values in Townships</td>
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<td>Capacity within Municipal Directorates to support LED</td>
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<td>Cape Chamber</td>
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<td>Black Business</td>
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<td>BBUS</td>
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<td>Establish an LED System</td>
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</table>
OPTIMAL UTILISATION OF MUNICIPAL PROPERTY

What exactly is being proposed? (Activity & output)

The municipality owns many properties including buildings such as housing, heritage and others. These municipal properties currently cost the municipality substantial time and money to operate. Innovative and productive utilisation of these assets will not only generate more income for the municipality but also ensure that these assets be better maintained. The additional funding generated from these operations can support other critical activities in the municipality.

How will this improve the business environment?

- It will make more economic space available for new business or society activities.
- It will add new tourism attractions. Generate more income to invest in municipal housing.
- Generate additional revenue for the municipality

Which businesses will benefit?

- Businesses that provide the most innovative and beneficial proposals for utilising these assets to the greater good of the citizens of Stellenbosch.

What value will be added to society as a consequence?

- Additional revenue for municipality to invest in development
- Job creation in these new business activities
- A more attractive Stellenbosch

Who will champion and support implementation

- Piet Smit, Private Sector

Sources of funding

- Municipality, Private Sector

MAKE IT EASIER FOR AGRI-DIVERSIFICATION AND DIFFERENTIATION

What exactly is being proposed? (Activity & output)

Whilst recognising that the Stellenbosch area competitive advantage is its beauty, allow for tunnel farming in specific areas which has limited negative visual impact on the overall look and feel of the place.

Amendment of zoning scheme to allow in these designated areas:

- Agri-processing (SDF) in tunnel farming (IZS) in designated zones without laborious planning approval and
- EIA processes

How will this improve the business environment?
• Make it easier for Agri-Diversification and Differentiation and associated high job creation
• Which business will benefit?
  • Farming community, Farm workers, BBBEE. Pilot project, Zetler Supply chain BBBEE proposal
• What value will be added to society as a consequence?
  • 6-10 permanent job opportunities per hectare
  • 5000 jobs over the next 10 years, starting with Zetler supply chain BBBEE proposal 500 jobs.

Who will champion and support implementation

Mayor or Deputy Mayor, Angelica van der Merwe, Cheryl Persensie, Municipal Planning Department, BBUS, Leslie Zetler

Sources of funding

Municipality, Department of Agriculture, Private Sector

PRODUCTIVE USE OF MUNICIPAL AGRICULTURAL LAND

What exactly is being proposed? (Activity & output)

Finalise Land Availability Strategy that spells out the principals for more productive use of municipal land

Issue Call for Proposals from the private sector or other interested bodies

How will this improve the business environment?
  • More land available for agriculture

Which businesses will benefit?
  • Farming community, Farm workers, BBBEE

What value will be added to society as a consequence?
  • Job creation - approximately 10 job opportunities per hectare (target)
  • Food security
  • Exporting
  • BBBEE opportunities

Who will champion and support implementation
  • Mayor or Deputy Mayor, Cheryl Persensie, Angelica van der Merwe, Municipal Planning Department, Property BBUS

Sources of funding
  • Private Sector, Department of Agriculture, Elsenburg Development

USE RHENISH COMPLEX AND DIE BRAAK PRODUCTIVELY
What exactly is being proposed? (Activity & output)

The unutilised spaces in the centre of Stellenbosch including the Rhenish complex and die Braak currently cost the municipality money to maintain. By using these spaces and buildings innovatively, a more vibrant town centre can be developed – whilst preserving all heritage assets.

- Stakeholder engagement. MOUs between key stakeholders. Strategy engagement. Targeted letting

How will this improve the business environment?

- Unlock spaces for new businesses.
- Make Stellenbosch more attractive to visit and spend time in.

Which businesses will benefit?

- Retail, tourism and hospitality, informal trading

What value will be added to society as a consequence?

- 100 jobs – mostly BBBEE
- 20 + BBBEE businesses
- Municipal income not loss, to spend on further beneficial development.

Who will champion and support implementation

- Hannes van Zyl, Piet Smit, Basil Davidson, Franklin Adams and Widmark Moses

Sources of funding

- Municipal Assets
- Buildings and space through leases
- Private sector investment
- Provincial Government/Public Works

ANDRINGA STREET MUSEUM

What exactly is being proposed? (Activity & output)

Establish tourist attraction which tells the story of Andringa Street forced removals during the apartheid era, and the subsequent journey towards reconciliation. In addition the museum contributes to reconciliation and social cohesion by validating the injustices of the past and in a small way, offers economic opportunity for those affected by it.

A world class customer experience – not a boring museum.

How will this improve the business environment?

- A new anchor attraction for especially foreign tourists, different to what already exists.
- Good also for bad weather days.

Which businesses will benefit?
• Tourism sector - museum related activities BBBEE, spin-offs for accommodation and others.

• Hospitality

What value will be added to society as a consequence?

• Approximately 20 jobs

Who will champion and support implementation

• Jerome Slamat, Annemarie, Pietman Retief, Widmark Moses, Franklin Adams

Sources of funding

• Municipal budget, University of Stellenbosch, Department of Arts and Culture, CSI and citizens

**ECO-TOURISM PARTNERSHIPS WITH PUBLIC SECTOR**

What exactly is being proposed? (Activity & output)

Public sector properties such as Bergrivier and Wemmershoek dams, mountain areas, Jonkershoek and so forth offer numerous opportunities to add eco-tourism activities. These additional “things to do” will most likely extend tourism duration of stay and attract additional visitors in non-peak seasons.

Gain commitment from the municipality, Public Works, Water Affairs, City of Cape Town and TCTA Partnership. Establish a Memorandum of Undertaking.

