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**Arid Areas Report,  
Volume 2: Provincial  
development policies and plans**

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# **Arid Areas Report, Volume 2: Provincial development policies and plans**

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*“Experience has shown that a big idea or vision can take a destination on the first steps along the road. The big idea must be creative and imaginative. It must also facilitate leverage, enable prioritization and assist the fast-tracking of projects that relate to its achievement”*

**(Western Cape Integrated Tourism Development Framework, Executive Summary).**

# CONTENTS

<b>PART 1: Provincial Growth and Development Strategies .....</b>	<b>1</b>
A. Introduction .....	1
B. Spatial dynamics .....	2
C. Economic imperatives .....	11
E. Institutional issues.....	14
F. The weaknesses of provincial growth and development strategies .....	16
<b>PART 2: CURRENT PROVINCIAL STRATEGIES .....</b>	<b>17</b>
1. Introduction .....	17
2. Methodology.....	18
3. Spatial planning .....	19
4. Local Economic Development and Business Support.....	25
5. Tourism .....	37
6. Agricultural support .....	45
7. Mariculture .....	54
8. Land reform.....	55
9. Environmental management .....	59
10. Mining.....	65
• <b>Arts, culture, sport and recreation .....</b>	<b>65</b>
1. Western Cape.....	65
2. Eastern Cape.....	65
3. Northern Cape.....	66
• <b>Municipal capacity-building.....</b>	<b>67</b>
1. Western Cape.....	67
2. Free State.....	67
• <b>The Integrated Sustainable Rural Development Programme (ISRDP) .....</b>	<b>68</b>
• <b>Housing .....</b>	<b>69</b>
1. Western Cape.....	71
2. Eastern Cape.....	72
3. Northern Cape.....	72
4. Free State.....	73
• <b>Municipal infrastructure: Water and sanitation .....</b>	<b>74</b>
1. Western Cape.....	75
2. Eastern Cape.....	77
3. Northern Cape.....	78
4. Free State.....	80
• <b>Transport .....</b>	<b>83</b>
1. Western Cape.....	83
2. Eastern Cape.....	85
• <b>Poverty strategies .....</b>	<b>87</b>
• <b>Other government initiatives .....</b>	<b>88</b>
1. Multipurpose Community Centres .....	88
2. Extended Public Works Programme .....	89
3. Social grants .....	91
<b>Part 3: Studies of economic competitiveness .....</b>	<b>94</b>
<b>Part 4: Existing Interprovincial initiatives.....</b>	<b>97</b>
1. The PROTEA Project.....	97
1. Interprovincial MOU on migration and housing.....	98
2. Interministerial climate change committee.....	98
<b>Part 4: Future directions .....</b>	<b>100</b>
<b>Conclusions and Proposals.....</b>	<b>101</b>
1. Determining and promoting the economic potential of the arid areas .....	101
2. The need for cross-border initiatives.....	102
3. Promoting the identity of the arid areas.....	104
4. Promoting international collaboration.....	105
6. Environmental considerations.....	105
6. Accessing government resources .....	105

# **PART 1: Provincial Growth and Development Strategies**

## **A. Introduction**

All provinces are required to develop growth and development strategies. The initial emphasis on such plans was to create a platform for a larger degree of private sector involvement in provincial and district municipal plans. These Growth and Development Strategies are required at the provincial level because provinces have, according to the guidelines on Growth and Development Strategies, an important role to play in contextualising national imperatives and grounding them within the realities and specifications of each province. Furthermore, the guidelines from The Presidency expect that provincial governments should play a leading role in ensuring economic planning, infrastructure investment, and development spending in accordance with the principles set out in the National Spatial Development Perspective (NSDP). Overall, growth and development strategies are seen as critical tools to guide and coordinate the allocation of national, provincial and local resources, and private sector investment to achieve sustainable development outcomes.

South Africa's National Spatial Development Perspective (NSDP) document, which is increasingly used as the framework for spatial resource allocation, has an explicit purpose to direct public investment to areas "with economic potential". According to the NSDP, 'development potential' is based on the following criteria (NSDP 2003:18):

- Natural resource potential: agricultural potential, environmental sensitivity and the availability of water
- Human resource potential: levels of skills and human density
- Infrastructure resource potential: existing and proposed road and rail infrastructure and the main electricity grid
- Human need: spread of poverty and the size of the poverty gap
- Existing economic activity.

More specifically, the following guidelines to the development of provincial growth and development strategies require that such strategies should have the following attributes:

- They should build on the approach and principles set by the NSDP and engage with the metropolitan, district and local municipalities to deepen the subprovincial application of the NSDP.
- They should provide direction and scope to province-wide development programmes and projects within the context of a long-term perspective, taking into consideration the resources, economic, political, social, and natural environment constraints and opportunities. They should be vehicles for addressing the legacies of the apartheid spatial economy, promoting sustainable development, and ensuring poverty reduction and the creation of employment.

- They should be a framework for both public and private-sector investment, indicating areas of opportunities and development priorities.
- They should be focused on addressing key implementation blockages and issues, including institutional reform.
- By being spatially referenced, they enable intergovernmental alignment and guide activities of various role players and agencies (including national and provincial sector departments, parastatals, and district and metropolitan municipalities) by linking with and deepening the application of the NSDP.

A provincial growth and development strategy helps to make effective use of scarce resources within the province by searching for more cost-effective and sustainable solutions, whilst addressing the real causes of development challenges instead of merely the symptoms. It also should facilitate the speedy delivery of government programmes and plans, and should identify opportunities for investment. Furthermore, it should provide *the* single planning instrument articulating the development agenda and providing strategic direction from the Executive Council (EXCO) of the Free State Provincial Government. It provides a framework for provincial spatial development.

In this overview, the provincial strategies of the Western Cape, Eastern Cape, Northern Cape and Free State will be assessed with special reference to their significance for the Karoo and other arid areas. The Western Cape's PGDS is dealt with in greater detail, because it addresses a wider range of developmental issues, and because it contains an intriguing degree of ambiguity about the developmental significance of its arid hinterland.

The first section deals with their spatial perspectives. The second section focuses on their economic strategies. The third section considers their environmental dimensions, and the fourth section presents some institutional considerations contained in the four Provincial Strategies. Finally, some critical perspectives on current provincial planning are presented.

## **B. Spatial dynamics**

The arid areas form a central hinterland, which straddles four provinces. In each province, the arid areas function as an economic backwater. This forms a common theme – to a greater or lesser extent – in all four provinces.

However, there are some differences in the ways that the provinces visualise the actual spatial significance of the arid areas. To put it bluntly, they are all economic backwaters, but in different ways. In each province, a different relationship pertains between the arid areas and the developed metropolises, which are invariably located in relatively non-arid areas. Furthermore, because each province has different development imperatives, the arid areas play a different role in their policy frameworks.

### **1. Western Cape**



IKapa Elihlumayo, the Provincial Growth and Development Strategy, provides the framework for the future development of the Western Cape. The Mission statement which focuses on building social capital, building human capital and enhanced economic participation and growth in partnership with all stakeholders, recognises that these objectives can only be achieved through good governance and integrated governance with sustainable use of resources and the environment.

The eight lead strategies that comprise the core of IKapa Elihlumayo are as follows:

- Building Human Capital
- Micro-Economic Development Strategy
- Building Social Capital
- Strategic Infrastructure Investment Plan
- Provincial Spatial Development Framework (PSDF)
- Co-ordination and Communication
- Improving Financial Governance
- Provincialisation of municipal rendered services

In order to reduce broad unemployment in the Western Cape to 10 per cent by 2015, according to the Provincial Growth and Development Strategy, the Provincial economy would need to grow more than 8 per cent a year and/or sharply increase labour intensity in those jobs that are created, all other factors remaining constant. Below are the Provincial Growth and Development Strategy defined interventions to reduce unemployment in the Western Cape.

The PGDS recognises that the provincial government is a very important developmental player, due to its function of public expenditure in the health, welfare and education sectors, and because it is able to identify regional development nodes (Western Cape 2006: 11). As such, therefore, it can play a major role in redefining the spatial economy of the province. As defined by the PGDS, this refers to “the organisation of demographics and human settlements, the economic, social and environmental trends and the juxtaposition or relative location of residential, industrial/retail and recreational areas” (Western Cape 2006: 21).

The PGDS observes that 90% of the Western Cape’s population is urban. “Almost everyone lives in a city or town, whether in a rural or urban setting”. According to the PGDS (2006: 28): “Even in the Province’s most highly impoverished Karoo District, more than half of the population is urbanised, making poverty a characteristic of the economically marginalised hinterland rather than of rurality”. For the PGDS, the key spatial entities are cities and towns, not farmland, because of the low population density of its agricultural areas.

There are curious tensions in the Western Cape PGDS, reflecting a fundamental ambivalence towards the Karoo. Even though the Karoo District is acknowledged to be the poorest district, it maintains that “the cities are where the poor live and the rural areas are home to many of the wealthy”(PGDS 2006: 28). This statement ignores the fact that the Karoo towns have many extremely poor people, while Western Cape cities have extremely wealthy neighbourhoods and phenomenally expensive land values.

Implicitly, the PGDS is aware of the dangers of uncontrolled expansion of the urban centres on the coast. Environmental management of the cities faces the problem of unrestrained urban sprawl and global climate change, particularly in respect of water and energy use, and biodiversity protection. Spatial patterns of development associated with overconsumption and social exclusion have driven a pattern of unsustainable development (Western Cape 2006: 31). Four out of five Western Cape residents live in the Cape Town Functional Region (Western Cape 2006: 42). Significantly, however, “spatially balanced economic growth” is not listed as a key goal. The PGDS does set out to “reconfigure spatial relations and [to implement] spatial priorities to enhance regional performance” (Western Cape 2006: 36), but the significance of this for the Karoo remains unclear.

The ambivalence in the PGDS is expressed in other ways. For example, there are three somewhat contradictory statements regarding population trends in the Karoo (Western Cape 2006: 37):

- “Out-migration in the Karoo and Central Karoo are rated 27<sup>th</sup> and 34<sup>th</sup> respectively out of 34 municipalities experiencing the highest out-migration of population between 2001-6 in the country”
- “Except for shifts *towards towns*, most localities outside of metro areas experienced net decline in population due to out-migration, declining fertility and increasing HIV/AIDS”
- “All Western Cape district and metro municipalities experienced a net in-migration of people with focused migration towards either the strong metro area or secondary Southern Cape node”.

According to the PGDS (2006: 42), “The geographically large hinterland is characterised by a number of functional areas with a low population living in small towns and rural areas. It comprises economically declining settlements in the interior subject to a process of de-urbanisation. Many of these dry settlements are in ecologically fragile parts of the Karoo”. It is not clear what “de-urbanisation” means in this context. Does it refer to a *process of out-migration from the towns*, or a phenomenon of *net* out-migration? Do Karoo towns experience an influx as well as an efflux? In this regard, it is useful to note the fact that the population of the Central Karoo District Municipality actually increased by 1.85% between 2001-2006.<sup>1</sup>

It is simply not clear whether the Karoo area experiences a net out-migration, or whether there are population flows from the farms to the Karoo towns, and whether this in-migration to Karoo towns is greater than the migration away from Karoo towns. This has some political significance. If the Karoo towns can be shown to have an increasing number of poor people, then this would enhance its claim for public resources. On the other hand, if the general direction of migration is away from Karoo towns, then it would suggest that public investment should rather be focused on the coastal city areas.

The PGDS identifies several well-resourced “leader towns”, which show exceptionally high growth potential, relatively high levels of human need, and which can play a critical supportive role to develop the surrounding towns and settlements

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<sup>1</sup> Western Cape Provincial Treasury, *Socio-Economic Profile: Central Karoo District 2006*, p.3.



(Western Cape 2006: 38). The only Karoo town identified as a “leader town” is Beaufort West. This suggests that, with the exception of Beaufort West, the Karoo is regarded as an economic backwater.

The logic of the PGDS is challenged by some interesting facts. The economy of the Central Karoo District grew by 4.2% per annum between 1995 and 2004, making it one of the Western Cape’s fastest growing economies, albeit from a very low base.<sup>2</sup> Interestingly, two other Karoo towns out-performed Beaufort West. Between 1995-2004, Prince Albert’s annual growth rate was 7.8% per annum, while Laingsburg’s was 4.8%. Beaufort West achieved a growth rate of 3% over this period.<sup>3</sup>

The PGDS suggests that “The Province’s development strategy must reflect and capitalise on its *largely urban character* of settlement while making sure that *natural and rural areas are protected and effectively integrated* into the larger provincial spatial economy” (Western Cape 2006: 41). With regards to the Karoo, this goal remains weakly conceptualized. There are no clear statements regarding the interaction of rural areas and cities – with the exception of the migration patterns noted earlier. But it is never clear whether such city-ward migration patterns should be encouraged, tolerated or discouraged.

The PGDS has a strong focus on *equity*: “Equity, empowerment and environmental concerns are not just given equal weight to economic imperatives, but they are seen as a necessary part of the economic imperative” (Western Cape 2006: 29). “Equity will be ensured by securing basic human rights, ensuring access to a minimum standard of basic and social services, protecting the public good (e.g. safe communities and public space) and enhancing access to economic opportunities and assets” (2006: 29). Given this focus, the issue of *spatial* equity and balance assumes some importance. It is not clear whether the PGDS is aimed at distributing economic growth equitably throughout the province, or whether equity is understood primarily at an inter-personal or inter-class level.

The planners state that “iKapa Elihlumayo does not advocate prioritizing metropolitan development at the expense of the hinterland or the city at the expense of the districts” (Western Cape 2006: 45). The Strategy also states that it “promotes focusing infrastructure investment and developmental spend *on areas of growth potential which span the length and breadth of the Province*”. At first glance, this gives the impression of equitable development, but it actually only refers to areas of growth potential. The Plan then refers to “areas of low or limited economic potential”, where the plan maintains that “Government must still support and guide investment activity to improve and/or maintain the quality of life... through *basic service provision and human capital development* while enhancing the places that make the biggest contribution to tax incomes, job creation and poverty alleviation”. In effect, innovative investments will take place in areas that already have economic potential, and this will encourage people to leave the areas of low potential. From this perspective, it appears that non-leader Karoo towns (i.e. all towns except Beaufort West) are primarily problems, not potential solutions. There is little development envisaged in the “hinterland”.

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<sup>2</sup> Western Cape Provincial Treasury, *Socio-Economic Profile: Central Karoo District 2006*, p.3.  
<sup>3</sup> Western Cape Provincial Treasury, *Socio-Economic Profile: Central Karoo District 2006*, p.4.

The PGDS refers to areas with “no economic potential” (Western Cape 2006: 43). By implication, these are the towns which are *not* leader towns, as well as the agricultural areas. In these areas, people should not be offered “false incentives” (e.g. housing) to remain in declining areas with no economic potential. The PGDS makes it quite clear: “Infrastructure investments will only be approved by Cabinet as iKapa Elihlumayo lead interventions if they are shown to be financially and environmentally sustainable, and *situated in appropriate locations (areas of growth potential)*” (Western Cape 2006: 88). It therefore becomes extremely important how “economic potential” is defined and understood.

The PGDS suggests that, in these settlements, environmental protection, sustainable agriculture and ecotourism are “more readily achieved without large-scale infrastructural investments, but there is an imperative to secure adequate investment in the people who live there” (Western Cape 2006: 43). This statement curiously implies that environmental protection, agriculture and ecotourism may be important, but that they will function *better* without infrastructural investments. A counter-argument can be made: These goals may well require significant infrastructure, particularly in terms of road maintenance (e.g. tarring gravel roads). In the same vein as the National Spatial Development Perspective (NSDP), the PGDS appears to suggest that towns in arid areas are relatively lacking in potential, and that infrastructural expenditure should not be directed there.

Instead, according to the PGDS, “investment in people” should take place, presumably in terms of education, skills training and health. However, the result may well be that such “investment in people” encourages residents to leave, particularly because there is no commensurate investment in infrastructure. In effect, then, such a policy would intensify “de-urbanisation” and out-migration, and thus would reinforce the unbalanced spatial distribution of the province.

The PGDS remains highly ambiguous about the developmental potential of the Karoo and Little Karoo. It does not recognise some of the advantages of these towns, which may have a bearing on the province’s developmental challenges. There are potential and latent advantages in these towns, which would accord with some of the developmental principles in the PGDS. The list of Strategic Outcomes in the PGDS (Western Cape 2006: 78) makes no mention of spatial balance or spatially equitable growth as a desirable policy outcome. Nevertheless, it is significant that some of the strategic outcomes which are mentioned, may indeed be promoted if a small towns focus were to be adopted. For example:

- “Broadening economic participation through targeted skills development and higher rates of human, infrastructural and financial investment”: Training in tourism and agriculture may have a significant employment impact on small towns.
- “Effective public and non-motorised transport that provide access to all citizens of the Province, especially the poor and those disconnected from opportunities”: Transport issues in small towns are usually less problematic, and town centres usually offer easy access to residents.

- “Liveable communities that foster/nurture the well-being of all residents (consistent with the ideals of sustainable human settlements”): Small towns have much better prospects to be liveable communities than large slums where migrant, uprooted, destitute and unemployed people congregate.
- “Resilient and creative communities that are interconnected through webs of social solidarity (bridging social capital)”: Small towns have established social institutions (churches, sports clubs, cultural societies, choirs etc) that provide a social foundation to those communities.
- The “path-breaking action of integrated transport”, which is the “core action required in the short-term to fundamentally shift the development path of the Western Cape” (Western Cape 2006: 82) may have significant implications for those Karoo towns situated on the main northern railway line – in particular, Beaufort West, Laingsburg and even Leeu-Gamka. These towns could be come light industrial nodes, with easy access to north-south rail transport. This would enhance the “linkages to global, regional and national economies”, and “urban and rural efficiency”, which are also contemplated as part of the integrated transport rationale (Western Cape 2006: 84).
- The “path-shaping interventions”, listing six ASGISA infrastructure and skills-led growth opportunities, includes tourism and creative industries (Western Cape 2006: 82). Yet the significant tourism potential of “South Africa’s outback” has not been examined at all. This can have a major significance for towns such as Prince Albert, Beaufort West, Murraysburg and Merweville.

Nevertheless, the PGDS states that Cape Town and the Cape Town Functional Area “are the clear priority for economic investment together with development opportunities in the Saldanha-Vredenburg and Southern Cape regional motors and the development and transport corridors that link them” (Western Cape 2006: 43). This implies that development will become even *further* concentrated in spatial areas of current economic advantage in future. This suggests that public investment will enforce current unbalanced growth. At the same time, the Plan refers to the “increasing economic dominance of the CTFR, and the problem of managing urban-rural tensions” (Western Cape 2006: 62) – a problem which is not further analysed. Enigmatically, the PGDS refers – under the heading of “Challenges”- to the problem of “urban spatial concentration of economic growth potential (rural development)”, as if there is a possibility that such spatial concentration should be diluted (Western Cape 2006: 63). However, this insight is never developed further in the Strategy.

From the standpoint of the NSDP, the government must ensure that people are equipped to take up new opportunities and “see to it that there is adequate investment in areas of economic expansion”. In effect, urbanisation and concentration of people will be encouraged and reinforced (Western Cape 2006: 43).

As far as the challenges faced by the cities, the PGDS mentions some key challenges (Western Cape 2006: 43):

- The ecological and climate imperatives
- The imperatives of public transport and bulk infrastructure
- Urban restructuring and spatial integration

- Expanding settlement choices to accommodate a diverse range of housing and a multiplicity of land uses and income groups (from “hard core poor” in site-and-service areas, to gap housing for the emerging middle class)

These imperatives understate the challenges of the large urban areas. They already have a heavy ecological footprint (in terms of urban sprawl, destruction of fynbos and water use); and they require major investments in terms of public transport. The PGDS maintains that “there is an urgent need to tackle major problems of urbanisation and human settlement”. However, these are not seen as problems of urban concentration *per se*, but problems “in the light of their relationship to deprivation and social exclusion” (Western Cape 2006: 44). Once again, the underlying assumption is that migration from the arid hinterland to the cities should be tolerated, and even encouraged.