How will this improve the business environment?

• Allow tourism product innovation in the public sector owned properties

• More things to do

Which businesses will benefit?

• Tourism related businesses
  - Increased length of stay (accommodation and restaurants)
  - Activity service providers

• Emerging farmers

What value will be added to society as a consequence?

• Approximately 50 jobs to be created (just in new activities)

• Increased tourism spend

Who will champion and support implementation

• Mayor, Jenny Prinsloo, Piet Smit, Widmark Moses

Sources of funding

• Private sector mostly with some seed funding
TOURISM DEVELOPMENT FRAMEWORK

What exactly is being proposed? (Activity & output)

Define guiding policy principles for Tourism for the municipality

How will this improve the business environment?

- Provide certainty in municipal behaviour.
- Uninterrupted service provision from Tourism sector development bodies.

Which businesses will benefit?

- Tourism sector

What value will be added to society as a consequence?

- Faster tourism growth

Who will champion and support implementation

- Widmark Moses

Sources of funding

- Municipality

PROVIDE CERTAINTY ABOUT STELLENBOSCH GROWTH PATTERN (LONG TERM PLAN)

What exactly is being proposed? (Activity & output)

After expanding town towards Die Braak continue town growth towards Papagaaiberg. Drop railway line below road level to allow multiple roads to pass over and to connect the area to the town. Plan the development to strengthen the attractiveness of Stellenbosch and to incorporate Smart City principles. Plan smart new integrated city from Techno Park, Koelenhof, Cloetesville and Ida’s Valley

How will this improve the business environment?

- In the long term provide more space for development close to transport infrastructure.
- Link the town with Kayamandi and the Wood Mill area
- In a short term provide certainty for prospective investors
- Create new large scale business zone and high density residential development

Which businesses will benefit?

- All existing businesses in these areas
- Knowledge intensive sectors like Head Offices and ICT research organisations
- Big and small retail and services businesses
- Create new large scale business zone and high density residential development
What value will be added to society as a consequence?

- Will attract new investment and more smart people to Stellenbosch who will innovate and create more jobs
- Increase the money circulating in the economy
- Create more investment opportunities for locals

Who will be the initial champions and support implementation

- Municipal Spatial Planning Department, Pieter van Heyningen and Private Sector

Sources of funding

- Municipality, University of Stellenbosch, National Government Infrastructure funding, Private Sector

TRANSPORT PLAN FOR STELLENBOSCH (FINALISE IT)

What exactly is being proposed? (Activity & output)

Smart Urban redesign focussed on Multi Nodal Transport Solution integrated with LED and Land Use Plans. Transit orientated development. Finalise by December 2014

How will this improve the business environment?

- Start implementation of measures to reduce traffic congestion
- Provide clear guideline and certainty for all future developments to contribute to efficacy of movement

Which businesses will benefit?

- All businesses

What value will be added to society as a consequence?

- Productivity improvement for all businesses
- More attractive investment destination

Who will champion and support implementation

- Andre van Niekerk, Private sector, Consultants, Bernabe De La Bat, PRASA, City of Cape Town

Sources of funding

- Public and Private Sectors

ADDRESS MIDDLE INCOME AND GAP HOUSING MARKET

What exactly is being proposed? (Activity & output)

50% of employees reportedly live outside Stellenbosch. A number of investors choose not to invest here because housing is unaffordable for mid-income employees. Increase supply of
middle income and GAP housing by promoting focussed and mix-use developments. Detailed sectoral /area based development plans are being developed. Fast track:

- Droë Dyke
- Idas Valley, Rustenberg Street
- Central Cloetesville

How will this improve the business environment?

- More accommodation for employees in Stellenbosch
- Reduced traffic congestion
- Additional investment

Which businesses will benefit?

- Businesses whose employees would prefer to stay in Stellenbosch.
- Property development and construction sector.

What value will be added to society as a consequence?

- Increased supply of housing
- Increased investment
- Increased municipal income
- Reduce urban sprawl

Who will champion and support implementation?

- Municipal Planning Department

Sources of funding

- Municipal Project Based Budget

**UNLOCK PROPERTY VALUES IN TOWNSHIPS**

What exactly is being proposed? (Activity & output)

The very strong property market in Stellenbosch offers an associated opportunity to benefit settlement residents. Property values in township are far lower than town suburbs due to a number of factors which can be improved.

Establish a structured programme to unlock value for (and with) settlement residents by addressing the limiting factors. Demonstrate through pilot projects in selected areas, how property value can be unlocked.

How will this improve the township environment?

- Create more dignified community spaces. Safer environment.
- Create commercial nodes
- Possibility of title
• Increased property values.

Who will benefit?
• All the settlements in Stellenbosch, but starting in Kayamandi and Idas Valley

What value will be added to society as a consequence?
• Strengthen social cohesion
• Improve quality of life
• Capital gains (of possibly as much as R1 billion) for (possibly thousands of) property owners

Who will champion and support implementation
• Hannes Van Zyl, Myra Frances, John Lawson, Anne Marie, Piet Smit, Martin Smuts, LED Department

Sources of funding
• Millennium Trust, International (CORC)

CHAMPION FOR KLAPMUTS DEVELOPMENT

What exactly is being proposed? (Activity & output)

There are numerous investors who would like to invest in the Klapmuts area. The municipality has invested substantially in the Klapmuts area. A certain amount of additional work is required in order for Klapmuts to start develop according to potential.

Appoint a dedicated champion to drive this initiative to fulfilment including adjustment of the development plans in consultation with interested developers.

How will this improve the business environment?
• Make serviced land available for investment

Which businesses will benefit?
• Light industry including agro-processing, retail and services sectors, property development and construction

What value will be added to society as a consequence?
• Increased investment and associated job creation
• Social cohesion
• More money circulating the economy
• Additional revenue for municipality

Who will champion and support implementation
• Municipal Planning Department

Sources of funding
• Municipality and Private Sector

TECHNO-PARK EXPANSION AND REZONE TO MIX-USE

What exactly is being proposed? (Activity & output)

Provide more space for offices and other development at the Techno Park. Rezoned to mix-use to make the area more attractive for instance people like to work in Stellenbosch town because of the coffee shops and other activities in the area that are conducive to attracting innovative people.

How will this improve the business environment?

• Improve the quality of place
• More prime industrial space

Which businesses will benefit?

• Current businesses in Techno-Park which wish to expand
• Space for new investors which like to invest in Stellenbosch
• Possibly accommodate the US Business School

What value will be added to society as a consequence?

• Attract additional investment by businesses
• Associated job creation
• GGP contribution to the economy
• Municipal revenue

Who will champion and support implementation

• Municipal Land Use Planning Department, Pieter van Heiniging, and Private Sector

Sources of funding

• Municipality, Private Sector

INNOVATION NETWORK FACILITATOR

What exactly is being proposed? (Activity & output)

Establish institutional capacity to systematically strengthen innovation networks between University of Stellenbosch, Public Sector and Private Sector

How will this improve the business environment?

• Firms will discover more people who can help them to succeed.

Which businesses will benefit?

• Small and medium enterprises involved in knowledge intensive activities such as ICT, Smart City Cluster

What value will be added to society as a consequence?
• Increase success rate of small businesses

Who will champion and support implementation

Pieter van Heyningen

• Sources of funding

National Department of Science and Technology, Municipality, University of Stellenbosch and Private Sector

REMOVE THE MUNICIPAL BOTTLENECK TO ESTABLISH FREE WI-FI

What exactly is being proposed? (Activity & output)

Remove the bottleneck at the municipality to establish free access to Wi-Fi in the whole municipal area.

Establish MOUs with private sector partners for a financially self-sustainable business model.

How will this improve the business environment?

• Improve connectivity and speed as an key know how enabler for businesses and community
• Improve visitor customer experience
• Reinforce the brand message of Stellenbosch as an innovative place.

Which businesses will benefit?

• All

What value will be added to society as a consequence?

• Increased investment
• Increased GGP

Who will champion and support implementation

• Municipal IT Department and CFO to collaborate with service provider/s

Sources of funding

• Municipal Budget and Private Sector

STELLENBOSCH UNIVERSITY ROLE IN ECONOMIC DEVELOPMENT

The management team of the University of Stellenbosch has agreed in principle to:

1. Support the Stellenbosch municipality economic development process. Assist in identifying existing and new economic development opportunities for inclusion in strategy.

2. Take up the internal innovation challenge - develop US into the most economically relevant university in the southern hemisphere.
3. Appoint champions to drive pragmatic steps towards increased economic relevance such as:

   a. Champion (with WC: DEDAT) better integration of US value addition to the WC economy e.g.
      
      i. Innovation partnership with WC:SPVs.
      
      ii. Establish Technology Centres per sector linked to relevant faculties (with TIA TC program)
      
      iii. Establish online open innovation platform as enabler.
      
      iv. Ensure curricula and short courses match best in world and respond to SPV market demand.

   b. Actively partner with the municipality and organised business to establish an effective system of economic development cooperation for the greater Stellenbosch.

   c. Strengthen the local innovation systems and enterprise development networks e.g. Innovus

It will be a gradual process which will happen on a case by case basis. For this to happen we need to establish opportunities to expose specific university initiatives, projects and academics to the LED Strategy.

MENTORSHIP NETWORK

What exactly is being proposed? (Activity & output)

Various mentorship schemes exist for SME / BBBEE.

Collaboration amongst these networks can improve economy of scale and share lessons learnt.

Link the mentorship schemes to other SME service networks for cross-referral marketing.

How will this improve the business environment?

• Easier for entrepreneurs to access mentorship
• Improved success rates from mentoring schemes.

Which businesses will benefit?

• Mentored entrepreneurs.

What value will be added to society as a consequence?

• Increased number of successful business start-ups.
• Increased growth rates of small businesses.

Who will champion and support implementation

• Widmark, Kim Klir, Philip Morris, Ann (360) BBUS, Business Chambers of Commerce, Anglo American, Sector Bodies, Municipality, University of Stellenbosch, INNOVUS
Sources of funding

- Municipality, CSI, SEDA

SMALL BUSINESS SUPPORT NETWORK AND INFORMATION SYSTEM

What exactly is being proposed? (Activity & output)

There are a multitude of organisations that offer services to assist small businesses. Some in the private sector, some in NGOs and other in the public sector. Small businesses struggle to find the services they need, when they need it. And therefore do not receive assistance which is actually available.

An information system will make it easy for all to access information about others that could help them.

It will also expand the mayor's initiative to establish a directory for small enterprises so that more customers can find them online.

How will this improve the business environment?

- Small businesses will find the support they need more easily.
- Business Development and Financial Service providers will find more SME customers.
- Buyers will find more local SME to purchase from.
- Some of the listed SME will increase their sales.

Which businesses will benefit?

- Small businesses that utilise the network to enhance their competencies and to increase their sales.
- Business development service providers will increase their reach to local small businesses.

What value will be added to society as a consequence?

- Increased success rate of small businesses

Who will champion and support implementation

- Widmark, Kim Klir, Philip Morris, Ann (360) BBUS, Business Chambers of Commerce, Anglo American, Sector Bodies, Municipality, University of Stellenbosch, INNOVUS

Sources of funding

- Municipality, CSI, SEDA

SMALL BUSINESS INCUBATOR SPACE

What exactly is being proposed? (Activity & output)

A number of small business incubators (including in Technopark) are being established in Stellenbosch. Support their establishment and cooperation, to increase their success rates.