Spatially, the development strategy means “responding to the growth opportunities in the Cape Town Functional Region, facilitating the emergence of a strong integrated secondary urban system around George, Knysna and Plettenberg Bay, controlling the strip development along the southern and west coasts, and *managing depopulation of the hinterland*” (Western Cape 2006: 44). The continued depopulation of the hinterland is apparently accepted as a given. The PGDS refers to the “need to tackle major problems of urbanisation”, but it appears to accept urbanisation as a continued and irreversible trend – the only way to tackle it is therefore to address the problems on the receiving end. As the Strategy later notes, fatalistically: “Where the sectors of the economy are strong and growing, the region will flourish and visa versa: Where sectors decline, unemployment and out-migration increase, leaving the least mobile and vulnerable behind” (Western Cape 2006: 60). Apparently, then, the Karoo towns (with the exception of Beaufort West), will become populated by the unemployable and those who are too poor to move.

Presumably, the migrants who leave these towns will move to the coastal settlements, to add to the already intense population pressure, the vast and socially dislocated dormitory townships, and the already formidable ranks of the urban unemployed. It is presumably these urban communities which are referred to as the “blighted communities” (Western Cape 2006: 70), who will need all kinds of interventions to “foster social tolerance and build powerful local place-based identities”.

In terms of the structure of the regional spatial economy, the strategy refers to the challenge of the “declining rural hinterland”, and “settlement investment in leader towns” (Western Cape 2006: 46). As far as the Karoo is concerned, this means that Beaufort West will receive infrastructural investment, whereas the rural areas and other towns will not.

Ultimately, the Plan is not clear on whether the out-migration from Karoo towns (which apparently lack economic potential) should be considered fatalistically, as a normal (albeit regrettable) fact of life, which should be managed as best as possible; or as an opportunity for getting people to move from an economic backwater to the areas of economic advantage. There is also a third possibility, which is definitely not contemplated in the PGDS - that the out-migration of people from the Karoo should be seen as a problem to be reversed, by boosting the economies of these towns, and by enhancing their status as agricultural and retail service delivery centres.

Nevertheless, there are tantalizing hints in the PGDS, that the outlook for the Karoo is not totally bleak. The PGDS proposes that one of the tasks of the Premier's Co-ordinating Forum (PCF) is "regional strategic financial technical support for the three major subregions (Cape Town Functional Region, the Coastal Region and the Hinterland) (Western Cape 2006: 96). This is the first mention in the PGDS (on page 96) of the "Hinterland" as a coherent spatial entity. It is defined (on page 98) as "low density agricultural and protected natural areas and small towns". It is not clear what "low density" actually means – it may exclude the Boland and the Swartland, which are more intensely cultivated, with higher levels of agricultural employment, than is the Karoo. Yet this is the first suggestion that the Hinterland requires or deserves any strategic financial or technical support; the rest of the PGDS tends to favour the CTFR and the Coastal Region. But there is also no suggestion in the PGDS as to what issues should be tackled by such financial and technical support to the Hinterland – this presumably remains to be debated in future.

## 2. Eastern Cape

The Provincial Growth and Development Plan (PGDP) also follows the National Spatial Development Perspective (NSDP) in arguing that "resources should be invested optimally and areas of development potential are promoted in a sustainable manner". Ultimately, the PSDP will identify key nodes and zones of potential where development should be encouraged. Public investment will be used to "crowd in" private sector investment in areas of high potential. The current PSDP lists nine key towns in the Cacadu District, but because the Plan is currently being revised - according to the philosophy of the NSDP – no more detail is provided.

But in general, the PGDP regards the Karoo area in the western part of the province is described as a "developed commercial farming sector", which contrasts with the "floundering subsistence agricultural sector" in the eastern parts. Significantly, Cacadu DM has the *lowest* percentage of unemployed people of all the districts, with an unemployment rate of 35.4% - compared to all the other DMs with unemployment rates of over 50%. In contrast to the Western Cape Karoo in the Western Cape, which is regarded as an economic backwater, the Eastern Cape Karoo is regarded as an area of privilege!

This relative advantage of the Eastern Cape Karoo is shown by its poverty levels, in comparison with the rest of the province. Poverty levels are generally high in the Eastern Cape Province, with a staggering 42% of the population having no education whatsoever. Cacadu is one of the few districts which has shown a decline between 1996 and 2001, in the number of people reporting no schooling. About 47% of people in Cacadu District live in poverty (2001 figures), which is high, but it is also significantly lower than the 82% in OR Tambo District or 80% in Alfred Nzo District.

Cacadu District also has the lowest prevalence rate of HIV/AIDS (at 16%, compared to 26% in Alfred Nzo District). Household water provision in Cacadu District is at a fairly high level (74% of households have piped water, compared to only 36% in the Amatole District. Levels of sanitation are also high (51% of the population have flush toilets, compared to only 2% in Alfred Nzo District). A large proportion (71%) of

households have electricity, compared to only 23% in Alfred Nzo District. Cacadu DM has the highest percentage of brick housing (70% of households), compared to 15% in Alfred Nzo District. Cacadu also has a fairly high level of household telephone connections (13%).

### 3. Northern Cape

The PGDS recommended the following spatial strategy:<sup>4</sup>

- A key growth centre is located in the Kimberley-Postmasburg sub-region
- Emerging growth centres are located around Upington (agriculture) and Springbok (mining)
- Stagnating small towns: To counter the erosion of their economic base, LED strategies will be designed to use local resources for grass-roots development, SMME development and service provision
- Land reform areas: economic potential of the land is inadequate as a source for livelihoods. Hence a focus on LED, integration and linkages with the surrounding economy, and service provision.
- Four development corridors have been identified: the Namaqua corridor, the Karoo corridor, the Diamondfield-Kalahari corridor, and the Orange River basin.

### 4. Free State

The Free State Growth and Development Strategy applies the principles of the NSDP to the Free State. Effectively, the result shows that current economic activity is dominated by Bloemfontein, Sasolburg and Welkom. Based on the principle that current economic activity is probably an indication of future economic potential, these three urban areas and their municipal areas (Mangaung, Metsimaholo and Matjhabeng) are seen as the areas of future economic potential. In respect of need, Mangaung, Matjhabeng and Maluti-a-Phofung are identified as the most needy areas. The basic picture portrayed above does not differ much from the national picture, where the majority of the areas with economic potential are also the areas with need.

The NSDP and the Free State Growth and Development Strategy have several implications for arid areas, in three distinct ways:

- The way in which economic potentials are defined
- The way in which socio-economic need is defined
- The implications at the project level

Firstly, in line with the guidelines of the NSDP, the economic potential of the Free State has been outlined for the Free State (see Figure 5)<sup>5</sup>.

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<sup>4</sup> Northern Cape, Provincial Growth and Development Strategy, p. 32

<sup>5</sup> Free State Provincial Government, Free State Growth and Development Strategy, Bloemfontein, 2006

The result of this compilation is that the Xhariep District and all the urban settlements (with the exception of Koffiefontein) are categorised as areas of limited economic potential. Koffiefontein is categorised as a settlement with below-average potential. Yet the Strategy fails to take into account that some of the arid areas in the southern Free State have enjoyed above-average growth, between 1996 and 2004:<sup>6</sup> Jacobsdal (growth of 109% from a very small base and largely driven through manufacturing linked to agro-processing); and Jagersfontein (growth of 102% from a very small base and fuelled mostly through public service delivery).

The important point to be made in this respect is that economic potential should be seen *relative to scale*. Thus, the economic drivers and economic facilitators in smaller settlements and sparsely populated areas might be different than the mass economic infrastructure projects that underlie the investment strategy accompanying the NSDP.

The Free State Growth and Development Strategy outlines key projects to initiate growth and development in the Free State. In the Strategy, the Xhariep District in the arid south is only mentioned once as a site for a project, compared to 54 other projects which are located elsewhere in the province.

This is the result of the current method of determining “potential” and “need”. Firstly, it considers *scale* to be more important than *trends* or the ability to identify potential *relative to scale*. Secondly, it determines *economic outcomes* without considering *economic processes*. Thus, the development of economic potential is seen as based on predetermined projects and not on the creation of appropriate partnerships, local innovation or good leadership.

In sum, with the exception of the Northern Cape, the provincial governments have not ranked the arid areas as areas with potential. Consequently, very little intellectual or policy resources have been devoted to exploring development options in the arid areas. Regional development thinking in South Africa is not very developed, and the only interest in this direction is the South African Department of Trade and Industry’s draft Regional Industrial Development Strategy (RIDS).<sup>7</sup> This makes it much more difficult to argue the case for a focus on public investment in the arid areas.

### C. Economic imperatives

When dealing with the arid hinterland, the four provinces have placed different degrees of emphasis on different sectors. The Western Cape places the greatest focus on business and industrial development; the Eastern Cape has a strong focus on agriculture; the Northern Cape prioritises tourism and agriculture; and the Free State has placed all its bets on tourism. This creates major disjunctions in their approaches to economic development in the arid areas.

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<sup>6</sup> Free State Provincial Government, Free State Growth and Development Strategy, Bloemfontein, 2006

<sup>7</sup> [www.dti.gov.za/publications/pdfrids/chapter1.pdf](http://www.dti.gov.za/publications/pdfrids/chapter1.pdf).



## 1. Western Cape

The PGDS of the Western Cape embraces the vision of a developmental state (Western Cape 2006: 6). The name “iKapa Elihlumayo” means “Growing the Cape”, and refers to the need to address local imperatives and realities. It envisages an aggressive economic growth strategy. Key growth and development targets of the PGDS include (Western Cape 2006: 14):

- To create 100000 sustainable jobs
- To attract R5 billion of foreign direct investment in priority sectors by 2008
- Comprehensive support and supply-side measures to SMMEs
- 120 000 Expanded Public Works Programme jobs.

The Plan supports the national goal of reaching 6% growth per annum within two years, because this is seen as the key to poverty reduction. The Western Cape has, thus far, performed better than the national growth average (Western Cape 2006: 56).

The Plan notes that “regional economies flourish when their sectoral and geographical advantages are optimized within the wider national and global systems” (Western Cape 2006: 57). The Western Cape’s strong economic performance has been based on “agriculture, construction, retail and financial services, niche manufacturing, as well as property development (owing to the low rand) and tourism” (Western Cape 2006: 58).

Remarkably, despite this list with its inclusion of agriculture, the plan unambiguously states that “spatial concentration of economic growth is likely in the large urban centres where business process outsourcing (BPO) and clothing industries are located” (Western Cape 2006: 58). Nowhere are the advantages of agriculture (such as the wheat, fruit and wool) explored. Similarly, the Micro-Economic Development Strategy (MEDS) refers to the need for “rural development” and “LED and area-based development” (Western Cape 2006: 91), although it is not clear whether “rural development” refers to the intensive crop-growing areas (Boland and Swartland), or whether it refers to extensive farming areas, or both. In fact, the most specific economic proposals in the PGDS are the promotion of Business Process Outsourcing (a new and untried form of economic activity) and the clothing industry (which faces massive competition from the East). Because agriculture is ignored, by implication, the economic prospects of the arid hinterland are severely diminished.

Curiously, the Plan fails to mention the impending uranium mining at Beaufort West.

The Plan is explicitly pro-cyclical (Western Cape 2006: 61), and stipulates that investment expenditure trends must be linked to economic growth (Western Cape 2006: 62). This diverges from a school of thought which suggests that government spending should be anti-cyclical, and should support economic regions to promote spatial economic balance.

In addition to economic growth, economic empowerment is also stated as an imperative. The PGDS refers to the challenge of land distribution, because whites currently own 87% of the land in the province while only 22% of land targeted for redistribution has been transferred to black ownership (Western Cape 2006: 64). Land

reform is an important priority. The PGDS suggests – under “opportunities”- the possibility of land redistribution, the promotion of upcoming new farmers, and the Agri-BEE Charter. Clearly, then, expenditure on agricultural land reform must be a priority. Yet this potentially massive expenditure is never listed as contributing to the economic potential of the province. The potential of agriculture as a lead sector is never explored, neither in the crop cultivation areas of the Boland and Swartland, nor in the extensive livestock farming areas of the Karoo.

The Plan also refers to the problem of unemployment, and the fact that the Central Karoo has the highest unemployment rate in the province (although the absolute number of unemployed in the City of Cape Town add up to 71% of the Western Cape’s unemployed) (Western Cape 2006: 65). There is a “growing pool of underemployed and unemployed people at the lower end of the skills spectrum where demand is limited”. Given this problem, it is remarkable that the potential of agriculture, which typically is the most successful sector as far as low-skill employment is concerned, is not mentioned as a potential lead sector which should be boosted as much as possible. The Plan retains its urban bias. Furthermore, the increasing need for semi-skilled, skilled and managerial employees in agriculture is not mentioned.

## **2. Eastern Cape**

The PGDP’s vision is “to make the Eastern Cape a compelling place to live, work and invest in” (Eastern Cape n.d).<sup>8</sup>

The Eastern Cape PGDP targets manufacture, agriculture (including agro-processing) and tourism (including ecotourism) as key components of their growth strategy. Agriculture and tourism have major significance for the Karoo. Agricultural value-added grew by a massive 60% in the province, between 1998 and 2001, which suggests that a focus on agriculture and agro-processing is not misplaced. However, the main focus is placed on agriculture in the eastern part of the province, where there are thousands of small-scale black farmers operating at a level below their full potential, and where poverty is rife. Tourism also a potentially key sector, but again, the PGDP places its major emphasis on the Wild Coast and the rich Xhosa heritage of the eastern parts of the province.

The PGDP is explicitly focused on reducing poverty, and since the most widespread poverty is found in the eastern parts of the province (the former homelands), this area receives the most attention in the PGDP. It aims to boost the “second economy” and to link it with the “first economy”. The PGDP’s comments on “agrarian transformation” and promoting tourism are potentially relevant to the Karoo, but the linkages are not explicitly drawn. In fact, very little mention is made of the arid hinterland as such.

Cacadu District Municipality, which contains the largest section of the Karoo, accounted for more than one third (37%) of the Gross-value-added in the primary sector within the Eastern Cape – significantly ahead of the other District

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<sup>8</sup> The Eastern Cape PGDS does not have page numbers.

Municipalities. “The output of the western parts reflects the more established linkages between agriculture and agro-processing and transportation systems within the [Nelson Mandela] district”.

### **3. Northern Cape**

The *Provincial Growth and Development Strategy; 2004-2014*<sup>9</sup> does not break down data to district level. But it contains many recommendations that are relevant to the three key districts in the arid areas: Pixley ka Seme District (headquarters in De Aar), Siyanda District (headquarters in Upington) and Namaqua District (HQ in Springbok). Its focus on mining (and minerals beneficiation), agriculture (and agro-processing), tourism and mariculture is relevant for all three districts.

As far as agriculture is concerned, the PGDS favours the development of a series of commodity strategies (Northern Cape n.d.: 30), agro-processing and value-adding, and research and technology development. The importance of game farming is particularly highlighted (page 31).

In the case of tourism, the remote areas with natural resources can be employed to lever capital investments in productive tourism capacity (page 44). A distinctive provincial brand needs to be developed, and strong tourism clusters should be established. The natural attractions of the province include several game reserves in the arid areas: The Kgalagadi Transfrontier Park, the Ai Ais-Richtersveld Transfontier Park, the Bushmanland Conservation Initiative, and the expanded Namaqua National Park (Northern Cape n.d.: 84).

Other strategic interventions include promoting an efficient transport system, improving road maintenance, establishing additional air links to the province, promoting information and communications technology to overcome the barriers of remoteness in the province.

### **4. Free State**

The Free State Strategy assesses the trends and options in the economy. It suggests four sectoral economic areas (agriculture, tourism, manufacturing and transport) for the Free State, as well as four drivers (infrastructure development, SMME development, human resource development and creating an enabling environment) by means of which these sectors will be grown. A fairly detailed rationale is provided also based on the sectors in which government initiatives could foster growth.

For the southern Free State, the [main focus is on ...](#)

## **E. Institutional issues**

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<sup>9</sup> The PGDS is undated.

The PGDS in the Western Cape has a strong focus on institutional partnerships between government, state-owned enterprises, municipalities, and the private sector (Western Cape 2006: 89). In this context, it could be expected that small town and rural institutions should be brought on board. The PGDS indeed refers to “urban and rural management” and “rural development and urban land reform” (Western Cape 2006: 90) as important focus areas of “first-generation base strategy refinement”.

It is not clear what these suggestions actually refer to, but the involvement of rural municipalities would presumably be a key factor, as well as the involvement of the formidable and extensive network of farmers’ unions in the rural areas and small towns.

The PGDS correctly identifies some of the past failures of municipalities, notably the lack of strategic economic planning, and the need for the development of the local economic base and the allocation of resources for long-term socio-economic development (Western Cape 2006: 93). This also requires strategic land-use management decisions, and improved appreciation of strategic concepts, such as corridors and nodes. “Without sound local planning there can be no effective regional development planning” (Western Cape 2006: 94).

One of the key actions is to align municipal IDPs with iKapa Elihlumayo (Western Cape 2006: 94). This entails creating common data sets, and establishing systems to assess local development dynamics within and between municipalities.

The role of State-Owned Enterprises (SOEs) is mentioned as a key institutional intervention (Western Cape 2006: 90). In this context, the role of Wesgro, which focuses on trade and investment promotion (Western Cape 2006: 97) is noted. In fact, it is likely that Wesgro could be extremely effective in developing and promoting a coherent strategy for the Hinterland.

Nowhere is the possibility mentioned that the Hinterland could have its own development agency, possibly akin to Desert Knowledge Australia, which promotes the development of the Outback. The PGDS does highlight the advantages of SPVs (special purpose vehicles), and a Hinterland organisation would fit admirably into this mould. As the PGDS notes, “SPVs flourish because they are designed to get the job done fast and effectively” (Western Cape 2006: 97).

The PGDS lists four key features of a high-level intergovernmental relations dialogue (Western Cape 2006: 98):

- Planning: Long-term information on regional trends
- Economic development: Promoting regional economic potential
- Resources: Management of the ecological footprint and the natural resource base
- Finance: Raising funding from diverse sources and benefit several municipalities simultaneously.

Yet these features are listed explicitly as a rationale for the “IGR dialogue” between the Province and the Cape Town Functional Region only. These four key themes would undoubtedly form a valuable basis for future discussions with Karoo

municipalities. The reference to the virtues of “holistic governance” (Western Cape 2006: 100) would support such a contention: “Holistic governance serves to strengthen collaboration around a common purpose and institutional fusion”.

## **F. The weaknesses of provincial growth and development strategies**

The spatial imperatives in the provincial growth and development strategies are based on the principles in the NSDP. The implications of the application of the NSDP principles are not very favourable for the arid areas. There are several implications which should be critically examined.

Firstly, the Provincial Strategies and Plans do not provide a framework against which those areas with limited potential can showcase their potential – something the NSDP makes provision for in principle. The impression can easily be created that these areas have no potential and that they should thus be ignored. Although their potential, compared with that of the larger urban agglomerations is limited, areas in the arid areas do nevertheless have a *different* form of potential and at a *different scale*. Creating incentives around innovation and experimentation, high value goods or niche markets might develop the potential of the arid areas.

Secondly, the application of the NSDP principles leaves no room for the role of good governance and leadership. In fact, there is no reward system for economic initiative. For example, the importance of building partnerships between the private and public the sectors cannot be rewarded by a policy which predetermines potential. The evaluation of potential without considering leadership and innovation is equal to the evaluation of a company’s trends on the stock exchange without considering whether the basic management of the company is effective.

Thirdly, much has been said above and in other literature about how the NSDP defines potential. Yet, not many critical contributions have reflected on the methodology by means of which need is determined. In the Free State, what is significant is the fact that two of the three areas (Mangaung and Matjhabeng or Bloemfontein and Welkom) that have been indicated as having the largest need are also two of the three areas with the largest economic potential. This results from the fact that need is essentially determined by the *scale of the need* and not by the *relative percentage* of people/households in need in relation to a specific area or settlement. Thus, inherently the reality of 10% informal settlements in Bloemfontein (60 000 households) is a bigger problem than 40% in Jagersfontein (800 households). Although one should acknowledge that there is strategic merit in the methodology employed in the NSDP to define need, this still does not resolve the relatively widespread informal settlements in a place such as Jagersfontein. The important point here is whether one can define need only in terms of the scale of the need. Surely, a combination of scale of need as well as proportional size of the need relative to the rest of the settlement or municipality should reflect this reality more appropriately.