How will this improve the business environment?
Reduce start-up costs for small businesses
Provide shared facilities and services centre

Which businesses will benefit?
Small and start-up businesses
Ease of succeeding in businesses
Lower costs
Networking

What value will be added to society as a consequence?
Increase success rate of small and medium businesses

Who will champion and support implementation
Pieter van Heyningen, Support from 360, Philip Marais / Anita (INNOVUS)

Sources of funding
University of Stellenbosch
CSI
Municipality
Grant funding

ESTABLISH LED SYSTEM

What exactly is being proposed? (Activity & output)

Limited economic development cooperation results in many economic opportunities being wasted. To better steer and facilitate economic development cooperation, the required institutional mechanism needs to be established. This is not a proposed new entity.

Establish a LED Governance/Steering system and a facilitation system, comprising of representatives from 50% public sector plus university and 50% private sector.

LED unit should report directly to MM or the CFO, not through spatial development.

How will this improve the business environment?

The governance/steering team takes overall responsibility for ensuring that economic development works well for the greater good of Stellenbosch stakeholders.
The facilitation team ensures that economic development stakeholders co-operate systematically to identify economic opportunities and to utilise them for the greater good of Stellenbosch.

Which businesses will benefit?
Total Stellenbosch economy, all businesses

What value will be added to society as a consequence?
• Accelerated inclusive economic development.

Who will champion and support implementation

• Mayor, Municipal Manager, Municipal CFO (Marius Wust), Widmark Moses, in partnership with leaders of organised business and of the university

Sources of funding

• Existing

CAPACITY WITHIN MUNICIPAL DIRECTORATES TO SUPPORT LED

What exactly is being proposed? (Activity & output)

Any economic opportunities depend on municipal activities such as spatial development. These departments need to be supported to recognise and embrace and become responsive to economic opportunities. This requires an adjustment in the capacity in a number of departments to reduce the current bottlenecks to economic development.

The structural adjustment in the municipality will take some time. Some immediate short term capacity can be provided with support from the private sector. Retired and other executives could assist for instance in project managing and driving key economic development projects through to implementation.

How will this improve the business environment?

• The key LED initiatives will be driven through to implementation and not be stifled to a shortage of capacity.
• Improve efficiency and productivity to support all LED initiatives
• Reduce Red Tape, better response time by municipality
• Enhance relationship between Public and Private sectors

Which businesses will benefit?

• Entire Stellenbosch economy

What value will be added to society as a consequence?

• Quicker inclusive economic growth

Who will champion and support implementation

• Mayor, Municipal Manager, Marius Wust (CFO), Emil Buhrmann (Remgro)

Sources of funding

• Voluntary services, Secondments with possible additional funding

MIS AND KNOWLEDGE MANAGEMENT SYSTEM

What exactly is being proposed? (Activity & output)

Strengthen information and management at the municipality by establishing a Strategic Management Information System and Knowledge Management System
How will this improve the business environment?

• More informed and responsive municipality
• Provide business with access to information

What businesses will benefit?

• All businesses that interact with the municipality

What value will be added to society as a consequence?

• Faster development and associated wealth creation

Who will champion and support implementation?

• Andre Van Niekerk, Marius Wust and Consultant

Sources of funding

• Municipal budget
LED is a complex process which needs the active involvement of a wide variety of stakeholders. Success depends on bringing the right stakeholders together in the right pattern of roles. The four functions of LED (see figure below) all require different capacity to execute, which has to be found to serve the local economy. Stakeholders with the right skills and commitment need to be linked to the specific functions which define their roles in LED. Without the capacity to execute the main functions required, LED attempts will fail repeatedly.

The primary responsibility of municipal leaders is to provide **F1: ensure LED leadership and governance** and **F2: LED process facilitation**. If these two functions are done well, the rest take care of themselves. Each function is unpacked (function decomposition) on the next page, where the current state of health is also indicated. These function lists are also LED job descriptions.

From the self-assessment colour coding, it is very clear that there are large gaps in the current institutional capacity. Without the right LED system capacity in place, prospects of success are clearly low. Establishing the required institutional capacity to succeed in LED is therefore of utmost importance. This requires strengthening the capacity of leaders of the municipality, organised business and sector bodies in economic development cooperation.
The system of LED therefore requires further improvement to establish reliable execution. Each of the functions listed above are detailed on the next few pages.
The full leadership and governance functional capability needs to be established. These functions are described below. The colour codes in column 1 depict the current state of functionality: pink is dysfunctional, orange partially functional and green is functional.

<table>
<thead>
<tr>
<th>No.</th>
<th>Function</th>
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<th>Output Docs</th>
</tr>
</thead>
<tbody>
<tr>
<td>F1</td>
<td>Ensure LED governance</td>
<td>Public- and Private-sector leaders take ownership of the LED drive to improve economic prosperity. Leaders representing key stakeholders in the local economy need ensure that LED is effective. These leaders should be held accountable by citizens for success or failure.</td>
<td>Without leadership support and governance, LED facilitation processes are ignored, under resourced and undermined. LED never sustains without this.</td>
<td>A competent LED governance board have an accurate understanding of LED system performance and ensure that stakeholders cooperate with efficacy towards success.</td>
<td>See below. Sum of sub-function outputs</td>
</tr>
<tr>
<td>F1.1</td>
<td>1</td>
<td>Councillors mandate their leaders of LED</td>
<td>Political leaders recognise the importance of LRED and the most effective means of sustainable improvement in quality of life for citizens. Competent leaders are mandated to lead &amp; govern LRED on their behalf.</td>
<td>Political leaders are accountable to ensure that the quality of life of citizens improves.</td>
<td>LRED political leaders appointed (LRED portfolio committee)</td>
</tr>
<tr>
<td>F1.2</td>
<td>2</td>
<td>MM &amp; HODs commit to LED - CAPEX informed by LED strategy</td>
<td>MM &amp; HODs recognise the full potential of LRED success both for citizens and for municipal income growth, to the extent that the CAPEX budget is informed and supportive of LRED strategy</td>
<td>Leaders of institutions that shape the business environment cooperate to ensure LRED efficacy &amp; clean governance.</td>
<td>Council decision that CAPEX be informed by economic rationale</td>
</tr>
<tr>
<td>F1.3</td>
<td>3</td>
<td>Private sect mandate their leaders for economic development</td>
<td>Private sector leaders recognise the opportunity from cooperating towards LRED and appoint leaders to do lead and govern</td>
<td>Private sector leaders ensure businesses cooperate and benefit from LRED efficacy with clean governance.</td>
<td>Leaders representing more than 50% of local businesses have communicated in writing to the municipality their</td>
</tr>
</tbody>
</table>

LEADERSHIP AND GOVERNANCE
<table>
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<tbody>
<tr>
<td></td>
<td></td>
<td>LRED on their behalf.</td>
<td>intent to cooperate in support of LRED.</td>
<td></td>
<td>scope of responsibility</td>
</tr>
<tr>
<td>5</td>
<td>Capacitate nominated leaders in their roles &amp; functions</td>
<td>It is quite common to find that leaders assume they understand LED when this is often not so. Leaders with different development paradigms cause conflict, block progress, and pursue wasteful pursuits in the name of LED. It is critical for political-, public sector- and private sector-leaders to develop a sound and commonly shared understanding of LED approaches and processes.</td>
<td>It is a fundamental pre-requisite for leaders to pull in the same direction, otherwise LED fails repeatedly.</td>
<td>LED experts, Public- and Private sector-leaders agree on the LED approach and process.</td>
<td>Leadership &amp; governance training report &amp; records of attendance</td>
</tr>
<tr>
<td>6</td>
<td>Leaders of public- &amp; private sector commit to shared vision of success</td>
<td>The key public sector and key private sector stakeholders agree to work together with integrity, enthusiasm and resolve to make LED a success.</td>
<td>Unless these key stakeholders agree to work together, the scope of LED is severely limited.</td>
<td>The key public sector and key private sector stakeholders communicate freely with each other on LED without any delays or formalities. An LED charter describing shared goals and principles of collaboration could be signed by all key stakeholders.</td>
<td>Shared LED vision. A signed LED pact / charter where stakeholders to commit to making LED a success</td>
</tr>
<tr>
<td>7</td>
<td>Agree on LED approach &amp; roles</td>
<td>In order for LED stakeholders to work together with efficacy, the guiding principles, process steps and timing of activities need to be optimised and predictable.</td>
<td>The easier it is for stakeholders to collaborate the faster LED progresses due to greater levels of participation and fewer delays.</td>
<td>The guiding principles, process steps and timing of activities are known by stakeholders.</td>
<td>Selected LED approach, process and schedule of events are documented and approved by leaders.</td>
</tr>
<tr>
<td>No.</td>
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<tr>
<td>8</td>
<td>Establish oversight &amp; governance mechanism</td>
<td>Leaders key to the economy, establish and maintain an LED board of governance to govern and empower the public- and private-sector LED partnership that aims to improve the local economy.</td>
<td>A mechanism is required to mobilise stakeholders and resources necessary to improve the economy. Furthermore, to remove blockages to progress and open doors to new opportunities through relationships and influence.</td>
<td>The steering group / board consist of competent and influential persons of integrity, meet regularly and fulfil its functions.</td>
<td>Document defining chosen composition of steering committee or board, roles, functions and principles of operation.</td>
</tr>
<tr>
<td>11</td>
<td>Ensure competent appointments in key positions</td>
<td>LED facilitation roles are complex as they require many diverse skills and experience. The LED facilitation team consisting typically of the municipal LED unit, heads of sector development bodies and economic development institutions need to be competent in their roles and properly resourced.</td>
<td>Without the appropriately skilled persons in place, the LED facilitation functions and organisational contributions fail.</td>
<td>Measured performance in LED roles.</td>
<td>Performance expectations of LED facilitation functions defined and documented (based on F2 detail)</td>
</tr>
<tr>
<td>12</td>
<td>Gain commitment of other key stakeholders</td>
<td>The LED steering group / board members utilise their networks and influence to identify the key persons with the influence /power to contribute to the local economy, to participate in the LED process and contribute to LED initiatives according to their mandates/expertise.</td>
<td>The scope and scale of impact from LED is limited by the ingenuity, influence /power and resources of the collective participants.</td>
<td>Participation levels of private sector, public sector (other than municipality) and municipal departments other than LED.</td>
<td>Summary list of stakeholder participation in planning processes. Stakeholder database updated.</td>
</tr>
<tr>
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<tr>
<td></td>
<td>F1.10</td>
<td>21 Monitor and report progress + stakeholder blockages</td>
<td>Progress and issues/challenges delaying progress are recorded in a specific format for decision making and submitted as progress reports to the LED board of governance. The LED steering group/board are thus regularly informed of the status of LED. They also receive requests to remove blockages to progress / performance, by utilising their power and influence.</td>
<td>The LED board of governance needs to be informed about progress and issues to support LED effectively, and enable them to keep stakeholders informed.</td>
<td>Simple and effective reporting takes place in time to inform the steering/governance +-quarterly meetings.</td>
</tr>
<tr>
<td></td>
<td>F1.11</td>
<td>22 Resolve stakeholder blockages</td>
<td>The LED steering group/ board are regularly informed of the status of LED. In addition, the steering group are notified about blockages and associated requests to intervene to alleviate blockages to progress.</td>
<td>Success depends on LED facilitation team performance. LED initiatives stagnate if blockages are not removed / resolved. Consequential loss of LED opportunities, wasted resources and loss of credibility due to failure.</td>
<td>Blockages are reported and subsequently removed / resolved. This is recorded and reported.</td>
</tr>
<tr>
<td></td>
<td>F1.12</td>
<td>23 Manage expectations of stakeholder groups</td>
<td>Determine and manage the expectations regarding LED from all key stakeholder groups.</td>
<td>Unrealistic expectations guarantee disappointment, increase tension and anger, which often results in conflict and/or damage to LED processes, delays LED initiatives and possibly lost investment.</td>
<td>Stakeholders are aware of and comfortable with the stated LED objectives and implementation progress.</td>
</tr>
</tbody>
</table>
The full LED process facilitation functional capability needs to be established. These functions are described below. The colour codes in column 1 depict the current state of functionality: pink is dysfunctional, orange partially functional and green is functional.