Fourth, the methodology is based on a once-off consideration of potential. Trend analyses are not considered. Consequently, *scale* dominates *trends* leading to the

situation where sparsely populated areas are labeled as being “without potential”. For example, in the Free State, the arid towns of Jacobsdal and Jagersfontein more than doubled their economic output between 1996 and 2004 – albeit from a low base (scale). This makes these magisterial districts two of the three fastest-growing magisterial districts in the Free State. The important point here is thus that potential is relative to *scale*, which means that potential cannot always be determined relative to large urban agglomerations.

## **PART 2: CURRENT PROVINCIAL STRATEGIES**

### **1. Introduction**

In Part 1, we considered the official provincial developmental blueprints, the Provincial Growth and Development Strategies. These strategies are drafted at a very high level of abstraction, and often do not include the myriad ways in which various government activities continue within a specific geographic location. In this section of the report, we consider the work of a wide range of government departments.

For the purposes of this study, the primarily focus was on economic programmes, as well as productive infrastructure. Consequently, sectors such as household infrastructure received less emphasis. This does not mean that they are unimportant – in fact, the allocation of funding for household infrastructure in specific settings has far-reaching implications for spatial planning.

The main thrust of the study was to examine provinces’ responses to the National Spatial Development Perspective, and the apparent conclusion that the arid areas are regarded as having less economic potential than other parts of the provinces. The Western Cape, Eastern Cape and Free State tend to direct their developmental efforts to the non-arid areas. In the case of the Western Cape and Free State, this is because the arid areas seem to have so little economic potential compared with other developmental hubs. In the case of the Eastern Cape, the arid areas appear to be *too privileged*. It is only the Northern Cape which regards the arid areas as having significant economic potential. This is not surprising, of course, given the fact that virtually the whole Northern Cape is an arid area.

The sectors included in this profile are:

1. Spatial planning
2. Business support
3. Tourism
4. Agriculture
5. Land reform
6. Environmental management
7. Mining
8. Arts, culture, sport and recreation
9. Housing
10. Water and sanitation

11. Roads and transport
12. Public works
13. Poverty strategies
14. Multipurpose community centres
15. Social research.

## 2. Methodology

Several research trips were undertaken to the four provincial capitals, to interview provincial officials and other stakeholders. It was a mammoth task. It required four visits to Cape Town, one to Bisho/King William's Town, one visit to Port Elizabeth, one to Beaufort West, and three visits to Kimberley. Since the Centre for Development Support is based in Bloemfontein, it was relatively easy to access Free State provincial officials. The list of interviewed organisations is attached in Appendix A.

The main purpose of the visit was to ask provincial government officials about their views regarding current and future development in the Karoo. Although we had prepared a semi-structured questionnaire, the interviews tended to take the form of general brain-storming sessions. We asked interviewees about their activities in the Karoo, and whether they thought that additional effort and expenditure in that geographic area was warranted.

The findings are fairly uneven. This is due to several methodological problems experienced. It was not always possible to secure interviews with the appropriate officials (either they did not respond to requests, or they were unavailable). Also, the interviewees in different provinces were not always of the equivalent status, with the result that very different types of perspectives were obtained. Also, because the time spent with interviewees was extremely limited (40-60 minutes), it was sometimes necessary to deviate from the official questionnaire (see Appendix B), and to concentrate on issues which appeared to be of specific interest to that interviewee. All these problems reduced the comparability of the material.

The overriding impression, in all the provinces, was that the departments and organisations were eager to explore ideas about the further development of the Karoo. In particular, they were receptive to arguments that the Karoo may need to be developed holistically, across provincial boundaries, and across sectoral divisions. There was a lot of discussion about how such an initiative could be launched, and which agencies should participate or lead it. The interviewees were also interested in two other initiatives: (1) The experience of Desert Knowledge Australia, which promotes the integrated development of the Outback, and (2) the Arid Zone Ecology Forum in South Africa, which promotes ecological research in the Karoo.

The interviewees were invited to our planned strategic discussion on 13 September in Sutherland, and several officials expressed an interest in attending. There was a general sentiment that the economic potential of the Karoo needs to be documented, and we undertook to write a position paper in this regard.



### 3. Spatial planning

Spatial planning refers to the functions of towns and hinterlands within the arid areas, and the ways in which these areas are linked with localities outside their districts, regions and provinces.

Spatial planning can be done in one of two ways. It can either be a conscious attempt to focus on spatial issues, with the intention of planning the future development of specific localities, or it can be done “inadvertently”, when other sectors focus on the delivery of their specific services. A typical case would be Roads and Transport – since this sector has an intrinsically spatial dimension, it is likely that a Transport Department may have a coherent spatial strategy with widespread indirect consequences for localities.

The National Government’s national spatial development vision is described in the National Spatial Development Perspective (NSDP):

- Fostering development on the basis of local potential
- Focusing economic growth and employment creation in areas where this is most effective and sustainable
- Supporting restructuring where feasible to ensure greater competitiveness
- Ensuring that development institutions are able to provide basic needs throughout the country.

The most important conscious attempts to direct spatial planning is the drafting of provincial Spatial Development Frameworks. There are several requirements for SDFs:<sup>10</sup>

- They must be consistent with national development frameworks
- They must co-ordinate and integrate the spatial aspects of the plans and programmes of the various provincial departments and agencies
- They must co-ordinate district spatial plans
- They must contain a conceptual framework reflecting desired spatial growth patterns in the province
- They must aim at the correction of past spatial imbalances
- They must promote linkages between settlement development and appropriate transport infrastructure and systems
- They must foster spatial development in such a way that resource are invested optimally and areas of potential are promoted
- They must identify the key spatial development issues, nodes and zones where development can be encouraged.

In this context, it is important to ask how the four provinces understand the economic potential of the arid areas. Clearly, the arid areas are not the areas with maximum

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<sup>10</sup> Drawn from Free State Spatial

economic potential in these four provinces. They cannot compete with cities such as Cape Town, Port Elizabeth, Bloemfontein or Kimberley. But what, then, is the potential of the arid areas?

## 1. Western Cape

The Western Cape has dedicated a great deal of effort to spatial planning. It has a strong planning unit in the Department of Environmental Affairs and Development Planning. The MEC has appointed a special team to draft credible Spatial Development Frameworks for the 15 leader towns in the Western Cape. However, they don't have a specific sectoral approach to the Karoo.<sup>11</sup> There is, as yet, no interaction across provincial boundaries. The main focus is on bioregional planning, which brings together the three dimensions of social, ecological and economic planning. Officials felt that there is a need to bring the environmental issues through more strongly at district level.

Unlike the Western Cape PGDS, the provincial *Spatial Development Framework*<sup>12</sup> is more positively oriented towards the arid hinterland. It also accepts – uncritically – the fact that the hinterland is an arid area, characterised by depopulation. But it acknowledges that it has a high degree of human development problems (although there are relatively few people). The Framework makes a useful contribution by noting that the key priorities are veld management, biodiversity conservation, and stock carrying capacity, and that desertification is taking place, due to climate change.

The *Spatial Development Framework* explicitly recognises that certain Karoo towns have developmental potential. It recommends reinforcing the urban efficiencies of settlements with economic potential, such as Beaufort West, Prince Albert and Laingsburg. It also proposes supporting the work of institutions such as the Department of Agriculture and the SA National Biodiversity Institute to veld management programmes.

Beaufort West is particularly important, because it has been declared a Presidential Development Node. This encourages all government departments to establish offices and programmes in the town.

## 2. Eastern Cape

The Eastern Cape has a Spatial Information Management Unit, based in the Office of the Premier. The main function of the Unit is to collate and present spatial data, including roads, schools, health, police services, nature reserves and soil types.<sup>13</sup> At a district level, spatial planning is being done by the Cacadu District Municipality, which identified three growth nodes: Grahamstown-Port Alfred, Humansdorp-Jeffreys Bay, and Graaff-Reinet.<sup>14</sup>

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<sup>11</sup> Interview, Department of Environmental Affairs and Development Planning.

<sup>12</sup> Western Cape *Spatial Development Framework*, 2005, p. 8-76.

<sup>13</sup> <http://gis.ecprov.gov.za>.

<sup>14</sup> Centre for Environmental Management and University of the Free State, "Introductory State of the Environment for Cacadu District", 2006, p. 31.

In the Eastern Cape, the Cacadu DM is seen as a relatively advanced area in the Eastern Cape. It has relatively high levels of services compared to the eastern part of the province.<sup>15</sup> There are also barriers to community-based development. For example, the Karoo is generally freehold land tenure. This raises the question of how to deal with private land, and this constrains the ability of the state to use land as a lever for development. Finally, there is a shift from livestock to game farming and tourism, and there has been a widespread increase in property prices, which creates greater barriers to entry for new-comers. We need to understand what is driving this growth and who benefits from it. Tourism is almost totally white-owned (there are no black-owned game farms). This raises issues of redistribution and equity. For example, empowerment projects are required in the Baviaanskloof Reserve. The small towns are growing, but the trigger is property, trade and finance (loan sharks), and this worsens the poverty cycle and leads to social dysfunctions.

For these reasons, the Eastern Cape Government tends to be reluctant to regard the Karoo as a development priority area.

Nevertheless, key development officials in the Eastern Cape were positive about possible development projects in the Eastern Cape Karoo. The Eastern Cape Development Corporation (ECDC) has a focus on developing the rural economy. There are several large impending projects. The Umzimvubu Catchment Scheme will cost R26 billion. It will enable water transfer to the Orange River, which can then be diverted into the Sundays River in the longer term, which will promote irrigation farming in the Eastern Cape Karoo.<sup>16</sup>

The Karoo has insufficient water for industry. The quality of surface water and underground water is poor. However, there are possible arid areas products which can be promoted in the Karoo, for example, buchu and agave (for tequila as well as fibre).

The ECDC has identified 10 possible rail corridors. Branch lines will soon be transferred to the provincial governments. The ECDC will extend the Apple Express to Herald, so that people can visit Oudtshoorn. This will create a link between George and Knysna. The train between Graaff-Reinet and Middelburg can be re-activated.

Tourism can be promoted by boosting the fossil and dinosaur heritage of Graaff-Reinet. Graaff-Reinet, which is surrounded by a national park, offers major tourist opportunities. A Karoo Meander may be possible, whereby enterprises market each other. According to the ECDC, tourism routes should cut across provincial boundaries.

In addition to the ECDC, strategic guidance in the province is provided by the Eastern Cape Socio-Economic Consultative Council (ECSECC), which is situated in the office of the Premier. ECSECC is a Section 21 company, which functions as a Think Tank. Its advisory board consists of SACOB, NAFCOC, COSATU, SALGA and Higher Education institutions. It promotes collaboration between provincial and local government. The Policy Development Unit assists municipalities with their IDPs, and with co-ordinating national and provincial initiatives.

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<sup>15</sup> Interview, ECSECC.

<sup>16</sup> Interview, ECDC official.

Key projects of relevance to the Karoo include Lake !Gariep (a co-operative venture with the Northern Cape and Free State Governments, around the Gariep Dam); rail tourism, niche agricultural products; research on water rights, particularly along the Orange River (there is a possibility of creating water trading rights, as is the case in Western Australia); lime deposits in the Karoo, near Klipplaat; and wool processing, which could be linked to small-scale wool washing (possibly in the Colesberg area). There is a need for a study of desert products.

The NSDP will require a development focus on areas with maximum developmental leverage, to address poverty issues. But this may have the unintended consequence of promoting urbanisation. Hence it will be important to consider how developmental resources are allocated. We need more in-depth research on the developmental potential in purportedly “low-potential” areas. For example, we can learn from the R62 route, which has been well advertised, and is becoming highly developed. The Midlands Meander in KwaZulu-Natal also presents a good example. Other opportunities are available to meet local demand, such as bread-baking, furniture making and sheepskin products.<sup>17</sup>

### **3. Northern Cape**

The Northern Cape has delineated several spatial principles, as part of its PGDP.

#### **Is there a spatial plan?**

The Northern Cape is South Africa’s largest province, occupying 30% of the total South African land area. However, it has the smallest population with less than 1 million people.<sup>18</sup>

The Northern Cape straddles several arid and semi-arid vegetation zones, including the Karoo, Kalahari, Namaqualand, and the Richtersveld. Apart from a narrow strip of winter rainfall area along the coast, the Northern Cape has a sparse summer rainfall with high temperatures. Winters are bitterly cold and dry, usually with frost. It has a wealth of archaeological and cultural heritage sites, and many natural attractions, based on its geology and climate.

The Northern Cape’s strongest economic sectors are agricultural and mining, but with growing tourism and business sectors.<sup>19</sup> The Northern Cape is an important contributor to South Africa’s primary agricultural production. Sheep farming is the mainstay of the farming industry.

The province is experiencing rapid growth in value-added activities, such as food production and processing for the local and export market. Much of this is in the arid areas. In the fertile Orange River Valley, grapes and fruit are intensively cultivated. Table grapes and raisins, largely for the export market, are produced. Wheat, fruit, peanuts, maize and cotton are produced at the Vaalharts Irrigation Scheme near

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<sup>17</sup> Interview, SEDA official, Port Elizabeth.

<sup>18</sup> Department of Water Affairs and Forestry, *Status of the Water sector in the Northern Cape: Achievements and Challenges*, March 2006, p. 1.

<sup>19</sup> Gaffneys, *Local Government in South Africa, 2004-2005*.

Warrenton. A growing mariculture industry is being established along the West Coast.

The Northern Cape is extremely rich in minerals, with the country's chief diamond-bearing regions found principally in the Kimberley area. Alluvial diamonds are extracted from the beaches and sea between Alexander Bay and Port Nolloth. The Sishen mine near Kathu is the largest source of iron ore in South Africa, with the heavy load-bearing Sishen-Saldanha railway line constructed specially to transport the ore to Saldanha Bay harbour. The copper mine at Okiep is one of the oldest mines in the country. Copper is mined at Springbok and Aggeneys. The province is rich in asbestos, manganese, fluorspar, semi-precious stones, and marble.

The Northern Cape has several major tourist attractions, which are growing in popularity. These include the Namaqualand spring flowers, the Karoo vastness, the Kuruman 'eye' (perennial fountain), the Orange River vineyards, the Kalahari game parks, the Augrabies Falls on the Orange River, the Fish River Canyon, the Big Hole in Kimberley, and traditional San settlements.

The arid areas feature significantly in the spatial planning of the province. The four main nodes are Kimberley, Upington, the West Coast, and De Aar. The Department of Economic Development is promoting the Regional Industrial Development Strategy in various localities in the Northern Cape, including a diamond hub in Kimberley, a cargo hub in Upington, and a mariculture park along the West Coast.<sup>20</sup>

The Department facilitated establishment of the Lower Orange Regional Development Activator (LOREDA) in collaboration with United Nations office of Project Services, with the aim at promoting and supporting local economic development and business development in the Lower Orange Region. A key project is the development of the Upington Airport as an International Cargo Hub. The Government of Finland has committed support to the Northern Cape with the Development of the Information Society Strategy and Development Plan, which will focus on the SMME sector.

The Department of Economic Development promotes the concept of Reverse Engineering, whereby inputs for agriculture and mining are manufactured in the Northern Cape. This is intended to reverse the situation whereby the mines draw millions of rands from the province but the populace remains poor. The Professional Mining Procurement Initiative analyses the role that mines can play in communities. Kumba has created a Super-Trust, which is already worth over R1 billion. In the first year, it made R7million in dividends. This will be utilised in Kgalagadi District Municipality.

Specific arid areas opportunities are the following:

- Mariculture in Namaqualand and Kleinsee, including abalone farming at Hondeklip Bay
- Commercialisation of goat production, by means of co-operatives
- Revitalisation of railways in De Aar – but the problem is that there is not enough freight available, because this area is competing with the cities.

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J. Meyer, "Economic Overview", Presentation, 17 May 2007.

- Ecotourism and golf estate in Prieska (Die Bos projek.
- SKA Telescope
- The Northern Cape tourism brand
- 2010 – attempt to get soccer teams to visit Kimberley.
- High-speed vehicle testing in dry areas (between Upington and Springbok), primarily by German companies.
- The Upington Cargo Hub.

Specific problems which face the Northern Cape are:

- The shortage of fund for road maintenance (R 1 800 m shortfall)
- The brain-drain
- There is competition with the Western Cape about the marketing of Hoodia.

It is important, in terms of the NSDP, to work out what the economic advantages of specific areas are. The Department must create spatial profiles for the different areas in the Northern Cape.

However, there is a strong trend towards out-migration from the Northern Cape. Ilse Eigelaar-Meets has found that the Northern Cape Province, together with Limpopo and the Eastern Cape, is characterized as one of the main sending areas of migrants to the nine primary urban and metropolitan centres of South Africa. Census data for the periods 1992-1996 and 1996-2001 reveal a net loss in inter-provincial migration for the Northern Cape. Of note moreover is the fact that these out-migration rates are shown to be 4,4 and 6,7 percent respectively for these periods. Not only are these the highest provincial out-migration rates for the country during these periods but they also point to the largest rate increase from the earlier to the later period.<sup>21</sup>

#### **4. Free State**

In The Free State's *Spatial Development Framework*<sup>22</sup>, towns are thus classified as having a High Combined Development Potential, Above Average Combined Development Potential, Below Average Combined Development Potential and Limited Combined Development Potential. Towns are also classified as having a High Development Need, Above Average Development Need, Below Average Development Need and Limited Development Need.

In the Southern Free State, Trompsburg is identified as an administrative centre.

Economic nodes are localities where economic growth will be promoted. A variety of activities will tend to cluster in and around these nodes. The nodes offer development potential and needs to be stimulated in order to concentrate growth. The potential for growth is informed by the strengths and opportunities presented by each node. These

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<sup>21</sup> Ilse Eigelaar-Meets and Simon Bekker: "Where have all the young ones gone? Migration patterns in the Northern Cape Province of South Africa at the beginning of the 21<sup>st</sup> Century", unpublished paper.

<sup>22</sup> Free State Province, *Provincial Spatial Development Framework*, 2007, p. 40.

nodes should therefore be developed in order to draw investment to regions.<sup>23</sup> None of the southern Free State towns are identified as general economic nodes.

However, Jacobsdal in the Xhariep district is nominated as a specialized node, because of its role in agro-processing.<sup>24</sup> Gariepdam and Philippolis are identified as important Tourism Nodes within the Xhariep District, based on their predominantly resource and heritage tourism potentials respectively. The Lake Xhariep Tourism Project for the Gariep Dam will establish an important cross-border tourism node with the Northern Cape and Eastern Cape Provinces.

Tourism routes are scenic routes linking tourist destinations. These routes will therefore support development focusing on the hospitality and tourism industry along it. Tourism signage to promote the tourism destinations along routes should get priority. Three tourism routes on regional scale have been identified, viz. (1) The Diamond and Wine Route linking Kimberley with Jacobsdal, Koffiefontein, Fauresmith, Jagersfontein and Philippolis, and (2) the Xhariep Route linking the Xhariep Dam with Bethulie, Smithfield, Rouxville and Zastron, where it links up with the Maloti route. This route follows the proposed Southern Xhariep Tourism Zone.<sup>25</sup>

Commercial agriculture zones are the larger agricultural land units that accommodate a diversity of agricultural production for the commercial market. A commercial agricultural zone constituting a large portion of the Xhariep District accommodates a variety of mixed farming.<sup>26</sup>

Nature Reserves and Conservancies nodes are localities protected by legislation for its environmental quality. The Gariep Dam Nature Reserve, Tussen die Riviere Nature Reserve, and Kalkfontein Dam Nature Reserve, together with a large number of conservancies/ game farms are located in the Xhariep District. Development in these areas should be sensitive towards these natural features.<sup>27</sup>

Services centres are those urban nodes, which have not been identified as Economic Nodes (Economic Hub, Collective Economic Nodes, Specialised Economic Nodes) or NSDP Category of Potential Specific Nodes, will continue to exist as services centres to their surroundings. These towns should be developed with social services in support of those areas where growth will be experienced. It is therefore proposed that attention should be paid to education, health and social infrastructure in these services centres so that the quality of life of people staying there can be improved, and necessary skills be obtained.<sup>28</sup> Virtually all small towns are identified as services centres.

#### **4. Local Economic Development and Business Support**

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<sup>23</sup> Free State Province, *Provincial Spatial Development Framework*, 2007, p. 45.

<sup>24</sup> Free State Province, *Provincial Spatial Development Framework*, 2007, p. 48.

<sup>25</sup> Free State Province, *Provincial Spatial Development Framework*, 2007, p. 55.

<sup>26</sup> Free State Province, *Provincial Spatial Development Framework*, 2007, p. 58.

<sup>27</sup> Free State Province, *Provincial Spatial Development Framework*, 2007, p. 53.

<sup>28</sup> Free State Province, *Provincial Spatial Development Framework*, 2007, p. 44.



This section refers primarily to urban economic development (agriculture is dealt with in the next section). The Western Cape is remarkable because it has a wide range of support mechanisms for small businesses. Beaufort West is seen as an important delivery point for such services. In contrast, the Eastern Cape, Free State and Northern Cape rely primarily on the national government-driven SEDA initiative (Small Enterprise Development Agencies).

## 1. Western Cape

The Western Cape already enjoys a real GDP growth rate of 5.3% (compared to 4.5% for the rest of South Africa). It aims to reach 6%, sustained over the medium term.<sup>29</sup> It has several innovative approaches to assist business development, and these have also been extended to the remote Karoo areas. There is a particularly strong focus on resource beneficiation (including agriculture) and service industries (particularly tourism).

The Western Cape has a very strong business promotion strategy, called the *Micro-Economic Development Strategy* (MEDS).<sup>30</sup> This strategy co-ordinates a wide range of initiatives, which includes a wide range of sectors, from crafts and tourism to agriculture and communications. The MEDS is a core component of the Western Cape's *iKapa Eli-Hlumayo* strategy.

The Western Cape's most important SMME support programme is the "Red Door". "RED Door" stands for "Real Enterprise Development". This programme is implemented, on behalf of the Provincial Government, by CASIDRA<sup>31</sup>, a private development company in which the provincial government is the only share-holder.

The RED Door concept involves the one-stop-shop idea where SMMEs are able to access a single point to seek assistance. An entrepreneur will be guided ("hand-held") through his/her business journey ensuring that optimum success is achieved. This will further be enhanced by providing internet access at these centres. The RED Doors will offer intensive training assistance programme to SMMEs, which will be affordable and relevant. In the arid areas, there are Red Door centres in Oudtshoorn, Beaufort West and Vredenburg.<sup>32</sup>

RED Door offers loans in the R1000-R15000 range.<sup>33</sup> The Real Economic Assistance Fund (REAF) supports the development of pilot pioneering projects in rural areas.<sup>34</sup> In particular, community-based projects are targeted which can contribute to building small-town economies. Projects like the Creative Home Industries in the Central Karoo are providing an umbrella for a number of small projects to ensure that they can build linkages with initiatives such as the Hydroponics company in Beaufort West. Another example is the essential oils project in the Central Karoo. The programme has found that "The greatest challenges ... lie in the

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<sup>29</sup> Department of Economic Development and Tourism, *Annual Report 2005-6*, p. 19.

<sup>30</sup> MEDS Implementation Plan, January 2006.

<sup>31</sup> Department of Economic Development and Tourism, *Annual Report 2005-6*, p. 12.

<sup>32</sup> Drawn from J. Boule, *Jobs for Growth Mapping Study*, for ASGISA, October 2006, p. 38.

<sup>33</sup> Interview, RED Door, Beaufort West.

<sup>34</sup> Department of Economic Development and Tourism, *Annual Report 2005-6*, p. 68.

lack of skills and capacity of the implementing partners and local municipalities, especially those located within the rural areas”.

A total of 1869 clients visited the Red Door office in Beaufort West in the 2005-6 year; 1462 people visited the Oudtshoorn office; and 670 people visited the Vredenburg office.<sup>35</sup>

WESGRO is the Western Cape’s own Development Corporation. Its role is to attract investment, whether domestic or foreign, and to promote exports. WESGRO provides economic data and information to the District and Local Municipalities, via the “Plekplan” managers (see below).

WESGRO is unusual in having a cross-border focus, and is assertively promoting the “Western African Trade Corridor”, which includes countries from Namibia to Nigeria and The Gambia in West Africa.<sup>36</sup> WESGRO also functions in collaboration with partners such as Cape Town Routes Unlimited (CTRU) to promote tourism. The principle of partnerships is a key basis for WESGRO’s activities.

WESGRO has launched several Export Development Programmes. In the Western Cape, 42% of the provincial exports are constituted by agricultural goods, processed food and beverages<sup>37</sup> – sectors which may have implications for the Karoo. For example, it is currently promoting natural products in Denmark and Sweden.<sup>38</sup> WESGRO has created a data-base of natural products producers; there are 180 producers of natural products in the Western Cape. WESGRO has a Global Business Intelligence Unit, to keep firms abreast of developments in the global economy and to link firms to relevant business opportunities.<sup>39</sup>

WESGRO’s activities have potential significance for the Karoo:<sup>40</sup>

- Promotional support to exporters through strategic outward missions
- Training of SMEs and entrepreneurs, in the technical process of exporting (this is also aimed at “platteland traders”)
- Promoting exports by means of collaboration with SEDA, Red Door, NAFCOC, NAFU, Agri Academy, CASIDRA and District Municipalities
- Penetrating new markets and increasing the province’s presence in traditional markets;
- The updating of existing enterprise databases and development of new databases
- Leveraging intelligence from business partners at national, international and provincial level
- Dissemination of local and global intelligence for key markets and sectors
- Dissemination of trade leads and investment opportunities
- Advocacy on key policy factors which impact on Western Cape exporters and investors

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<sup>35</sup> Department of Economic Development and Tourism, *Annual Report 2005-6*, p. 21.

<sup>36</sup> Wesgro, *Annual Report 2005-6*, p. 9.

<sup>37</sup> Wesgro, *Annual Report 2005-6*, p. 25.

<sup>38</sup> Interview, WESGRO officials.

<sup>39</sup> Wesgro, *Annual Report 2005-6*, p. 12.

<sup>40</sup> Wesgro, *Annual Report*, 2005-6, p. 28; 29; 36; 40; 65; 66.

- Inputs into Government's economic policy processes.

However, it seems that the Karoo has not yet featured prominently in WESGRO's activities. There are, however, specific initiatives which could promote development in the arid areas:<sup>41</sup>

- The importance of agri-processing as a priority sector: The Western Cape Beneficiation Initiative will focus on value-adding products, for example, medicinal and agri-fibre products based on fynbos cultivation.<sup>42</sup>
- The possible establishment of a pallet, crate and dry rack manufacturing plant in Laingsburg
- The possibility of a wind farm development on the West Coast
- The promotion of the Beaufort West hydroponic project, which provides vegetables and herbs to Woolworths.

Interprovincial collaboration would be ideal, and Wesgro interviewees stated that they would encourage collaboration with other provincial development corporations. They admitted that separate provincial efforts are not cost-effective.

The Western Cape also strongly promotes the support of Local Economic Development (LED) at municipal level. The major focus is on building capacity to undertake economic development work on the ground in municipalities and townships; establishing economic development units (EDUs) in municipalities; obtaining and maintaining key base data for economic decision-making; and assisting in broadening and deepening the Integrated Development Programmes (IDPs) of municipalities.

The Department of Economic Development promotes *Die Plek Plan* programme, to provide fully trained and equipped LED staff into outlying regions. For example, a WESGRO official has been appointed in Beaufort West to draw up a Plek Plan for the Central Karoo. The CSIR's Cape Town office is also providing support to the PlekPlan managers. International business opportunities will be identified for non-metro areas. The following industries are regarded as key possibilities for rural areas<sup>43</sup>: tourism, information and communications technology, film and creative industries, renewable energy and agri-business.

WESGRO officials felt that the Karoo should be marketed as a tourism destination. It would be helpful to list the number of ecotourism and game farm operators, and the branding of Karoo lamb needs to be promoted. Investments into the Karoo small towns are required.

Under the erstwhile LED programme of the Department of Provincial and Local Government (DPLG), several projects were funded in the arid areas of the Western Cape:

**Table : List of DPLG LED projects in the Central Karoo, West Coast and Little Karoo<sup>44</sup>**

<sup>41</sup> Wesgro, *Annual Report*, 2005-6, p. 41

<sup>42</sup> Department of Economic Development and Tourism, *Annual Report 2005-6*, p. 123.

<sup>43</sup> Interview, WESGRO officials.

<sup>44</sup> Source: DPLG project list. Drawn from: Drawn from J. Boule, *Jobs for Growth Mapping Study*, for ASGISA, October 2006, p. 35.

District Municipality	Local Municipality	Project
Central Karoo	Beaufort West	Leather Craft and Development Project
Central Karoo	Beaufort West	Tourism Development and Training Project
Central Karoo	Beaufort West	Arts and Crafts Village
Central Karoo	Laingsburg	Laingsburg Flood Route Tourism Project
Eden	Oudtshoorn	Establishing Composting Enterprises
Eden	Garden Route	Uniondale Integrated Empowerment Project
Eden	Kannaland	Recycling and Crafts Project
Eden	Oudtshoorn	Sebenselo Impilo Project

It is not clear which of these are still functional.

The 2005 Imbizo in the Central Karoo DM identified the need for a detailed LED Strategic and Implementation Plan, as well as a Human Resource Development Plan to support the LED strategy. By August 2006, district LED plans had apparently been completed, and LED plans for local municipalities were finalized.<sup>45</sup> By February 2007, the LED strategies were in place and the community participation process had been completed.

The CSIR Technology Transfer for Social Impact (TTSI) programme assists three projects in Beaufort West –fresh herb production using hydroponics, essential oil production, and leather products manufacturing. The hydroponic project employs at least 54 people, which will soon increase to 80 people.<sup>46</sup> Marketing is done through Woolworths. Total investment is R800 000, invested by the Department of Science and Technology.<sup>47</sup> The CISR is also involved in a leather production project in Beaufort West and Laingsburg, which involved an investment of R4 million.

Other LED projects are also being implemented in the Central Karoo:<sup>48</sup>

- *Prince Albert Pont*, to promote tourism and SMMEs. Total investment is R5 million, and funding by the Department of Environmental Affairs and Tourism (DEAT) has been approved. The planning phase is completed and implementation will soon be underway.
- *Tourism Gateway project*, linked to tourism and SMME development, with a total investment of R4,8 million, and DEAT funding is approved.
- *People and Parks project*, linked to tourism and conservation, at a total investment of R7.4 million.

In addition, the Western Cape has launched the “1000x1000 Campaign”. The Department of Economic Development and Tourism provides 1000 unemployed

<sup>45</sup> Information provided by the Department of Provincial and Local Government, Western Cape.

<sup>46</sup> P.J. Pillay, B. Brown and A.G.E. Webb, “Applying the multi-disciplinary abilities of a Science Council to stimulate local and regional economies by the creation, development and support of technology rich businesses that provide sustainable job opportunities”, First All Africa Technology Diffusion Conference, 2006, p. 9.

<sup>47</sup> Central Karoo Lekgotla Report, Draft Version, January 2007, p. 29.

<sup>48</sup> Central Karoo Lekgotla Report, Draft Version, January 2007, p. 29.

people, R1000 each to start their own businesses. Beneficiaries need to have a good business idea and will obtain free advice. To date, 818 business plans have been submitted with 626 being approved. The R1000 payout system has been finalized with CASIDRA and ABSA and is being implemented and payout is dependant on the approval of their business plans and the signing of a contract with CASIDRA. The payouts started in the West Coast on 30 May 2006.

Furthermore, DEDAT, in partnership with many local authorities and a non-governmental organization, has also established *Library Business Corners* in almost all of the public libraries throughout the province. Centres exist in the following towns in Oudtshoorn, Laingsburg, Beaufort West, Mossel Bay, Prince Albert. These initiatives provide access to books, journals, videos and newspapers on small business, NGO pamphlets on small business, access to, fact sheets on frequently asked business questions, a place to display business cards and products, information on trade fairs and export support and Information on training and mentorship for SMMEs.<sup>49</sup> In 2005/6, the budget for the Library Business Corners was R250 000.<sup>50</sup>

## **2. Eastern Cape**

Strategic oversight for LED support is provided by the Eastern Cape Socio-Economic Consultative Council (ECSECC). ECSECC has produced a report on the capability of local governments in the implementation of LED. The report analysed four major aspects, viz. development facilitation, governance and administration, service delivery, and regulation.<sup>51</sup>

ECSECC liaises with the European Union's LED Programme, called *Thina Sinako*, which functions in partnership with the Eastern Cape Provincial Government. This is a R300 million initiative, which has different components, such as the capacity-building of municipalities, to promote and facilitate LED, and funding for locally competitive industries. The EU can also fund study visits to Europe.

The Thina Sinako Provincial LED Support Programme has received resources for the following services:<sup>52</sup>

- Planning, research and financial support to assist municipalities in removing barriers to enterprise growth and in strengthening their LED facilitation role.
- Technical and financial support to local partnership groups in preparation of competitiveness action plans, and in the fast-track implementation of selected projects.
- Financial support to enterprises (including cooperatives) that are part of partnership groups that have been supported by the Programme.
- Financial support to financial institutions to pilot innovative means of providing sustainable access to finance necessary to capitalise on this advantage.

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<sup>49</sup> Drawn from J. Boule, *Jobs for Growth Mapping Study*, for ASGISA, October 2006, p. 40.

<sup>50</sup> Department of Economic Development and Tourism, *Annual Report 2005-6*, p. 24.

<sup>51</sup> ECSECC, *Annual Report 2005-6*, p. 13.

<sup>52</sup> [www.thinasinako.co.za](http://www.thinasinako.co.za).

- Leveraging of learning to strengthen policy, practice and institutional support mechanisms. Key support activities include communication of Programme activities, capturing of learning, support of governance arrangements, and training support.

A project in Graaff-Reinet has just received funding from the Thina Sinako Programme. It is an aquaculture project, which will promote the cultivation of fish in farm dams, an activity which will empower farm workers' wives.

Furthermore, the German donor agency GTZ has launched a Participatory Approach to Competitive Appraisal (PACA) initiative. The GTZ LED Programme and its partners believe that one of the best ways to assist in overcoming the multiple challenges to local and regional economic development is to introduce an efficient, effective and low-cost approach to empower local and district municipalities to start LED processes and take up local or regional economic opportunities.<sup>53</sup> PACA assists with the transfer of know-how, experiences and good practices from around the world to South Africa, adapting international strategies and instruments to local circumstances or, in other cases, creating new solutions that particularly address South Africa's situation. Most of these approaches are participatory in their approach, and attempt to mobilise the local stakeholders (public and private) into LED processes that build and improve the competitiveness of a locality. PACA holds workshops with local stakeholders to discuss local economic potential.

As far as support for small business is concerned, the Eastern Cape relies on the Small Enterprise Development Agencies (SEDAs), promoted by the national Department of Trade and Industry. A provincial office of SEDA is located in Port Elizabeth.

The SEDA system will include a branch office in each District Municipality. In each Local Municipality, Enterprise Information Centres (EICs) will be created, to provide business assistance and mentorship. The system is funded by the Department of Trade and Industry. SEDA in Port Elizabeth is currently signing an agreement with Cacadu District Municipality. Satellite areas will be base in Jeffrey's Bay, Graaff-Reinet, Somerset East and Cradock.<sup>54</sup> The problem with the partnership with District Municipalities, is that many of them do not have the capacity at this stage to promote economic development.<sup>55</sup>

According to a SEDA official, economies of scale in commodity-based industries are needed, to create clusters with a critical mass. Vertical value-chains in such industries need to be promoted. Furthermore, high-profile initiatives such as the Bavianskloof cross provincial boundaries (in this case, Eastern Cape and Western Cape).

### **3. Northern Cape**

The Northern Cape's approach to SMME support differs significantly from that of the Western Cape and Eastern Cape. The Western Cape has a number of programmes which are implemented throughout the province; the Eastern Cape's SMME approach

<sup>53</sup> Khanya-AICDD, Local Economic Development Newsletter, Issue 3, April 2006. Found at [http://www.khanya-aicdd.org/photo\\_root/newsletters/led3/lednewsletter%203.htm](http://www.khanya-aicdd.org/photo_root/newsletters/led3/lednewsletter%203.htm).

<sup>54</sup> Interview, SEDA, Port Elizabeth.

<sup>55</sup> Interview, SEDA, Port Elizabeth.

is primarily based on donor support. The Northern Cape's approach consists of a wide range of smaller programmes and projects, as a response to specific opportunities.

However, one common feature that runs throughout these provinces is the growing role played by District Municipalities. The MEC for Housing and Local Government announced in 2006 that his department was in partnership with the Department of Economic Affairs to improve LED. All DMs have subsequently convened District Growth and Development Summits and began a process of drafting implementable LED strategies. All of these will need to be aligned with the NSDP, the PGDS, and with ASGISA.<sup>56</sup>

The key Department in this sector is the provincial Department of Economic Affairs. Its budgeted expenditure for 2006/7 is R67,571 million, and this is expected to grow to R75 million by 2008/9.<sup>57</sup>

Economic profiles have been completed for each of the districts, to determine the potential of the various towns.<sup>58</sup> In each District, an LED Forum is being created. The District Municipalities also have their own growth strategies. The Department is examining the Districts' plans and strategies, so that it can assist the DMs' to build their capacity to implement these strategies. The Department allocated R800 000 to each DM, so that they could source technical support to write their strategies.

Numerous SMME promotion initiatives have already been undertaken in the Northern Cape. In 2001, the Department of Economic Affairs has created four Local Businesses Services centres (Kimberley, Kuruman, Namaqualand and Upington).<sup>59</sup> These centres will now function as SEDA offices. In 2006, the provincial SEDA office was established in Kimberley. It planned to launch the Frances Baard, Siyanda, Namakwa and Pixley ka Seme Regional Offices during 2006. An Enterprise Information Centre (EIC) is located in Kimberley.<sup>60</sup>

The Northern Cape Economic Development Agency (NCEDA) is responsible for practical business support and promotion in the province. It is an independent Section 21 Company, reporting to the MEC for Economic Affairs. It functions as a partnership between the IDC (Industrial Development Corporation) and the Provincial Government.<sup>61</sup> It identifies key projects, provides advice on business proposals and project implementation, facilitates the funding of projects, and promotes partnerships.<sup>62</sup> NCEDA focuses on agriculture, tourism and mining. It finds investors or partners for specific projects. It conducts feasibility studies, but does not make capital funding available. NECA typically works with municipalities and government departments.

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<sup>56</sup> MEC van Wyk's Budget Speech 22 June 2006.

<sup>57</sup> National Treasury, *Provincial Budgets and Expenditure Review*, 2002/3 to 2008/9, p. 265.

<sup>58</sup> Interview, Department of Economic Affairs, Northern Cape.

<sup>59</sup> MEC for Economic Affairs, Budget Speech 2001  
<http://www.northern-cape.gov.za/index.asp?inc=departments/economic/budget.htm>

<sup>60</sup> Address by MEC for Finance and Economic Affairs, Budget Vote, 22 June 2006.

<sup>61</sup> Interview, NCEDA official.

<sup>62</sup> <http://www.northern-cape.gov.za/ncpgds/smme/sec1.pdf>.



NCEDA is currently being restructured as a broader investment agency, to be funded by the Department of Economic Affairs, with an improved budget. It may become a business funding organisation.

NCEDA is particularly active in Siyanda District, Pixley ka Seme and Namakwa. For example, it has launched projects in Kakamas, Onseepkans, Riemvasmaak, and Upington. Some of its projects include citrus, pomegranate and fig production. In Upington, it has initiated a hydroponic vegetable project. It often works in partnership with the Northern Cape Department of Agriculture. In Pixley ka Seme, NCEDA is promoting two tourism projects, at Prieska (a R50 million golf course, water sports facility and nature reserve), and the Douglas Resort, at the confluence of the Orange and Vaal Rivers (it will include a conference centre, facilities for mass events, chalets and camping).

NCEDA is also interested in several other development initiatives, including promoting steam train tourism, the cargo hub in De Aar, and tourism along the Orange River.

The national Manufacturing Advisory Centre (NAMAC) has an office in Kimberley.<sup>63</sup> NAMAC assists small, medium and micro-enterprise (SMME) manufacturers improve their competitiveness and growth in the local, national and international market places. The MAC Programme's vision is to supply high-quality advisory services to existing manufacturing SMMEs to ensure a quantum improvement in their quality, competitiveness and productivity. The emphasis is on Historically Disadvantaged Individuals' businesses, and the aim is to improve these businesses over time by enabling them to join the mainstream economy and eventually become sustainable exporters. The MAC Programme's target market is small and medium-sized manufacturing enterprises that employ up to 200 individuals. NAMAC will now be integrated with the SEDAs.