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<tr>
<td>F2</td>
<td>Facilitate LED processes</td>
<td>Facilitation is required to mobilise key stakeholders to:</td>
<td>Facilitation is required to mobilise key stakeholders to contribute to improvement of the local economy</td>
<td>All the key stakeholders that can contribute improvement to the local economy have been mobilised and actively support the local LED agenda with efficacy</td>
<td>See below. Sum of sub-function outputs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• develop a deep, shared understanding of economic development priorities,</td>
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<td></td>
<td></td>
<td>• strengthen networks and</td>
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<td></td>
<td></td>
<td>• leverage support for LED.</td>
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</tr>
<tr>
<td>F2.1</td>
<td>Evaluate LED results pipeline &amp; LED</td>
<td>Measure output, outcomes and impact from LED and compare planned intent</td>
<td>Mistakes waste time, precious resources, damages credibility, demotivates and reduces momentum.</td>
<td>Learning from evaluation and reflection process recorded and adjustments implemented.</td>
<td>Report with summary of results achieved, and value addition in progress (Results pipeline). Compares with original plans and makes recommendatio ns for learning.</td>
</tr>
<tr>
<td></td>
<td>process performance</td>
<td>with actual results before the onset of the annual LED planning cycle.</td>
<td>Working smarter increases scale of impact, the number of beneficiaries and further investment into LED.</td>
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<td></td>
<td></td>
<td>Combine insights to develop a thorough and shared insight of what worked,</td>
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<tr>
<td></td>
<td></td>
<td>what did not, and what must change to achieve better results.</td>
<td></td>
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<tr>
<td>F2.2</td>
<td>Develop a profile of the economy &amp;</td>
<td>Determine where to focus in the economy to realise the most improvement</td>
<td>Without a shared understanding by key leaders of the local economy, LED decisions are misguided.</td>
<td>Municipal and business leaders agree on the key features of the local economy (document signed off).</td>
<td>Profile of the local economy</td>
</tr>
<tr>
<td></td>
<td>society incl composition state trends</td>
<td>given limited LED resources. What exists in the economy? How it is changing? Which factors are driving or inhibiting growth?</td>
<td></td>
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<tr>
<td>F2.3</td>
<td>Prioritise economic sectors &amp; development nodes</td>
<td>Identify which industry sectors and places (nodes) where development is already apparent, have more potential than others, for contributing to overall economic improvement. Sectors &amp; nodes have varying: growth / decline, potential for</td>
<td>It is important to identify where time, effort and public funds should be invested to maximise sustained improvement of the economy that benefits most</td>
<td>A desired future profile and type of local economy (distribution between sectors) is defined and supported by LED experts/economist s, business- and municipal-</td>
<td>A desired future profile and type of local economy (distribution between sectors) approved by nominated LRED leaders.</td>
</tr>
</tbody>
</table>