But levels of private sector development in the Northern Cape remain low, and the province lags in SMME development and BEE<sup>64</sup>. According to the PGDS, "There is a need for a better integrated and targeted approach to SMME development". Provincial support for SMMEs needs to be increased. This includes:

- Market access
- Training and technical assistance
- Infrastructure
- Technology
- Market development
- Financing mechanisms
- Incorporating BEE into sector development strategies
- Promoting science and technology
- Better planning for future skills requirements
- Better training of the unemployed

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<sup>63</sup> <http://www.macinfo.co.za>.

<sup>64</sup> Northern Cape, *Provincial Growth and Development Strategy*, p. 20

During 2006, a Provincial SMME Strategy was developed. The Provincial Government –planned promote LED by assisting municipalities with regards to (1) co-operatives development, (2) franchising business opportunities, and (3) networking facilitators courses. The Northern Cape Department of Economic Affairs also intends establishing the Northern Cape Investment and Empowerment Promotion Agency (NCIEPA) that will work with other agencies to make the Northern Cape an investment destination of choice.<sup>65</sup>

Through ASGISA, the Northern Cape Province has identified several key economic initiatives:<sup>66</sup>

- A diamond cutting and polishing factory
- Jewelry making
- The establishment of a Gemology School
- Space and astronomy projects at Sutherland.

The Northern Cape has developed a Social Accounting Matrix (SAM) to use in guiding and evaluating economic policy such as household income distribution and growth sectors. The SAM will enable the analysis of the macro-economic impact of anchor projects in the province.<sup>67</sup> The SAM will enable the province to restructure its economic base, through the identification of economic sectors that have strong linkages and multipliers. In addition, the Province will focus on the development of a Human Resource Strategy, to address skills shortages in the province.

An additional initiative is a new electronic database customised for the SMME sector in a highly operative and user-friendly way. The database - an electronic software package designed by the CSIR Division for Information and Communications Technology - is called inTouch Africa® and provides a case history and performance record of each SMME registered on it. The program has been implemented in the Northern Cape province as a pilot project, and other provinces are now geared to follow. In implementing the program in the Northern Cape, local business support centres (LBSC's) have been equipped with the software package, while their staff have been trained in the applications. The practical value of inTouch Africa is that the program makes extensive operational info about any SMME registered in the system. Such information can then be used in decisions regarding allocation of tenders, service capacity, and networking choices.

The Northern Cape has adopted a special focus on promoting co-operatives, and has decided to use existing policy frameworks, such as the Preferential Procurement Act, to promote broad-based participation in the provincial economy.<sup>68</sup>

The Northern Cape is taking several initiatives to promote the economic future of the youth. The Integrated Youth Development Strategy was launched in 2006. The Northern Cape Youth Fund, in partnership with ABSA and the Umsobomvu Youth Fund, was also launched. This Fund is capitalized to the extent of R15 million, and

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<sup>65</sup> Address by MEC for Finance and Economic Affairs, Budget Vote, 22 June 2006.

<sup>66</sup> Budget Speech of the Premier, 9 February 2006.

<sup>67</sup> Northern Cape Budget Appropriation Bill 2006, speech by MEC for Finance, 17 February 2006.

<sup>68</sup> Budget Speech, Northern Cape Premier, 9 February, 2006.

will provide loan financing for young entrepreneurs (loans between R1 000 – R5 000 per investment). Specific growth sectors have been identified for potential investment, and mentoring and business development support services will be provided to young entrepreneurs. The National Youth Service Programme will also be strengthened in the province.<sup>69</sup>

The province has also launched the Basha Enterprise Fund, to make business finance available to young men and women in the province. This is a partnership between the Provincial Government, ABSA and the Umsobomvu Youth Fund.<sup>70</sup> Furthermore, in the Kgalagadi District, a Savings Co-operative was launched during 2006, and the Northern Cape Youth Commission is rolling out the National Youth Service Programme. The APEX fund was activated in 2006, to mobilize savings through co-operatives, so as to provide access to financial support required by very low-income households, so that they can participate in the mainstream economy.<sup>71</sup>

#### **4. Free State**

Xhariep District's economy is small and has in the last decade been in a declining mode. Furthermore, the Free State Growth and Development Strategy has characterised almost all the settlements and municipalities as having limited potential.

The approach of three institutions and funds is under review in this section, namely the Department of Economic Affairs, the Free State Development Corporation and that of the Free State Tourism Board. Consideration will also be given to the role of a fourth, the LED fund.<sup>72</sup>

A budget of R230 million was allocated to the Department of Tourism, Environment and Economic Affairs for 2006/07. This will grow by 5% to R241 million during 2007/08 and a further 7% to an amount of R257 million during 2008/09. Funding for key operation areas in respect of the 2006/07 financial year are: R26,5 million for the re-positioning of the Free State Development Corporation (FDC) to support a more focused emphasis on the development of small, medium and micro enterprises (SMME's); and R10,5 million to market the province as a tourism destination through the Tourism Marketing Authority.

The Department of Tourism, Environment and Economic Affairs realizes that Xhariep requires urgent assistance in respect of economic development. The Department has tried to identify possible economic development potential by identifying economic activities which could add value to especially primary production in the agricultural sector. Specific mention has been made of the development of abattoirs and tanneries. These industries are then supposed to be linked to the agricultural value chains. The difficulty with developing this potential is the availability of water.

A second potential which has been identified is that of water sports linked to the Xhariep Dam. This project is that it brings together initiatives across provincial

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<sup>69</sup> Budget Speech, Northern Cape Premier, 9 February 2006.

<sup>70</sup> Address by the Premier of the Northern Cape, 30 March 2006.

<sup>71</sup> Northern Cape Budget Appropriation Bill 2006, speech by MEC for Finance, 17 February 2006.

<sup>72</sup> It should be noted that this fund was discontinued since April 2004

boundaries. It is also the only project in the Free State Growth and Development Strategy which is spatially referenced in the Xhariep District. Yet the project seems not to be making much progress, for several reasons:

- The fact that the project is dependent on acquiring privately owned land (mainly agricultural land). Buying the required land seems to be difficult and expensive.
- The project is intended to be a partnership between the Free State, Eastern Cape and Northern Cape. Some interviewees also suggested that part of the dilemma is rooted in the lack of provincial co-operation for the project. There are unresolved questions such as who should contribute what, and who should manage the project. This might well be a case where provincial boundaries could possibly be hampering projects with economic potential.

The emphasis on economic development in Xhariep is also visible in the plans of the Free State Development Corporation (FSDC). The core function of the FDC has shifted towards the development of SMME in the Free State. This includes business linkages, business associations and sectoral development programmes. Business ownership, joint ventures, business advisory services, skills enhancement and business support services programmes are all part off the FDC's elaborate entrepreneurship development strategy focusing on SMME's.

According to the FDC, they offer a one stop service for:

- Factory accommodation
- Provision of serviced industrial land
- Access to national and other investment incentives
- Provision and facilitation of access to business finance
- Assistance with relocation

The FDC has aligned its strategy with that of the Free State Growth and Development Strategy, as well as with the Department of Tourism, Environment and Economic Affairs. Two strategic objectives have been set:<sup>73</sup>

- Promoting and supporting sustainable SMMEs and co-operatives through the provision of financial and business development support services
- Facilitating and co-ordinating participation of SMMEs and co-operatives in mainstream economic activities

The FDC's historical approach was focused on financing SMMEs and managing industrial stands. The approach has now been broadened to include mentoring and non-financial support. There also seems to be more emphasis on assisting with the opening of markets – though much (but not all) of these have to do with government procurement systems. Some of the initiatives beyond government tenders relate to the opening of markets in Africa. In terms of funding, 9.4% of the regional funding pool (to assist SMMEs) has been made available in Xhariep for the current financial year. This emphasises the fact that the small and declining economy in Xhariep is a major concern.

The LED Fund was implemented to fund LED programmes by the Department of Provincial and Local Government in 1999. At the provincial level, the fund was

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<sup>73</sup> FDC, Corporate plan, 2007-2010, Bloemfontein, 2007.

managed by the Department of Local Government and Housing. Although some success was achieved, the overall evaluation of the fund nationally and provincially was not very positive.<sup>74</sup> These projects were hampered by the lack of business sense, inappropriate marketing strategies and thus failed to progress beyond the phase of government funding. Over the period of five years that the LED fund existed, the Xhariep District received nearly 13% of the budget – way beyond their share of the population. Kopanong alone received just over 10%. Projects that were financed were Hydro Weavers, a commonage farm, charcoal manufacturing and an arts and crafts centre. Projects in Xhariep found the distance to the market to be one of the main difficulties with which they had to contend.<sup>75</sup>

In addition to the remoteness of the area, a few other stumbling blocks were identified as hindering economic development. The availability of water was a main concern. A number of efforts have been put in place to investigate the provision of water and thereby to foster economic development.

## 5. Tourism

### 1. Western Cape

The Western Cape has a high-profile tourism support strategy, as part of the MEDS (Micro-Economic Development Strategy). The aim of the strategy is to increase sustainable jobs in the sector, maximizing yields in the industry, becoming a fully representative industry in terms of ownership and employment equity, being a world class destination, promoting new products (particularly in the areas of culture and heritage), and promoting African linkages.<sup>76</sup>

#### 1.1 *The Western Cape Integrated Tourism Development Framework (ITDF)*

The most significant document is the *Western Cape Integrated Tourism Development Framework (ITDF)*.<sup>77</sup> The Western Cape Department of Tourism has, in late 2007, commissioned a consultant to revise the Framework, and this will have a greater focus on the Karoo<sup>78</sup>; but it remains important to consider the contents of the existing framework.

The ITDF has a vision for tourism by the year 2010: For the Western Cape to be recognized as a premier international destination for commerce and tourism, based upon achievement of excellence in nature conservation and utilization, preservation of heritage, technological advancement, development of contemporary culture, and strength of civic pride”. This mission statement holds significance for the Karoo, for

<sup>74</sup> Nel, E. and John, L., The evolution of local economic development in South Africa, in Pillay, U., Tomlinson, R., and Du Toit, J., *Democracy and Delivery: Urban policy in South Africa*, HSRC Press, Cape Town, pp. 208-229, 2006.

<sup>75</sup> Van Niekerk, J., Public policy and small towns: The case of Philippolis (Free State, South Africa), Unpublished masters dissertation, University of the Free State, 2007.

<sup>76</sup> Western Cape, *Micro-Economic Development Strategy, Implementation Plan*, January 2006, p. 14.

<sup>77</sup> *Integrated Tourism Development Framework*, Executive summary, February 2002.

<sup>78</sup> Interview, Western Cape Department of Tourism.

several reasons: Its explicitly international focus, its focus on nature conservation (potential for eco-tourism) and preservation of heritage (Karoo culture).

The *Framework* identifies a formal hierarchy of tourism development patterns (existing and potential), such as gateways, distribution points, routes and destinations.<sup>79</sup> The Western Cape approach to tourism marketing also implicitly raises the need for new strategic thinking. It observes that the rural districts are “either virtually devoid of tourism development, or with a sparse and scattered distribution of tourism products and facilities. The perception that the tourist experience gained does not warrant the effort needed to access these areas, has effectively relegated such regions to a position of ‘outback’”.<sup>80</sup>

The Western Cape Integrated Tourism Development Framework (ITDF) (2001) notes the importance of linking the city with the hinterland, but it fails to suggest a possible way of doing this.<sup>81</sup> This is unfortunate, because Cape Town is ideally placed to act as a “gateway to the desert” (similar to Durban, which is branded as a gateway to the Zulu Kingdom).

The Framework recognises a range of tourism themes of relevance to the Karoo (such as eco-tourism, historical culture, adventure)<sup>82</sup>. But it does not explicitly acknowledge “desert tourism” as a possible theme. Similarly, where niche markets are described (such as agri-tourism, backpacking, sports, flowers and medical tourism), “desert tourism” is not mentioned. This suggests a lacuna in strategic thinking on tourism. Curiously, the Executive Summary senses this lacuna: “These prevailing patterns of movement have left large parts of the Western Cape with a sparse and scattered distribution of tourism products and facilities. The perception that the tourist experience is not worth the effort required to access these areas, has relegated the hinterland regions to a position of ‘outback’”.<sup>83</sup> This is particularly ironic, since Australia has shown how potent a marketing symbol the “outback” can be!

Prophetically, the Framework asserts the need for collaboration across regions: “We believe that the hinterland regions should look beyond their own boundaries and link products across previously discussed frontiers in order to build collective strength and a sustainable product. Such co-operation would enable these areas to capitalise on the growing trend of tourists traveling into hinterland areas seeking more diverse and unique experiences”.<sup>84</sup>

The Framework recommends the creation of Tourism Development Areas (TDAs).<sup>85</sup> A TDA will be:

- An area of focus and priority for all levels of government when determining infrastructure investment decisions, programmes and funding.

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<sup>79</sup> ITDF, Executive Summary, February 2002, p. 2.

<sup>80</sup> Western Cape Department of Economic Affairs, Business Promotion and Tourism, *Integrated Tourism Development Framework for the Western Cape*, 2001, p. 17.

<sup>81</sup> Western Cape Department of Economic Affairs, Business Promotion and Tourism, *Integrated Tourism Development Framework for the Western Cape*, 2001, p. 11.

<sup>82</sup> ITDF, Executive Summary, February 2002, p. 3.

<sup>83</sup> ITDF, Executive Summary, February 2002, p. 6.

<sup>84</sup> ITDF, Executive Summary, February 2002, p. 6.

<sup>85</sup> ITDF, Executive Summary, February 2002, p. 7.

- A priority area for the packaging and release of private sector investment opportunities, and
- A focus on marketing activity from a product and spatial perspective.

In the Framework, the Karoo is not mentioned as an “area of undeniable strength”. However, Beaufort West is mentioned as an area that offers potential, “based on the opportunity for maximisation of resources through density, product clustering and linkage”.

Significantly, the Framework creates the idea of Gateways. For example, the Eastern Gateway links the Western Cape with the Eastern Cape, at Storms River Bridge, to encourage “transfrontier” tourism flows between these provinces. This will encourage tourists to visit areas such as Port Elizabeth and Addo. Similarly, Beaufort West is described as a Northern Gateway to Gauteng, the Northern Cape and the Free State.<sup>86</sup> Its attractions are listed as agri-tourism, hiking, stargazing, bird watching, succulent vegetation tours, farmstays, palaeontology, graves, Victorian settlements and the birthplaces of important figures in South African history. The Framework recommends:

- (1) The prioritization of the creation of the “Karoo Tourgate” with an emphasis on commercial and edu-tainment opportunities, and
- (2) Maximisation of linkages between the Tourgate and Karoo National Park.
- (3) Arts and crafts training
- (4) SMME business skills training
- (5) Retail, food and beverages.

Once again, this reason is fertile with possibilities. What is lacking, unfortunately, is a presentation of what Beaufort West is a gateway *to* – such as other Karoo attractions in the Northern Cape or Eastern Cape, or the Kalahari. In short, its key potential as a desert hub has not been explored.

As far as the Little Karoo is concerned, the Mossel Bay-George-Oudtshoorn area is described as a key destination. This includes golf courses, the Cango Caves, the Klein Karoo Arts Festival, and the role of Oudtshoorn as a gateway to the northern hinterland.

The Framework ends by arguing the case for larger projects: “The process involved in finding an investor for a small project is the same as a large project, but the rewards are much greater”. This suggests an interest in creating projects of a significant scale – an approach which may pave the way for inter-provincial partnerships.

In the light of the Framework, a major achievement is the “Cape to Namibia Route”, which was launched at the International Tourism Exchange trade show in Berlin in March 2007 (Press release, 14 March 2007: “Cape to Namibia Route – A self-drive feast for the soul”). This is a new strategic alliance between the Namibia Tourism Board, Cape Town Routes Unlimited, and the Northern Cape Tourism Authority. “Following extensive research, the alliance, a first for regional African tourism development, has crafted a brand identity and a wide-ranging strategy to promote the

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<sup>86</sup> *ITDF*, Executive Summary, February 2002, p. 13.

new route". The aim is to stimulate new growth in the estimated 250 000 European and South African visitors that travel on this north-south route every year. Interestingly, Namibia's strong historical links with Germany made the new route an ideal tourism experience to launch at the Berlin trade show.<sup>87</sup>

### *1.2 The Integrated Tourism Entrepreneurship Support Programme (ITESP)*

The Integrated Tourism Entrepreneurship Support Programme (ITESP) provides an integrated support to tourism SMME's, including access to capital, skills and markets. The intention of the programme is to remove the challenges that prevent transformation in tourism and promote demographic distribution of ownership in the industry within the province. A sum of R4 million was allocated for the 2004/2005 financial year, and a further R1.85 million has been allocated by the Development Bank of South Africa (DBSA) toward this project. It is not clear what activities were undertaken in the Karoo, but generally, the following interventions were identified:

- Tourism Awareness: reaching 700 individuals per annum targeting all District Municipalities.
- Beginners Training: reaching 300 persons per annum
- Intermediate Training reaching 100-120 survivalist businesses per annum given the tools to stabilise their business
- Advanced Training: targeting 15-20 established businesses per annum who will be introduced to mechanisms to expand their businesses. Businesses from all District Municipalities who meet criteria are invited; however the training will be hosted centrally in Worcester.
- Fast Track Training: targeting 24 businesses per annum, 40% from the City of Cape Town and the others spread across the remaining five regions
- Tourism Mentorship Programme: targeting 10 - 12 businesses per annum 40% from the City of Cape Town and the others spread across the remaining five regions
- Cape Tourism Showcase: targeting 100 - 150 businesses, 70% of which are BEE SMMEs
- Indaba: 30 BEE businesses to attend from Western Cape

### *1.3 Cape Town Routes Unlimited (CTRU)*

The main focus of the CTRU is Cape Town and its hinterland, but it has also expressed an interest in branding the "Cape Karoo".<sup>88</sup> However, it appears to have little concrete plans as yet for putting this in place. This presumably awaits the revised Tourism Framework, which is currently being rewritten. CTRU can play a very strategic role in future, by linking the Karoo hinterland with the Cape Town gateway.

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<sup>87</sup> [www.capenamibia.com](http://www.capenamibia.com).

<sup>88</sup> Cape Town Routes Unlimited, *Corporate Strategy, 2007/8 – 2009/10*, p. 26.



## **2. Eastern Cape**

The Department of Tourism only has a budget of R2 million, for the whole province.

Cacadu District is the most environmentally diversified of the six Districts in the province, as it contains five of the seven biomes found in South Africa. It is also the most developed of all the districts with the best road infrastructure and the most facilities for tourists. This district is characterised by very strong tourist flows along the Garden route, entering at the emerging Gateway point at Bloukrantz River Bridge. Apart from the dominance of the coastal tourism region along the coast, the hinterland region around Graaff-Reinet and Aberdeen has been identified as having unique potential. Port Elizabeth is the main Provincial Gateway for international and domestic tourists due to its combination of air, rail, road and sea links.<sup>89</sup>

The Cacadu District can offer the visitor the widest variety of tourism experiences all within a 200-300km radius (2-3 hour drive) of the Gateway City of Port Elizabeth. These attributes have been mapped to provide a composite Cacadu Tourism Spatial Development Plan. The tourist can experience coastal and indigenous forests; open plains and grasslands; mountains and valleys; rivers and ocean; every conceivable fresh and salt water sports; recreational and unspoiled beaches; national parks, nature reserves and wilderness areas; private game lodges; hunting and birding; hiking, biking, horse and 4 x 4 trails.

The Department of Tourism is currently reviewing the Tourism Master Plan (see the previous plan, 2003-7). The Department has few projects in the Karoo. The focus is now on a Readiness Plan for 2010 in Port Elizabeth. This will mainly involve Port Elizabeth, East London and Umtata.

A remarkable website is the Karoo Heartland website ([www.karooheartland.co.za](http://www.karooheartland.co.za)), sponsored by the Eastern Cape Tourism Board. It offers information about businesses, tourism opportunities, and game reserves. The website is managed by a dynamic group of tourism operators have formed the Karoo Heartland Marketing Association in order to promote the Karoo Heartland area as a tourist destination whilst ensuring an exceptional level of service to visitors. The Karoo Heartland Marketing Association is recognised and accredited with ECTOUR as well as the Eastern Cape Tourism Board. Members offer a wide range of services from accommodation to guided tours specialising in various fields such as adventure sports, game viewing, history, fossils and general photographic safaris. This initiative clearly offers a major opportunity for collaboration in future with other provinces.

## **3. Northern Cape**

The Northern Cape is richly endowed with natural beauty and resources that appeal to tourists who appreciate the vast open spaces and serenity it provides. The tourism

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<sup>89</sup> Tourism 2000 Network cc, "Eastern Cape Tourism Master Plan", for Eastern Cape Tourism Board, 2003, p. 80.

industry exhibits significant growth potential. The province has four national parks, five provincial parks and over 300 registered game farms – all providing huge opportunities for potential investors. The province has an engaging mix of historic and archaeological sites. Investment is required to upgrade accommodation facilities, develop new attractions and entertainment centres - like theme parks - and upgrade air transportation networks.<sup>90</sup>

The Portfolio of Tourism used to be in the same department as Economic Affairs, but it has now been linked with Nature Conservation. In 2004, Tourism was established as a Directorate.<sup>91</sup> There is now a stronger strategic focus in the Tourism Directorate. Its annual budget is R34 million, including the Big Hole in Kimberley (to which it makes a contribution of R20 million). The budget is extremely limited in relation to the large provincial jurisdiction, and the staff quotient is totally insufficient.

The Department has produced a White Paper on Development and Tourism. It regards the natural environment as its strongest asset. Five out of seven biomes in South Africa are located in the Northern Cape. There are numerous provincial, national and private parks, game reserves and conservancies, offering abundant wildlife and floral diversity. This includes two trans-frontier conservation areas (Kgalagadi and Ai-Ais/Richtersveld). In addition, there are many cultural and heritage resources, including museums, historical sites, and monuments. The MacGregor Museum in Kimberley works throughout the province to promote cultural conservation. There are archaeological and rock art sites, arts and cultural festivals, prominent historical figures (such as Cecil John Rhodes, Olive Schreiner, Sol Plaatje, and Robert and Mary Moffat). There are also unique and endangered cultures, such as the San communities, the Griquas, and the Namas.<sup>92</sup>

Tourism is seen as a significant economic growth opportunity, because tourism creates jobs, it can provide immediate employment, it involves all skills levels, it creates many business opportunities (accommodation, tour guiding, transport, marketing and crafts). Tourism brings development to rural areas, but does not damage the environment or local heritage. It also facilitates cross-cultural interaction, keeps money in the local economy, and has a strong multiplier effect.<sup>93</sup>

However, there are constraints on tourism in the Northern Cape. Air transport is limited to Kimberley (which links to Cape Town and Johannesburg only), and Upington (which only has links to Johannesburg). Flight tickets are prohibitively expensive. Air access to many other attractions (such as Namaqualand) are non-existent. “With upscale tourists becoming increasingly money-rich and time-poor, such lack of fast and efficient air transport to the province and between its major attractions is probably the single biggest obstacle facing tourism growth in the province”.<sup>94</sup> There is a need for air charter facilities to towns such as Springbok,

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<sup>90</sup> [www.southafrica.info](http://www.southafrica.info).

<sup>91</sup> Interview, Department of Tourism and Nature Conservation, Northern Cape.

<sup>92</sup> Northern Cape Department of Tourism, Environment and Conservation, *White Paper on the Development and Promotion of Tourism in the Northern Cape Province*, October 2005, p. 12.

<sup>93</sup> Northern Cape Department of Tourism, Environment and Conservation, *White Paper on the Development and Promotion of Tourism in the Northern Cape Province*, October 2005, p. 14.

<sup>94</sup> Northern Cape Department of Tourism, Environment and Conservation, *White Paper on the Development and Promotion of Tourism in the Northern Cape Province*, October 2005, p. 20.

Calvinia, Carnarvon, Sutherland, Colesberg and De Aar – and can even link with principal towns in other provinces.<sup>95</sup>

The Northern Cape brand was established as “Follow the Sun, not the Crowds”, but it has now been changed to “Northern Cape Real”.

The Department is planning a new tourism strategy. It will conduct a product audit, as well as a gap analysis (to find out what is lacking), leading to the creation of a GIS.<sup>96</sup>

Increasingly, the governments of Namibia, Botswana and South Africa are realizing that “desert tourism” is a potential niche market, for overseas and domestic tourists. The Northern Cape Province in South Africa has recently highlighted the attractions of Namaqualand and Kalahari, at the Indaba 2007 travel trade show in Durban).<sup>97</sup>

Specific opportunities are:

- De Aar: Old railways (“Gems on Track”)
- Walking with the Ancestor Programme – Sutherland, Fraserburg, Carnarvon
- Lake Xhariep: Joint inter-provincial tourism hub, but nothing is finalised yet.
- Orange River: Beginning to End Project.

The officials feel that their department should co-operate with other provinces. There is a joint committee with Namibia and the Western Cape, as part of the “Cape to Namibia Route”.

A major initiative is the creation of trans-frontier parks. There are three in the Northern Cape: The Kalahari-Kgalagadi Park (over 14 600 square miles), which straddles South Africa and Botswana; the Ai-Ais/Richtersveld Park, which includes areas in South Africa and Namibia; and the Gariep Park, centered on South Africa’s Augrabies Falls, and crossing into Namibia.

The Kalahari-Kgalagadi Trans-frontier Park is a co-operative venture between the South African National Parks of South Africa and Botswana’s Department of Wildlife and National Parks. A joint management plan was approved by the two conservation agencies in 1997. Each country provides and maintains its own tourism facilities and infrastructure, giving particular attention to developing and involving communities. This park contains spectacular sand dunes, with bushveld, grassland and 60 species of mammals.<sup>98</sup>

The Ai-Ais/Richtersveld Transfrontier Conservation Park was created in 2003, after extensive community consultations. The Richtersveld National Park in South Africa is owned by the Richtersveld community, and managed on a contractual basis with the South African National Parks. The communities of the local towns will benefit from increased tourism to the area, and the cultural heritage and traditional lifestyle of the

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<sup>95</sup> Northern Cape Department of Tourism, Environment and Conservation, *White Paper on the Development and Promotion of Tourism in the Northern Cape Province*, October 2005, p. 53.

<sup>96</sup> Interview, Department of Tourism, Environment and Conservation.

<sup>97</sup> *Travel Weekly*, 28 May 2007.

<sup>98</sup> [www.environment.gov.za/ProjProg/TFCAs/kgalagadi.htm](http://www.environment.gov.za/ProjProg/TFCAs/kgalagadi.htm), downloaded on 16 October 2007.

Nama Karoo will be retained. The park contains some of the most spectacular arid and desert mountain scenery in southern Africa, and features the world's second largest canyon, the Fish River Canyon. It has major plant resources, with at least 2 700 species of plants.<sup>99</sup> There are now plans to expand this park in an eastward direction, along the Orange River.

The Department of Tourism feels that there is a need for more research about communities' experiences of tourism, to promote community buy-in in tourism projects.<sup>100</sup> Other challenges are skills development, small enterprise promotion, marketing, road signage and research on the economic impact of tourism, in terms of jobs. The Department has created a Tourism Satellite Account (TSA), managed by Grant Thornton in Cape Town, to calculate the impacts of tourism on job creation. The Department has also conducted a Skills Development Audit, and drafted a Skills Development Plan. It has also compiled a signage plan.

The Department plans a survey of each district to determine their tourism needs, and to determine priorities for budgeting. The Local Municipalities need to be convinced to budget for tourism expenditure.

#### **4. Free State**

A report by Nico Kotze and Gustav Visser, *Towards a Tourism Development Strategy*, found that over half the tourism products in the Free State are concentrated in Bloemfontein (mainly business visitors), and Clarens and Parys (which attract mainly Gauteng week-enders).<sup>101</sup> The study draws upon 141 interviews which were conducted randomly during June and July 2004 across all sectors of the 888 tourism product providers identified in the Free State. Four of these tourism operators are located in the south-western Free State.

The report argues that there is very considerable travel through the province from Gauteng to the coastal provinces. The Free State, because it is so central, is badly located in terms of getting tourists to stay overnight in the province. Whereas it is beneficial to the province that it is three to four hours from most places in Gauteng, a typical holiday trip to the coastal destinations from Gauteng would lead to a petrol and rest stop, but not to an overnight stay. The *en route* tourist market can be accessed by providing better opportunities to spend money when they are re-fuelling and resting. In this respect, much can be done to provide shopping facilities at service stations along the main highway routes. At these shops the emphasis should be placed on traveller-useful but provincially unique products. Thus, most cold drinks, food and snacks, postcards and curios, which should be Free State specific. In this way the profile of the province's producer goods could be enhanced, whilst providing additional outlets for the products.<sup>102</sup>

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<sup>99</sup> [www.environment.gov.za/ProjProg/TFCAs/artp.htm](http://www.environment.gov.za/ProjProg/TFCAs/artp.htm), downloaded on 16 October 2007.

<sup>100</sup> Interview, Northern Cape Department of Tourism.

<sup>101</sup> Nico Kotze and Gustav Visser, *Towards a Tourism Development Strategy for the Free State Province*, 2004, unpublished report for Premier's Economic Advisory Council., p. 38.

<sup>102</sup> Nico Kotze and Gustav Visser, *Towards a Tourism Development Strategy for the Free State Province*, 2004, unpublished report for Premier's Economic Advisory Council., p. 69.

The Free State's revised Tourism Marketing Plan is in the process of being finalised.<sup>103</sup> The strategy (in process) is effectively designed around getting more people to visit the province, getting them to stay longer and get them to spend more money in the province. The majority of tourists make decisions in respect of "sand and sea", while the remainder consider culture, wild life and scenery. It would appear that Xhariep might not benefit as much as other parts of the province. A great deal of the emphasis is being placed on the Vredefort Dome and the Maluti Transfrontier Park.

A promising initiative is the Lake !Gariep<sup>104</sup> Tourism Route, centered on the Gariep Dam area.. It is a co-operative venture between the Free State, Northern Cape and Eastern Cape, because the dam is the very point where the three provinces meet. Lake !Gariep is located near the towns of Bethulie, Venterstad, Colesberg, Oviston and Aliwal North. It is surrounded by three provincial game reserves, which will be joined in due course to create a conservation area in excess of 85 000 hectares.<sup>105</sup> The game reserves will offer ecotourism activities such as game drives, walking trails, angling, and ornithology. In addition, the huge Gariep Dam offers opportunities for yachting, sunset cruises, power boating and waterskiing. The key role players are the three District Municipalities: Xhariep DM (in the Free State), Ukhahlamba DM (Eastern Cape) and Pixley ka Seme DM (in the Northern Cape). However, the project has suffered a range of bureaucratic delays, which are apparently being remedied in the light of the impending 2010 World Cup. The Free State, in particular, is now attempting to fast-track the Lake !Gariep project, to offer accommodation for the 2010 World Cup.

Two other projects in Kopanong have been funded by the Department:

Project Name	Budget (R)	Jobs
Diamond & Wine Route -New	41 342	3
Philippolis Tourist Offices	4 952	1

A noteworthy private journal is called "*Heartland*". It promotes the Free State, Lesotho, the northern parts of the Eastern Cape and the Northern Cape.

## 6. Agricultural support

### 1. Western Cape

The Department of Agriculture, in partnership with the Department of Economic Development and Tourism, can refer farmers to a wide range of information, support and training programmes. At present there is a particular focus on supporting the development and marketing of organic produce because of increased local and international demand for organic produce, the benefits of these farming methods in terms of biodiversity and sustainability, and the fact that organic farming lends itself to small-scale farming. Organic farmers can access training, business and marketing

<sup>103</sup> Interview, Chairman of the Free State Tourism Board.

<sup>104</sup> The word '!Gariep' is pronounced with a distinctive tongue click.

<sup>105</sup> [http://www.gariepdam.com/news2\\_sept2004.htm](http://www.gariepdam.com/news2_sept2004.htm), downloaded on 8 October 2007.

support and technical assistance through the agribusiness support programme. The development of potential organic farmers is being supported through the Agricultural Research Council, a nationally mandated statutory body, and Elsenberg (the headquarters of the Department of Agriculture).

The aim of the *extension service* is to promote sustainable agricultural systems within the Western Cape in order to ensure prosperous farming communities and rural livelihoods. The Departmental objectives include: identifying production, development and marketing opportunities for farming communities and engaging in capacity building and organisational development within mostly developing farming communities. EPWP training opportunities through the extension services programme are currently being explored with the Department.

DEDAT has programmes supporting *agribusiness and tourism projects*. In partnership with the Department of Finance, Economic Development and Tourism is spending R10 million on agribusiness projects throughout the province, while almost R6 million has been allocated to a tourism project. The agribusiness projects were targeted based on the criteria of the Ikapa Agribusiness Fund, which is aimed at the establishment of new and economically viable agri-processing ventures among disadvantaged communities. The agribusiness projects are:<sup>106</sup>

- Essential Oils Project (Central Karoo): Rose geranium and spearmint is produced. The product is collected from the farmers and sold to the producer of essential oils (Earthoils). SEDA is providing technical advice.
- Asparagus (Central Karoo)
- Rural Product Marketing Services
- Regional Opportunities Investigation
- Hydroponics Herb Farm (Central Karoo): This project provides work for 90 women. About R4,5 million was invested in the project. It now provides goods for Woolworths. The project has been registered as a Section 21 company.
- In Dysseldorp is a liquorice project which provides liquorice to BAT (British Tobacco). This plant employs 14 permanent staff. In peak season, there are 90 women working to produce 120 kg per week; they earn R550 per week. The plant was built by the CSIR.

These are all projects which will begin to broaden the economic base of the Western Cape and increase the export potential of the agricultural industry.

According to a representative of the Department of Agriculture, possible new crops could include pomegranates, quinces, poppy seeds (to make codeine), and saffron. Future initiatives should include co-operation with the National Productivity Institute, which can include a diagnosis of companies which are in financial trouble. They then help such businesses to put together Enterprise Solutions. Extension officers should regularly do the rounds to assist such businesses. Reliable and regular data on farmers' progress should be collected. Markets should be created for small farmers' produce, where produce can be weighed, checked and purchased. Government should

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<sup>106</sup>

J. Boule, *Jobs for Growth Mapping Study*, for ASGISA, October 2006.

provide such markets. Small farmers need to be brought into the marketing system (the Philippi market is a case in point).<sup>107</sup>

Furthermore, agricultural produce should be processed (dried, juice, jams, compost etc), to create value-added opportunities. The Fair Trade label should be promoted. Start up capital should be obtained from MAFISA. Small farmers need two types of support: technical (agricultural) and business support. Consequently, the RED Door system is very important to assist small farmers. Additional market information should be provided to farmers, particularly by using cell phones and text messaging. This is the way to get people out of the poverty cycle.<sup>108</sup>

Skills training should be provided to ex-farm workers, to assist them to enter non-farming occupations. There is a re-skilling centre in Stellenbosch.<sup>109</sup> Land reform should bring white farmers into share equity schemes. The Department is creating a Directorate for Farm Labour, with a R3 million *per annum* budget. This will include farmer settlement (LRAD), farmer support (business, extension), and food security (for very poor farm workers).

Climate change will require an understanding of how to flourish in arid areas. Drought-resistant products should be found; water should be desalinated; and rain water harvesting should be promoted.<sup>110</sup>

An important support agency is CASIDRA.<sup>111</sup> It enables micro finance for rural development through loans ranging from R500 - R50000 and repayment from 6 months to 5 years. CASIDRA is an implementing agency, residing under the Department of Agriculture. The core business of CASIDRA is to plan, facilitate and implement integrated rural development projects in impoverished rural communities of the Western Cape Province with a specific focus on the following:

- Agriculture and Land Reform
- Rural Infrastructure
- Local Economic Development (LED)
- Human Resource Development and Capacity Building.

CASIDRA received an amount of R16,9 million from the Department of Economic Development and Tourism in 2005/6.<sup>112</sup> CASIDRA is the implementing agent for a range of provincial programmes as outlined in the sections above, for example Red Door. It also runs additional projects as listed in the table below.<sup>113</sup>

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<sup>107</sup> Interview, Department of Agriculture.

<sup>108</sup> Interview, Department of Agriculture.

<sup>109</sup> Interview, Department of Agriculture.

<sup>110</sup> Interview, Mr Dudley Adolph, Department of Agriculture.

<sup>111</sup> Previously known as the Landelike Ontwikkelingsmaatskappy (LANOK).

<sup>112</sup> Department of Economic Development and Tourism, *Annual Report 2005-6*, p. 24.

<sup>113</sup> [www.casidra.co.za](http://www.casidra.co.za)



**Table 2: Casidra projects in the Central Karoo<sup>114</sup>**

<i>Category</i>	<i>Projects</i>
Agriculture and Land Reform	<ul style="list-style-type: none"> <li>• Leeu Gamka Vegetable garden and soup kitchen</li> <li>• Sheep Offal Processing Facility</li> <li>• Beaufort West Aqua-culture Study on catfish</li> </ul>
LED	<ul style="list-style-type: none"> <li>• Murraysburg, Nelspoort, Merweville and Leeu Gamka Needlework projects</li> </ul>

*The Comprehensive Agricultural Support Programme (CASP)* is an important aspect of the Farmer Support Programme. At least 22 CASP projects were implemented with the programme executing 121 projects in the different Sub programmes. Fifty projects are planned for the 2006/7 financial year with a budget of R20 648 000.<sup>115</sup> It is not clear what proportion of this funding is allocated to the Karoo, Klein Karoo or Namaqualand.

*Landcare projects* created 30 000 person days last year on a small budget.<sup>116</sup> These projects promote and finance the sustainable use of natural resources. The projects include the following: infrastructure projects, capacity building through training, awareness of the importance of natural resources, Junior LandCare camps for training, job creation and biodiversity re-establishment, alien clearing and efficient water use projects. Forty one LandCare projects have been proposed for the coming year in previously disadvantaged communities. It will concentrate on developing 15 people in an internship programme The Department claims that the LandCare sub programme could increase the jobs created in sustainable resource management field from 30 000 per annum to 100 000 per annum with additional administrative and operational costs. Funds will be lobbied to fund this initiative. Currently the Budget is at R 20 010 000. It is not clear how much funding is devoted to the Karoo, West Coast or Little Karoo.

With regard to the *Household Food Production* programme, in 2005/6 forty-one food production projects were implemented, and 328 beneficiaries were assisted in these projects of which 273 were women. These projects were mainly implemented in the City of Cape Town, West Coast and the Eden district. Extension and training services were provided to household and community garden beneficiaries in various rural and areas across the province.<sup>117</sup>

In October 2007, the Western Cape Department of Agriculture secured R20 million from the National Department of Agriculture to assist drought stricken farmers in the Central Karoo area.<sup>118</sup>

The Department of Agriculture in the Western Cape is very concerned about the abuse of the Karoo brandname for non-Karoo products (such as “Karoo lamb” which is not produced in the Karoo). Conditions need to be promulgated for the use of the Karoo brand name. Several consultative workshops have been held to discuss this question, including a workshop in November 2007, held in Beaufort West. Officials from the

<sup>114</sup> Drawn from J. Boule, *Jobs for Growth Mapping Study*, for ASGISA, October 2006, p. 51.

<sup>115</sup> J. Boule, *Jobs for Growth Mapping Study*, for ASGISA, October 2006, p. 46.

<sup>116</sup> J. Boule, *Jobs for Growth Mapping Study*, for ASGISA, October 2006, p. 47.

<sup>117</sup> J. Boule, *Jobs for Growth Mapping Study*, for ASGISA, October 2006, p. 47.

<sup>118</sup> [www.elsenburg.com/news.html](http://www.elsenburg.com/news.html).



Eastern Cape Department of Agriculture also expressed their concern about this matter; this clearly creates the opportunity for collaboration between these two provinces.

One economic option for the Karoo is to secure money for carbon sequestration. At R350 000/ha, indigenous forests can be replanted. Research is required on such possibilities.<sup>119</sup>

## **2. Eastern Cape**

The Eastern Cape has two pieces of agricultural legislation: The Eastern Cape Rural Finance Corporation Act of 1999, and the Agriculture Development Act of 1999.