LED PROCESS FACILITATION
<table>
<thead>
<tr>
<th>No.</th>
<th>Function</th>
<th>What is it?</th>
<th>Why is it important?</th>
<th>KPIs?</th>
<th>Output Docs</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>improvement and positive spin-off effects on others.</td>
<td>citizens.</td>
<td>leaders.</td>
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</tr>
<tr>
<td>F2.4</td>
<td>13 Manage economic development cooperation programmes</td>
<td>Programme and process management of sector / node economic development – from setting goals, defining scope, deciding who to engage, what to do for best results, how best to realise opportunities and implementation, progress monitoring, reporting, and so forth.</td>
<td>Left to chance, probability of success is severely diminished.</td>
<td>Plans are made based on sound LED principles and are followed through to a high completion and success rate. Stated objectives are met.</td>
<td>Plans and budgets. Monthly progress reports.</td>
</tr>
<tr>
<td>F2.5</td>
<td>14 Establish strong facilitation teams for private sector development</td>
<td>Capable sector/node facilitation teams are required to mobilise the stakeholder’s key to sector/node development, to facilitate a process of participatory planning and to ensure implementation follow through.</td>
<td>The combined insight, networks, skills and experience of a strong team provides credibility to the process and increases success rates.</td>
<td>A team with right combined attributes and skills (according to the task at hand) appointed and have started working together effectively.</td>
<td>Formal communication to relevant stakeholders, which includes the team’s profiles and full contact details.</td>
</tr>
<tr>
<td>F2.6</td>
<td>15 Facilitate participatory planning</td>
<td>After desktop research, engage stakeholders to participate in developing a shared understanding of what is going on in the sector/ node, and determine what would be the best pragmatic LED opportunities to pursue.</td>
<td>The need is to determine how to achieve best possible impact with resources accessible. By leveraging key stakeholder insight, a far richer picture of reality is created, more ideas are contributed, more resources and capacity to implement becomes available. Social capital and networks are strengthened and commitment to the joint plan is secured.</td>
<td>The initiatives were prioritised according to sound LED principles. Stakeholders actively pursue the identified initiatives.</td>
<td>Report describing participatory planning process, findings and recommendations.</td>
</tr>
<tr>
<td>No.</td>
<td>Function</td>
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<td>Why is it important?</td>
<td>KPIs?</td>
<td>Output Docs</td>
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<tr>
<td>F2.7</td>
<td>16</td>
<td>Formalise strategies &amp; plans</td>
<td>The strategic findings, insight, decisions (with rational) and implementation plans are recorded formally for future reference and to qualify for resources.</td>
<td>To avoid future disputes on what was agreed and to secure resources from the public sector.</td>
<td>Strategy document approved by council and other key LED stakeholders.</td>
</tr>
<tr>
<td>F2.8</td>
<td>15 b</td>
<td>Develop business cases</td>
<td>Many LED initiatives arise from combined efforts between the public- and the private-sector. When public sector funding streams are targeted for funding, business cases need to be developed to convince funders of the merit.</td>
<td>Drawing down on such funding streams enables larger scale initiatives.</td>
<td>% of funding applications approved.</td>
</tr>
<tr>
<td>F2.9</td>
<td>17</td>
<td>Support champions to implement initiatives</td>
<td>Stakeholder champions agree to implement LED initiatives. Implementation entails project management in an environment where management command and control is often missing. Stakeholders cooperate by choice, and therefore influence is the only means of getting some team members to cooperate. The team bond is shared interest in the opportunity, maybe for different reasons. Implementation often ends up being much more difficult than anticipated. Implementation champions and teams therefore require constant encouragement, support, advice and motivation.</td>
<td>Without constant encouragement, advice and support, LED implementation rates decrease dramatically.</td>
<td>% of LED initiatives with implementation making steady progress.</td>
</tr>
<tr>
<td>No.</td>
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<td>18</td>
<td>Establish networks systems of continuous improvement</td>
<td>Increase the scale, scope and frequency of economic improvement by systematically linking contributing stakeholders to fulfil their roles better. This requires constant sector/node/cluster development facilitation capacity.</td>
<td>Faster improvement increases competitive advantage which leads to economic growth.</td>
<td>The economic development contributing partners increase in number and activity.</td>
<td>Agreed patterns of collaboration. Annual agreements on priorities and contributions (development programme). Stakeholder extended network maps (available intellectual capital)</td>
</tr>
<tr>
<td>19.</td>
<td>Facilitation support to promising stakeholder initiated, LED initiatives (e.g. facilitate investment)</td>
<td>Significant LED opportunities (or threats) may arise at times outside the normal LED planning cycle. These opportunities should be seized when they arise, if the disruption of changing plans is justified. Requests are checked for merit before leadership support (typically MM) is secured. A request is then sent from the MM’s office for the implementation role players.</td>
<td>Without responding properly to such opportunities, investors may be lost, businesses may collapse, market opportunities may be missed, and huge damage could result to the economy if threats/crisis (such as infrastructure failure) are not addressed, swiftly.</td>
<td>Good ideas are supported swiftly. Value added to LED results pipeline.</td>
<td>Record of ad-hoc LED requests received and processed to conclusion. Includes summary of value added to LED results pipeline.</td>
</tr>
<tr>
<td>20</td>
<td>Facilitate support to prom public sector process improvement including red tape reduction</td>
<td>Public sector initiated improvement processes (typically top down) can add value or interfere with LED processes. By offering to facilitate optimisation of LED benefit from such processes, more control is gained over steering such initiatives in beneficial directions.</td>
<td>Maximise benefit and reduce risks from public sector improvement processes.</td>
<td>Threats mitigated and opportunities harvested.</td>
<td>Normal project report, depicting value added to LED.</td>
</tr>
<tr>
<td>24</td>
<td>Grow LED awareness &amp; affinity in stakeholder groups</td>
<td>Community stakeholders are informed about LED progress as part of managing expectations and mobilising support to and interest in LED.</td>
<td>The more persons that understand LED and see progress, the less political delays and the better the prospects of future</td>
<td>Awareness levels of LED in economically active citizens.</td>
<td>Marketing strategy/plan depicting what information is sent to which target audiences through which</td>
</tr>
<tr>
<td>No.</td>
<td>Function</td>
<td>What is it?</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>success.</td>
<td></td>
<td>channels.</td>
</tr>
<tr>
<td>25</td>
<td>Promote investor business confidence</td>
<td>Ensure that investors are aware of all the relevant qualities of the place, which makes it good for investment. External investor confidence generally follows investment confidence of existing local businesses.</td>
<td>Businesses and jobs typically grow as a consequence of investment in growing business activity. This investment depends critically on investor confidence in the fact that the investment will in fact generate healthy financial rewards for the amount of effort put in, and for the amount of money invested.</td>
<td>Number of investment inquiries received and recorded annually.</td>
<td>Investment promotion strategy/plan depicting what information is sent to which target audiences through which channels.</td>
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<tr>
<td>26</td>
<td>Information-Knowledge management &amp; learning</td>
<td>Capture and record important information required for LED. Manage knowledge resources to build institutional memory and to learn faster.</td>
<td>Without disciplined information and knowledge management, enormous time is wasted searching or reproducing information or knowledge. The alternative is that quality suffers drastically.</td>
<td>Time required to access important information about past activities.</td>
<td>Required information about past activities available electronically.</td>
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<tr>
<td>27</td>
<td>Human resource management &amp; development</td>
<td>LED requires attracting people to contribute actively to LED, and growing their capability in the LED roles.</td>
<td>Success and the sustainability thereof depends on good people in key positions.</td>
<td>Number of active local LED facilitators</td>
<td>List of active LED facilitators</td>
</tr>
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<tr>
<td>28</td>
<td>Financial &amp; other Administration</td>
<td>LED facilitation requires financial resources and administration processes which need to be complied with.</td>
<td>Administrative failure results in loss of resources and credibility</td>
<td>Clean audit.</td>
<td>LED annual budgets</td>
</tr>
</tbody>
</table>
IMPLEMENTATION PLAN AND TIMESCALES