For each of the five District Municipalities (except Amathole), “Agricultural Development Plans” were commissioned. Significantly, this enabled them to align national agricultural policy with LED. This was a major breakthrough. These plans included inputs by the Departments of Agriculture, Economic Affairs, Local Municipalities, District Municipalities, and other stakeholders. Workshops were held in each DM area. Some of the papers produced for Cacadu DM include:

- “Factors inhibiting development in the Cacadu District Municipality”, which highlights issues such as the lack of agricultural training, soil erosion, limited rainfall, poor agricultural extension services, and the decline of road and rail infrastructure
- “Establishment of development agencies in the Cacadu District Municipality”, which includes information on institutions such as the Blue Crane Development Agency, and suggests key agricultural functions which should be performed by service institutions
- “Physical resource characteristics of each Local Municipality of the Cacadu District Municipality”
- “Possibilities for ecotourism and agriculture in the Cacadu District Municipality of the Eastern Cape”
- “Creation of an enabling environment for development in the Cacadu District Municipality”

Each plan identified agricultural options. Then stakeholders were asked to prioritise them, to correlate options to the existing resource base in their regions. Business plans were then written for the three highest priorities in each Local Municipality.

A useful innovation is a Spatial Development Planning database for the Cacadu DM, to disseminate agricultural information to all role-players.<sup>120</sup> This provides each Local Municipality with a comprehensive set of tools to compile information for their own situation. This includes spatial data sets, maps, text reports and GIS. It provides a user-friendly interactive software.

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<sup>119</sup> Interview, Department of Land Affairs, Western Cape.

<sup>120</sup> Agricultural Research Council and University of the Free State, “The Development of a Spatial Planning Data-base and an Interface (AgriDIS) for the Cacadu District in the Eastern Cape Province”, 2006.

In general, the main focus of the Department of Agriculture is on the eastern part of the province, to mobilise production in the erstwhile Ciskei and Transkei. Key programmes, such as the Green Revolution and the Massive Food Programme, are particularly focused on the east. In these areas, where there is extensive poverty and soil erosion, the focus is on irrigation agriculture and the development of rural villages. The western part of the province has also not been designated as a Development Zone.

One area in the arid zone which is receiving attention is BEE citrus agriculture in the Kat/Sundays River area.<sup>121</sup> Another is the focus on enforcing quality regulations for ostrich and game meat, to comply with importing countries' requirements. This has given Eastern Cape farmers a competitive edge.<sup>122</sup>

Nevertheless, the Cacadu Agricultural Report identified the following possible products:<sup>123</sup>

**Table : Production capabilities of municipalities**

Products	Municipality									
	Camdeboo	Blue Crane Route	Ikwezi	Makana	Ndlambe	Sundays River Valley	Baviaanskloof	Kouga	Kou-Kamma	Aberdeen Plains
Apples	x	x					x		x	x
Chicory		x		x	x	x		x	x	
Cotton	x	x	x	x						
Kikuyu				x	x	x		x	x	
Lucerne				x	x	x		x	x	
Pears	x	x					x		x	x
Pecan nuts				x	x	x		x	x	
Pineapples					x	x		x	x	
Stone fruit	x	x	x	x			x		x	x
Citrus	x	x	x	x	x	x	x	x	x	x
Angora	x	x	x	x		x	x			x
Beef Cattle	x	x	x	x	x		x		x	x
Dairy				x	x	x		x	x	
Mutton and Wool	x	x	x	x		x	x	x	x	x
Ostriches	x	x	x	x		x	x	x	x	x
Boer Goats			x	x		x				x

The Cacadu District has already has strong and diversified agricultural base. Significantly, the district contains all of South Africa's agro-ecological zones, including forest, grassland, succulent Karoo, fynbos, savannah grasslands, and thicket. There are therefore several niche products and which can be promoted in future<sup>124</sup> :

<sup>121</sup> Eastern Cape Department of Agriculture, MEC's Policy and Budget Speech, 2007/8.

<sup>122</sup> Eastern Cape Department of Agriculture, *Agricultural Strategic Plan*, 2005-2009, p. 41.

<sup>123</sup> University of the Free State, "Agricultural Potential of Cacadu DM", Draft version, n.d., p. 10.

<sup>124</sup> ECSECC, *Cacadu Growth and Development Summit2007*, p. 22.

- Aloe ferox (particularly in the Karoo areas)
- Wool washing
- Aro-tourism – the Baviaans River Mega-Reserve can serve as a useful model
- Sugarbeet
- Irrigation farming along the Sunday's River and Fish River, particularly citrus, floriculture, vegetables and biofuels
- Essential oils
- Agave, for fibre extraction and paper making.

R1.4 million was pledged by the Department of Agriculture for farmer support in Graaff-Reinet, and to supporting the piggery project in the town.<sup>125</sup> A new initiative, funded by the European Union, is aquaculture on Karoo farms, which will be a new source of food production.

The Eastern Cape Department of Agriculture has a close working relationship with the National Wool Growers Association (NWGA). The Association provides quality wool rams to emergent farmers.<sup>126</sup> The Department also promotes goat-farming, particularly with the indigenous breed of goats.

Interestingly, the Department of Agriculture does not actively encourage the game industry. It sees game farming as a threat to jobs and food security, as well as a threat to the sustainability of small towns. Game farming has led to increasingly large land units, and rising barriers to entry into the sector.<sup>127</sup> The cost of establishing a game farm has risen to a median of about R42 million in 2006.<sup>128</sup> This is the view of Local Municipalities as well as the Provincial Government. It has the consequence of causing distortions in land prices. Game farms must be large units, and these are often purchased with foreign money, which drives up land prices (Interview, Eastern Cape official, Department of Agriculture).

The Department supports the Area-based land reform strategy (proactive land acquisition for agricultural settlement, or PLAAS). It is also launching training programmes for ex-farm workers, such as contract fencing, windmill maintenance and wool shearing. However, the land redistribution process is proceeding very slowly in the district.<sup>129</sup>

The Umzimvubu River dam project will have a major impact. This river contains 30% of South Africa's water resources. Port Elizabeth is short of water, and Coega will also need water supply. From dams in the Umzimvubu River (at Tiffendale), water will be pumped to the Orange River at Zastron; the water will be pumped to the Orange-Fish Canal (near Hofmeyr), which can be extended to the Sundays River. The water will benefit towns such as Steynsburg and Cradock.

The Eastern Cape Department of Agriculture has a new model for land reform. They buy one farm for all the farm workers in the area. This has been tried at Tarkastad

<sup>125</sup> ECSECC, *Cacadu Growth and Development Summit2007*, p. 5.

<sup>126</sup> Eastern Cape MEC for Agriculture, Policy/Budget Speech, 2006, p. 4.

<sup>127</sup> Interview, Eastern Cape Department of Agriculture.

<sup>128</sup> ECSECC, *Cacadu Growth and Development Summit2007*, p. 26.

<sup>129</sup> ECSECC, *Cacadu Growth and Development Summit2007*, ip. 22.

and I the Tsitsikamma. The Department of Land Affairs purchases the land, while the Department of Agriculture provides the infrastructure on the farm. The excess land rented to the neighbouring farms, but breeding stock is provided. The farm workers create a legal entity (CPA), while the commercial farmers also have a representative.<sup>130</sup>

It should be noted that the Indigenous Plant Use Forum (IPUF), which focuses on the commercial uses of plants, plans to hold its next conference in Graaff-Reinet in 2008.

### **3. Northern Cape**

The Northern Cape Department of Agriculture will, over the medium term, implement the following programmes:<sup>131</sup>

- The Orange River Farmer Settlement Programme and the promotion of irrigated agriculture
- The Livestock Improvement Programme, including the commercialization of goats, the promotion of Nguni cattle, and the promotion of products of origin
- The development of agricultural development plans for each of the districts of the province
- MAFISA
- Agri-BEE
- CASP and Landcare
- Agri-tourism.

The Department of Agriculture has a strong focus on the LandCare programme. It was originally focused on land reform projects. Now commonage projects and commercial farms have also been brought under the LandCare programme. The Department feels that programmes need an even stronger focus on resource conservation in future. The LandCare programme is still too limited. Communal farming has environmental problems, and few people take an interest in land sustainability. Since 2005, the CASP programme has broadened its focus from infrastructure development to sustainable veld management, to reduce overstocking.<sup>132</sup>

In the Karoo, the Department has several key facilities. There is a Research Station at Carnarvon, an offices in Douglas, Fraserburg and Victoria West.

There are new potential arid products, such as figs, pomegranates and quinces.<sup>133</sup> There is an Alternative Fruits project in Keimoes. The ARC in Namaqualand did trials with olives, figs, pomegranates, beetroot, onions and prickly pear. In Leliefontein in Namaqualand, a pilot project has been established to grow prickly pear as a fodder, a fruit, and for cochineal (an insect, used for medicinal purposes). The difficulty with prickly pear is that it is very invasive, and two methods (a moth

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<sup>130</sup> Interview, Eastern Cape Department of Agriculture.

<sup>131</sup> Pixley ka Seme DM, *Spatial Development Framework* (draft version), September 2007, p. 72.

<sup>132</sup> Interview, Northern Cape Department of Agriculture.

<sup>133</sup> Interview, Northern Cape Department of Agriculture.

and cochineal) have been brought in to control it. However, this means that crops also become affected.

In Kheis, olives, figs and pomegranates are being produced. In Steinkopf there is a fig project. The problem with such crops is that a lot of water is needed in the first two years, to get the trees established. Drip irrigation could be installed in such projects. At the moment, organisations such as Surplus People Project, FarmAfrica and Alexcor Foundation are involved. The ARC also did some evaluations of these projects. There may also be a problem of sharing knowledge in future, because of the issue of intellectual property. Alternative Fruit has bought the rights to certain fruits, such as Turkish figs. They now have plant breeders rights.

For emergent farmers to venture into desert products, they will need secure markets. It is expensive to produce fruit, because it takes some years before the trees yield a return. The local communities in places such as Namaqualand may be unsuitable for such projects, because the young people have left, there is high illiteracy, and the elderly cannot always cope with innovations. Also, the quality of the water and the PH balance in some areas is poor.

The Departmental officials felt that there is no clear policy on arid areas, and that there is indeed a need to bring together different research efforts from different agencies and universities. Products of origin have a market advantage, such as Karoo lamb, Rooibos, Devil's Claw and Hoodia.

#### **4. Free State**

Interviews were conducted with official from the Department of Land Affairs (DLA) and the provincial Department of Agriculture (DoA). DLA's main focus is on the redistribution of land (mainly farm land), while DoA is responsible for providing on-farm support to emerging farmers.

The Department of Agriculture is responsible for the post-occupancy support of land reform programmes. In the Xhariep area, DoA has secured water rights (from the Department of Water Affairs) for emerging farmers to undertake irrigation farming in the Oppermansgronde area. This enables the department to provide water rights to farmers on 300 ha of land. The land will be subdivided to provide irrigation possibilities to 42 farmers. This project has utilised approximately 57% of the annual budget of the provincial Department of Agriculture. The Department's resource-allocation process is dependent on sustainable business plans. The fact that this money has been allocated to Xhariep is probably related to the dedicated and innovative team of agricultural officials in Xhariep.

Water remains a major problem in order to increase agricultural output and even industries in the value chain. The concept of global warming and the implications for the various departments have not been contextualised for agriculture in the province.

## 7. Mariculture

Port Nolloth is the hub of the fishing industry on this stretch of the west coast. Given that most of the fish caught in the Northern Cape waters have until recently been landed and processed outside the province, development with respect to the fishing industry has been slow. This is all set to change, with the increased quotas that will be awarded to land and process fish in the Northern Cape. Stricter enforcement of quota rules, as from 1998, means that at least 65 percent of the catch, which totals 7 085 tons (mainly hake), are landed in the Northern Cape. This opens up the possibility for more fish processing plants around the expanded harbour at Port Nolloth. A burgeoning mariculture industry with, inter alia, abalone being farmed for export to the Far East, is also taking root in the region.<sup>134</sup>

In 1998, the Northern Cape Fishing and Mariculture Development Association (FAMDA) was created. FAMDA has been instrumental in assisting local applicants to secure increased fishing quotas. FAMDA has also played the lead role in establishing a kelp collection and harvesting company, and is overseeing the implementation of a pilot project designed to ascertain the scientific sustainability and economic viability of a small-scale fishery. Initial sector scanning carried out by the Department together with FAMDA identified a number of possible mariculture projects. A sector scanning exercise suggested that a clustering of mariculture projects could facilitate the easy provision of physical, scientific and technology support services to what is a fledgling industry in the province.<sup>135</sup>

In 2002, the Department of Economic Affairs planned for the provision of financial assistance that created 77 jobs in kelp harvesting and 20 jobs in oyster farming. It also intended facilitating access for small-scale fishers to concessions for small-scale fishing. 11 concessions will be granted for this area, with 5 in Hondeklipbaai and 6 in Port Nolloth. These projects would be co-funded by other national government institutions.<sup>136</sup>

In 2005 it was announced that a R90-million Innovation Fund would be used over the ensuing three years to unlock development funding for creative economic development initiatives in the Richtersveld, Port Nolloth and Hondeklipbaai areas.<sup>137</sup>

In 2006, the Department of Economic Affairs launched several initiatives:<sup>138</sup>

- The official opening of the Fishing and Mariculture Park in Port Nolloth, in January 2006, which is expected to create more than 250 jobs in future.
- Several operations will be transferred to the Park, once all the infrastructure has been erected. This includes the abalone nursery in Port Nolloth, an oyster farm in Kleinzee, and kelp processing in Hondeklipbaai and Port Nolloth. All these employees are undergoing on-the-job training.

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<sup>134</sup> <http://www.southafrica.info>.

<sup>135</sup> MEC for Economic Affairs, Budget Speech 2001.  
<http://www.northern-cape.gov.za/index.asp?inc=departments/economic/budget.htm>.

<sup>136</sup> Department of Economic Affairs and Tourism, Quarterly Report, 2001

<sup>137</sup> <http://www.northern-cape.gov.za/show.asp?show=nz&ID=122>

<sup>138</sup> Address by MEC for Finance and Economic Affairs, Budget Vote, 22 June 2006.

Several long-term fishing rights and quotas have been allocated to HDI community members and companies. Fishing is concentrated at Alexander Bay (Oyster farming), Port Nolloth (the new Mariculture Park and abalone production), Kleinsee (oysters and abalone), and Hondeklipbaai (a project of the Department of Science and Technology and Stellenbosch University).<sup>139</sup>

But the industry is still constrained by the lack of infrastructure, such as harbours, processing plants and jetties.<sup>140</sup> Other constraints are access to appropriate land, regulatory issues (such as permits), infrastructure (electricity, fresh water, roads, airports), access to finance, technology, skills, a dedicated and innovative workforce, and the challenge of transformation (BEE, women, youth and the disabled).

A workshop was convened in Kimberley in February 2007, to achieve a co-ordinated mariculture strategy for all role-players, including the public and private sector.<sup>141</sup> At the workshop, various issues were discussed, such as the promotion of the mariculture sites, fast-tracking the EIA processes, facilitating funding for broadening participation in the sector, ensuring the inclusion of the strategy in all municipal IDPs, promoting skills development, and promoting infrastructure development.

## **8. Land reform**

### **1. Western Cape**

The Department of Land Affairs (DLA) has opened an office in Beaufort West, although the Central Karoo still falls under the Regional Manager based in George.<sup>142</sup>

The DLA began its Proactive Land Acquisition Strategy in 2006, whereby farms are purchased before beneficiaries are identified. This is supplemented by Area-Based Planning (ABP), which is a supply-driven approach. It required largescale mapping, including the hectares of agricultural land, land already distributed, natural and human resources. StatsSA will undertake an audit of farm workers.

The most urgent priority is to draft a 5-year programme for the redistribution of 30% of land by 2014, as well as tenure reform. Furthermore, land reform must be integrated into IDP and LED planning. Land reform must be seen as a component of economic development, and not just the transfer of land.

Farm workers are increasingly living in town and commuting between the town and the workplaces on the farms. There is a need to revive rural towns. This can involve subdividing agricultural holdings and doing “homesteading”, which has been implemented in Beaufort West and Barrydale.. Tenure reform will involve home ownership for farm workers in town, as well as on disused railway sidings. The

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<sup>139</sup> Denver Baron, FAMDA, “Fishing and Mariculture Sector”, Namakwa Growth and Development Summit, 8 March 2007.

<sup>140</sup> Denver Baron, FAMDA, “Fishing and Mariculture Sector”, Namakwa Growth and Development Summit, 8 March 2007.

<sup>141</sup> Denver Baron, FAMDA, “Fishing and Mariculture Sector”, Namakwa Growth and Development Summit, 8 March 2007.

<sup>142</sup> Interview, Western Cape Provincial Office, Department of Land Affairs.

PGDS has accepted the idea of spatially integrated communities, with facilities a maximum of 2.5 km from residents' homes. This suggests that farm workers should be concentrated into towns and villages. Barrydale now has an agrisuburb – 70 houses for farm workers. They were built for R15 000 each, and now are valued at R40 000.

**Table ? : List of land reform projects in the Western Cape<sup>143</sup>**

Year	Municipality	Type of project	Products	Number of bene-ficiaries	Number of hectares
2005	Beaufort West	LRAD	Livestock	14 households	3109
	Beaufort West	LRAD	Angora	18 households	3107
	Oudtshoorn	LRAD	Dairy/ Lucerne seed	14 households	47
	Beaufort West	LRAD	Livestock Vegetables	19 households	22
2006	Uniondale	Equity Share	Fruit	59	974
	De Doorns	LRAD	Fruit, wine	213	67
	De Doorns	Equity Share	Table grapes	118	513
	Uniondale	LRAD	Vegetables	7	1.7
	Prince Albert	Common age	Livestock Vegetables	26	5580
	Beaufort West	ISRDP	Fruit, veg, ostrich, lucerne	10	60

According to DLA officials in Beaufort West, there are currently two key projects in the Central Karoo:<sup>144</sup>

- An LRAD project near Murraysburg, where six families received land for a sheep farm (2 500 ha, at a price of R2.65 million). This includes 72 people, which will face the danger of too many beneficiaries for a limited project. These families were originally farmers on the Murraysburg commonage. There are two trusts, each with three families. They will divide the farm. The LRAD funding was too little. The land will remain in the ownership of the government, until the farmers can prove that they can farm successfully.
- In Prince Albert, the DLA bought a farm in 2005 for commonage. DLA undertook to contribute to the salary of the manager, for one year. However, the municipality as not decided on the projects to undertake. DLA provided a list of options, including grazing, irrigation, ostriches and tourism, but no progress has been made. A Project Management Team (PMT) has been created, consisting of the DLA, Department of Agriculture, the Municipality and the small farmers. However, the PMT has now become DLA's responsibility, which it cannot effectively do, because there are too many projects. But the municipality has not

<sup>143</sup> Department of Land Affairs, Annual Report, 2005/6, [http://land.pwv.gov.za/publications/formal/annual\\_report.htm](http://land.pwv.gov.za/publications/formal/annual_report.htm). Also Department

<sup>144</sup> Interview, Department of Land Affairs, Beaufort West.



even taken a Council decision on the matter. This is an unstable political situation, due to the lack of decision-making. The municipal manager has been suspended.

- In Laingsburg, a Human Settlement Project has been undertaken, to provide housing for farm workers. This will be an Ecovillage, including parks, vegetable garden, and water provision. Three hundred RDP houses will be built. The area consists of 101 ha, within walking distance of the town. There will be 5 ha of irrigation farming, focusing on the production of onion seed. The price of the estate was R650 000.

DLA is increasingly hampered by very high land prices, due to tourism. For example, a 25 ha farm outside Beaufort West, is on the market for an astonishing R10 million.

DLA would like to consider peri-urban smallholdings, as long as the property is affordable.

#### **4. Eastern Cape**

During 2004/05, the Port Elizabeth District Land Delivery Office focused on intensive share equity projects, e.g., the Grasslands project and Klipdrift Coolin. The Grasslands is a dairy project with a herd of 5 500 dairy cows whilst Klipdrift Coolin is a citrus export project with cool storage for the produce. State land disposal increased during 2004/05, with the PLRO delivering close on 20 000 ha of land to previously disadvantaged farmers. On the redistribution side, mainly through LRAD, the PLRO transferred 90 projects. By the end of 2005 there were still 35 projects at the conveyancing stage.