Implementation is led by champions identified for each initiative. The implementation timescales are currently being determined. As soon as these are ready this document will be updated accordingly.
Implementation progress of each initiative will be monitored for progress and reported on a monthly basis. Monthly progress reports (one page per initiative) will be provided by the LED unit to the governance leaders, who will then report progress to broader stakeholders through various channels. Performance dashboards and will allow quick drill down to required facts.

The governance team will meet quarterly to reflect on progress and to provide support to the technical facilitation team, to use their influence to remove blockages to cooperation. The governance team meetings will be scheduled a year in advance to ensure availability of key leaders. Each governance meeting will be informed 1 week in advance by a “board pack” which includes the complete status report on the current state of LED. Performance dashboards and intelligent reporting will allow quick drill down to required facts.

Once a year a stakeholder groups in each key sector will reflect on progress over the past year, to assess success and failure. Whereas the main objective is to learn, it is important to also utilise the opportunity to recognise the champions of success stories.

Two key aspects of performance will be measured. Firstly, progress with institutional capacity will be measured to determine to what extent there is a Reliable LED process in place. Secondly, the value added by LED initiatives to date and projected into the future will be measured as the Results pipeline.

Reliable LED process and Institutional capacity for LED will be measured as illustrated in the institutional chapter. The value added by LED will be measured as the Results pipeline, based on the LED performance framework on the next page. After detail planning, each initiative will be described according to the parameters described in the table on the next page. The combined value addition will be mapped for stakeholder benefit in LED performance dashboards.
## Results measurement framework for Monitoring and Evaluation of Local/Regional Economic Development

### Generic LRED results chain

<table>
<thead>
<tr>
<th>Leadership &amp; Governance</th>
<th>Facilitation</th>
<th>Stakeholders contribute (input)</th>
<th>Stakeholder LED initiatives / Activity / project</th>
<th>Improved business environment / markets</th>
<th>Businesses benefitting</th>
<th>Revenue / GGP contribution</th>
<th>Direct Jobs (secured)</th>
<th>Indirect jobs (secured)</th>
<th>BBBEE</th>
<th>Municipal income secured</th>
<th>Household impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>Who is responsible or benefits</td>
<td>Initiative / project sponsor</td>
<td>LED process facilitator</td>
<td>Initiative investor / facilitating process</td>
<td>Initiative champion / service provider</td>
<td>Sector / Town / place (society)</td>
<td>Types of jobs (non temporary)</td>
<td>Types of beneficiaries</td>
<td>Name of municipality</td>
<td>Which town’s citizens benefit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Description of result required</td>
<td>Initiative approval: Project ID no. + Name of initiative</td>
<td>Opportunity found: Origin of init. - facilitated process or ad hoc</td>
<td>Commitment: Investor motive / Public objective / ROI</td>
<td>Activity / project description</td>
<td>Improvement in competitiveness of the business environment?</td>
<td>Competitive advantage gained?</td>
<td>Hypothesis (calculation rationale) of attributed change in target sector job trends</td>
<td>Hypothesis (calculation rationale) of attributed additional municipal revenue increase in municipal income</td>
<td>Household members benefit from higher household income</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KPIs</td>
<td>Municipal investment (money even if just PR)</td>
<td>Facilitation Person days (Investment)</td>
<td>Leveraged investment</td>
<td>% completeness of implementation</td>
<td>Participating business verify improved bus env.</td>
<td>No. firms benefitting?</td>
<td>Attributed additional GGP contribution</td>
<td>Attributed no. of jobs in target sector</td>
<td>Attributed no. of jobs in other sectors</td>
<td>No. benefitting?</td>
<td>Requires new data to calculate: Assume 25% of GGP is wages</td>
</tr>
<tr>
<td>Source of verification</td>
<td>Municipal financial records</td>
<td>Monthly LED programme management reports</td>
<td>Monthly LED programme management reports</td>
<td>Participating firm annual survey</td>
<td>Participating firm annual survey</td>
<td>Participating firm annual survey</td>
<td>Participating firm annual survey</td>
<td>Calculate: Assume 25% of GGP is wages</td>
<td>Participating firm annual survey</td>
<td>Municipal accounts</td>
<td>Participating firm annual survey (where do the new employees live?)</td>
</tr>
</tbody>
</table>

### Activities & input

<table>
<thead>
<tr>
<th>What - result area</th>
<th>Activities attributable</th>
<th>Outcomes attributable</th>
<th>Impact attributable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement initiatives</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved competitiveness of the business environment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improved competitiveness of sector/s &amp; market efficacy</td>
<td></td>
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</tr>
</tbody>
</table>

### Value added by economic performance

- Governance: Mobilise stakeholder input, commitment & investment
- Facilitation: Improved governance, cooperation & Prog Man.
- Improved business environment: Participating firm annual survey
- BBBEE: Attribute no. of jobs in other sectors