The Port Elizabeth District Land Office reported constraints such as high land prices, particularly in the western part of the province where prices are averaging at R30 000 per hectare. This is high yield agricultural land which, as a consequence, forces beneficiaries to look to financial institutions for top-up capital.<sup>145</sup>

The 2004/5 DLA Annual Report listed 58 redistribution projects in Cacadu District. This included 1 252 beneficiaries, and 11 089 hectares.<sup>146</sup> The 2005/6 Annual Report listed 30 projects for Cacadu.<sup>147</sup>

The DLA has thus far had some difficulties in making inroads into the Karoo. Most of the demand for land has come from the coastal areas, because there are more people in these areas, and they are more knowledgeable about DLA's programmes.<sup>148</sup>

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<sup>145</sup> Department of Land Affairs: *Annual Report, 2004/2005*.

<sup>146</sup> Department of Land Affairs: *Annual Report, 2004/2005*.

<sup>147</sup> Department of Land Affairs, *Annual Report, 2005/6*, p. 59.

<sup>148</sup> Interview, Department of Land Affairs, Port Elizabeth.

forces beneficiaries to look to financial institutions for top-up capital. Some areas in the Amatole and Queenstown areas continue to be impenetrable for various reasons, e.g. attitudes of landowners and conversion from livestock to game farming.<sup>149</sup>

### 3. Northern Cape

The Northern Cape Department of Land Affairs office works in close collaboration with the provincial Department of Agriculture. In 2002, in terms of the Land Reform for agricultural development programme (LRAD), the Department of Agriculture, in partnership with the Provincial office of Land Affairs, approved the following projects: Gordonia, Warrenton, Marydale, Douglas, De Aar, Steinkopf, Calvinia, Jan Kempdorp, Kuruman, Calvinia, Phillipstown, Kimberley. This included 12 211 097 hectares.

In 2002, the Department planned to make available 28 708 hectares of *state agricultural land* to emerging commercial farmers. This was in the form of leasing, outright sale and access to grazing land. The programme for disposal had already started with the advertisement of 7 units for lease and sale in the Kgalagadi District and two units in Siyanda and one in Frances Baard for sale to emerging commercial farmers. Ten projects would involve the establishment of about 50 new commercial farmers.

The following projects were implemented by DLA between 2004 and 2006:<sup>150</sup>

**Table : DLA projects per District Municipality**

District Municipality	Year	Number of projects	Number of hectares
Namakwa	2004/5	1	7 154
	2005/6	31	34 250
Kgalagadi	2004/5	1	1 203
	2005/6	1	6 808
Siyanda	2004/5	4	8 140
	2005/6	5	22 835
Pixley ka Seme	2004/5	3	30 236
	2005/6	3	113

### 4. Free State

The main focus of the Department of Land Affairs is the transfer of 30% of agricultural land to black farmers by 2014. DLA is concerned about the quality of farms which are transferred to emerging farmers. In this regard, the availability of basic infrastructure on these farms is pivotal.

There are some challenges in the delivering process of land reform to the Free State Province. They are high land prices, currently presenting problems to beneficiaries with minimal or no money contribution of their own; some sellers(farmers) are not prepared to negotiate prices and continued eviction threats where farm owners are still

<sup>149</sup> Department of Land Affairs: Annual Report – 2005/2006.

<sup>150</sup> Department of Land Affairs, *Annual Report 2005/6*, p. 83.

not willing to accept the provisions of the Extension of Security of Tenure Act (ESTA.)<sup>151</sup>

In Xhariep District, the 2005/6 DLA Annual Report listed seven LRAD projects. These included a total of four households, and 45 434 hectares.<sup>152</sup>

DLA has also made available land for commonages. With the exception of one or two cases (most notably the commonage at Koffiefontein) these commonages have not been managed well. The Koffiefontein case is unusual, since it is virtually single-handedly managed by the provincial DoA, and not by the municipality, which shows little interest in the commonage.

The relationships between the various role players such as local governments, the Department of Land Affairs and the Department of Agriculture have not always been co-ordinated. The results seem to be disastrous from an ecological point of view: overgrazing and erosion are common, with obvious implications for the livelihoods of some people.

## **9. Environmental management**

### **1. Western Cape**

The Western Cape's PGDS is the only provincial strategy which pays specific attention to environmental questions. The PGDS is very aware of the environmental challenges faced by the Western Cape – notably climate change (and the likelihood of the climate becoming hotter, more variable, with water scarcity and reduced biodiversity), limited energy sources, and water scarcity.<sup>153</sup>

According to the PGDS, many of these problems are particularly associated with urbanisation in the built-up areas along the coast. For example, land-cover change, associated with agricultural expansion and urbanisation, threatens ecosystem health. Almost 500 square km of virgin land was approved for cultivation in the Western Cape over the period 1989 to 2003, nearly 80 percent on the West Coast. This involves encroachment into pristine “fynbos” and ecologically sensitive areas. Bulk water supply is at full capacity.<sup>154</sup> Given this ecological pressure, it may have been expected to have a more balanced approach to spatial development.

However, the PGDS has an in-built tension. It refers to the problem of habitat destruction through urban sprawl and an uncontrolled urban edge.<sup>155</sup> The solution, it notes, is through the enforcement of the urban edge. However, this would require additional densification of existing settlements, the rising cost of land, and therefore less scope for other initiatives such as housing for the poor. The options of encouraging the citizens of the arid hinterland to remain in those towns, or encouraging migrants to return to their homes in the Karoo, do not appear on the Western Cape's agenda.

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<sup>151</sup> Department of Land Affairs, *Annual Report, 2004/2005*.

<sup>152</sup> Department of Land Affairs, *Annual Report – 2005/2006*, p. 64.

<sup>153</sup> Western Cape, *Provincial Growth and Development Strategy*, 2006, p. 49.

<sup>154</sup> Western Cape, *Provincial Growth and Development Strategy*, 2006, p. 52.

<sup>155</sup> Western Cape, *Provincial Growth and Development Strategy*, 2006, p. 55.

A key theme in the Western Cape's *Spatial Development Framework* is climate change, and the warning that the succulent Karoo and Nama Karoo are likely to become hotter and drier and more desert-like. There is likely to be a growth in woody plants, which are better able to withstand increasing levels of carbon dioxide.<sup>156</sup>

The Western Cape Department of Environmental Affairs manages an Environmental and Land Management Programme. It has several key objectives, *inter alia*:<sup>157</sup>

- To empower municipalities and other social partners to fulfill their obligations in terms of environmental and planning legislation.
- To facilitate a paradigm shift in planning and environmental management to develop integrated people-centred systems and processes
- To provide integrated and holistic environmental and land management services.

It deals with applications in terms of NEMA<sup>158</sup>, developments below flood-lines, rezonings of open space, the Less Formal Township Establishment Act, and the old Land Use Planning Ordinances of the old Cape Province. It is mostly a regulatory chief directorate, but it also drafts policies and guidelines on how applications should be dealt with (e.g. in terms of NEMA). The Department tends to consider applications from the Karoo more sympathetically, to promote development in that area.

An interviewee of the Department maintains that tourism has great potential for growth, particularly because the wine industry is currently under stress. Hence it is important to protect the natural environment for tourism. The environment is the “gold mine” for the Western Cape.<sup>159</sup> In the Karoo, rural landscapes should be preserved. Environmental issues which raise concern include boreholes, French drains (can pollute underground water), rainfall tanks, dual system toilets, wind-driven energy and solar energy. In the Western Cape, 92% of rivers are under stress. Rivers are important for water, recreation and agriculture, and are being over-utilised.<sup>160</sup>

The Directorate Strategic Environmental Management deals with Climate Change, and the State of the Environment Reports (SOER). It also has a focus on Biodiversity. This directorate deals with more visionary policy guidelines.<sup>161</sup>

The Department participates actively in the Succulent Karoo Ecosystem Programme (SKEP) and the Sub-Tropical Thicket Ecosystem Programme (STEP).<sup>162</sup> In the

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<sup>156</sup> Western Cape, *Spatial Development Framework*, p. 4-10.

<sup>157</sup> Western Cape Department of Environmental Affairs and Development Planning, *Annual Performance Plan 2005-6*.

<sup>158</sup> National Environmental Management Act.

<sup>159</sup> Interview, Department of Environmental Affairs.

<sup>160</sup> Interview, Department of Environmental Affairs.

<sup>161</sup> Interview, Department of Environmental Affairs.

<sup>162</sup> Western Cape Department of Environmental Affairs and Development Planning, *Annual Report 2006*, p. 33.

Central Karoo, the DEAT has funded a post, and the official reports directly to Pretoria.<sup>163</sup> The office was created in 2004, and falls under the PIMSS.

An important organisation is CapeNature, which has been in existence for more than 50 years. It promotes biodiversity conservation throughout the Western Cape, including urban and rural areas, and on state and private land.<sup>164</sup> CapeNature promotes the concept of a “Conservation Economy”, whereby biodiversity conservation principles are incorporated throughout the economy. CapeNature also functions as the manager of the Western Cape’s water catchment areas.

A key programme is the Stewardship Programme, which encourages private land owners to conserve endangered habitats. CapeNature is also participating in the establishing of mega-reserves, such as Baviaanskloof. Such mega-reserves enable the re-creation of migration patterns of fauna and flora. Its main activities are concentrated in the fynbos areas of the southern and western coastal areas, but it holds great promise for activities in the Karoo.

The Cape Action Plan for People and the Environment (C.A.P.E.) is funded by the Global Environmental Facility (GEF). It is co-ordinated by the South African National Biodiversity Institute (SANBI). In the Western Cape, it is largely implemented by CapeNature. It is a network of institutions and partnerships, which involves communities in conservation efforts.

SKEP (Succulent Karoo Ecosystems Programme) promotes the conservation of natural resources in Nanamqualand,

The Klein Karoo Study Group (KKSG) develops the knowledge required to promote sustainable development in the Klein Karoo, based on the wise use of ecological resources. The Group consists of a wide range of ecological specialists, from eight research organisations (CSIR, SA Biodiversity Institute, Nelson Mandela Metropolitan University, University of Stellenbosch, UCT, UWC, Agricultural Research Council, and Sheffield University) and five implementing agencies (CapeNature, Wildlife Environment Society of South Africa, CAPE, STEP and SKEP). The key focus is the Gouritz initiative. The programme promotes conservation corridors, through the stewardship programme; it creates partnerships to provide jobs in disadvantaged areas; it provides incentives for restoration and conservation; it raises community awareness of endangered environments; and it promotes research. The CKDM is currently discussing the creation of a district-level environmental forum, under the leadership of the local DEAT office.

In the Central Karoo district, key initiatives are:<sup>165</sup>

- To update Environmental Management Plan
- To familiarize councilors with the IDP environmental management toolkit
- To improve and complete the Waste Management Plan and the Spatial Development Framework

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<sup>163</sup> Interview, DEAT, Central Karoo.

<sup>164</sup> CapeNature, *Annual Report, 2005/6*, p. 4.

<sup>165</sup> Central Karoo District Municipality: Lekgotla Report, Draft Version, January 2007, p. 15.

## 2. Eastern Cape

The Eastern Cape is 34% arid and 51% semi-arid.<sup>166</sup>

Extensive livestock farming, primarily with angora goats, has been responsible for veld degradation and loss of biodiversity.<sup>167</sup> Changes to the vegetation in the Cacadu District have been due to overgrazing, inefficient land management, and urban expansion. Only 6.4% of Cacadu's land surface is formally conserved.

A rather gloomy conclusion reached by the Cacadu State of the Environment Report is that the local municipalities in Cacadu show less commitment to environmental issues than does the provincial government. Where municipalities do show an interest in environmental management, it is mainly concerned with issues which are directly related to human needs (water, sanitation, waste removal).<sup>168</sup>

Soil degradation in arid areas is referred to as "desertification". Arid and semi-arid areas in the Cacadu District are indeed threatened with desertification.<sup>169</sup> Soil degradation is most severe in the western parts of the district (Graaff-Reinet, Aberdeen and Jansenville areas) with the rest being moderate to insignificant. Veld degradation is moderate to insignificant in most of the district (most severe in Steytlerville area). Most privately owned land is moderately degraded. This could lead to the loss of local plant, animal and ecosystems. Erosion can also lead to siltation in dams. There are 18 mammal species which are threatened in the Cacadu District. A total of 23 bird species are threatened.

There are three endangered vegetation types in the arid areas of Cacadu District: The Gamtoos Doringveld (Baviaans and Kouga), the Sundays Noorsveld (Blue Crane Route, Ikwezi, and Sundays River Valley), and the floodplain/riparian (Sunday's River Valley).

The STEP (Sub-Tropical Thicket Ecosystems Programme) is active in the southern parts of the Eastern Cape.

The most significant environmental initiative in the Eastern Cape Karoo is the Baviaanskloof Mega Reserve Project. It is a valley of 75 km, situated between the parallel east-west Baviaans and Kouga mountain ranges. The Baviaanskloof includes formal reserves as well as private land. It also straddles the Western Cape and Eastern Cape Provinces. It is located between Uniondale in the west and Patensie in the east. Both Cacadu DM and Eden DM are key stakeholders.<sup>170</sup> Part of the area has

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<sup>166</sup> Centre for Environmental Management and University of the Free State, "Introductory State of the Environment for Cacadu District", 2006, p. 33.

<sup>167</sup> Centre for Environmental Management and University of the Free State, "Introductory State of the Environment for Cacadu District", 2006, p. 46.

<sup>168</sup> Centre for Environmental Management and University of the Free State, "Introductory State of the Environment for Cacadu District", 2006, p. 83.

<sup>169</sup> Centre for Environmental Management and University of the Free State, "Introductory State of the Environment for Cacadu District", 2006, p. 37.

<sup>170</sup> Andre Boshoff, *The Baviaanskloof Mega Reserve*, 2005, Terrestrial Ecology Research Unit (TERU), Nelson Mandela University, Port Elizabeth, p. 34.

been declared a world heritage site.<sup>171</sup> “Mega conservation areas” are pristine areas which are large enough to comprise all the ecological processes necessary to sustain biodiversity in the long term. It spans the gradient from the arid Nama-Karoo to moist fynbos and forest. It has exceptional ecological diversity, and includes seven of South Africa’s eight biome,<sup>172</sup> as well as 12 major vegetation types representing all of South Africa’s seven biomes.<sup>173</sup> The reserve incorporates private landowners, state protected areas and communal activities. It has adopted the STEP<sup>174</sup> philosophy of “Keeping people on living landscapes”. The reserve may also be expanded along the Gamtoos River, to reach the sea near Jeffreys Bay, to create a biodiversity corridor which will allow plant and animal species to move naturally in response to climate change.<sup>175</sup>

The close linkages of the Baviaanskloof to infrastructure (roads, airports and cities), and its malaria-free status, means that it has major tourism potential.<sup>176</sup> It will have significant employment effects, for jobs such as game rangers, game capture, alien vegetation eradication, and fencing. Providers of services and construction materials will benefit during the establishment phase. Tourism operators (e.g. guest lodges) will benefit from additional numbers of visitors. Game farming and stock farming will continue to take place in the reserve.

### 3. Northern Cape

The Department has four main sections: Planning, monitoring and reporting; resource use management (which mainly performs regulatory functions), special environmental investigations (conducting research), and protected area management.<sup>177</sup>

The Protected Areas Management Sub-directorate has several branches: Provincial nature reserves, partnerships, community-based conservation, and trans-frontier parks.

The Northern Cape department is highly underfunded, because the national funding formula is calculated on a *per capita* basis. This, the Northern Cape Department believes, is inappropriate. The Northern Cape should receive additional funding, because of its role in preserving biodiversity.

The Northern Cape is likely to become drier, as global climate change sets in. But it will remain an excellent destination for tourism, on the basis of its environmental heritage. The Northern Cape’s new brand, “Northern Cape Real”, is aimed at focusing on real wilderness adventure.

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<sup>171</sup> Andre Boshoff, *The Baviaanskloof Mega Reserve*, 2005, Terrestrial Ecology Research Unit (TERU), Nelson Mandela University, Port Elizabeth, p. 8.

<sup>172</sup> Nama-Karoo, sub-tropical thicket, fynbos, succulent Karoo, grassland, savannah and forest.

<sup>173</sup> Baviaanskloof Mega Reserve, [www.wildernessfoundation.org.za](http://www.wildernessfoundation.org.za).

<sup>174</sup> Sub-Tropical Thicket Ecosystem Programme.

<sup>175</sup> Andre Boshoff, *The Baviaanskloof Mega Reserve*, 2005, Terrestrial Ecology Research Unit (TERU), Nelson Mandela University, Port Elizabeth, p. 42.

<sup>176</sup> Andre Boshoff, *The Baviaanskloof Mega Reserve*, 2005, Terrestrial Ecology Research Unit (TERU), Nelson Mandela University, Port Elizabeth, p. 24.

<sup>177</sup> Interview, Department of Environmental Affairs.

The Department encourages partnerships and stewardships, whereby private land owners preserve a representative sample of their habitats. Stewardship is the highest level of partnership, which involves a contractual notarial deed, linked to the title deed, accompanied by a business or management plan. This has been particularly prominent in Nieuwoudtville, where remote and mountainous areas are not used for farming purposes, and can be conserved. Government provides incentives, such as wildlife, advice, and research. Also, such properties are excluded from the Property Rates Act. In the rest of the province, such arrangements are more difficult, because farmers use the whole farm. As far as this system is concerned, the Western Cape, Northern Cape and KwaZulu-Natal are the leading provinces. There is a debate, however, on whether farmers should be refunded for ecosystem services.

There are currently huge differences between the provinces as regards the application of environmental laws. The Biodiversity Act should bring some degree of coherence.

The Richtersveld has been declared a World Heritage Site (for cultural reasons, not ecological reasons). The Ai-Ais Park is now part of a South-West Arid Cluster Trans-Frontier Conservation Area. This will include the whole Orange River area, up to Upington – an area of about 14 million ha. It will be managed on the basis of stewardship principles. This is the proposed Greater Gariep Trans-Frontier Conservation Area.

As far as conservation is concerned, stewardship may be more effective than game farming. Stewardship does not require taking down fences. A portion of the farm can become a wilderness zone. (The Eastern Cape has not yet adopted this principle). But in terms of conservation, game farms are preferable to ordinary livestock farming.

Another area with major environmental potential is Doringkloof, situated alongside the Vanderkloof Dam. A consultant has been commissioned to do a viability and feasibility study of several small game reserves in this area, and to examine their tourism potential.

#### **4. Free State**

This section considers a brief overview of environmental aspects relating to the Free State. The emphasis is on Xhariep District. Table 26 is an overview of environmental sensitivity (determined by a range of aspects such as soil types, vegetation, etc).

Xhariep does not have significantly large areas of environmental sensitivity. More than 81% of the surface of Xhariep has been classified as either 0 or 1 on the scale of environmental sensitivity.<sup>178</sup>

Two major ecological concerns were raised during the interview with the Department of Agriculture: Erosion and the invasion of alien plants. Yet, the idea that the ecological pressure in the arid areas is less of a concern was also expressed by the interviewee from the Department of Environmental Affairs interviewed. The major

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<sup>178</sup>

Department of Environmental Affairs, Environment Atlas, 2002.



reason for this stance is the lack of large-scale development impact, which is being experienced elsewhere in the province.

## 10. Mining

Significant uranium deposits exist in the Western Cape, Eastern Cape and Northern Cape.

In the Eastern Cape, these deposits are situated west and south-east of Aberdeen.<sup>179</sup>

## • Arts, culture, sport and recreation

The SA Heritage Resources Agency enables communities to apply for funding to restore historical buildings.<sup>180</sup> **Check this.**

### 1. Western Cape

In the Western Cape, the Department of Cultural Affairs and Sport has selected Beaufort West (as a Presidential node) for several of its programmes. This includes the Department's Museum Service, which conducted a Community Incubator Project in Beaufort West in 2006.<sup>181</sup> Various training interventions were organised for museum staff, including oral history methodology and maintenance of historical buildings. The Museum Service assisted museums with regards to collections management. It also advised independent museums (such as Uniondale) on best practice in establishing a museum and caring for a collection.

The Heritage Resource Management Service identifies and declares significant sites, as a provincial (Grade II) or a local (Grade III) heritage resource.<sup>182</sup>

Of particular significance is its goal to prioritise new museum exhibitions, and to provide museums as venues for cultural events and crafts to contribute to tourism growth.<sup>183</sup>

### 2. Eastern Cape

Karoo small towns were established as farming centres. They were never developed to have industries. Unlike the eastern parts of the province, they have scarce water resources. Many people are leaving these areas to move to the bigger cities, and this affects the budget slice received by the Karoo.<sup>184</sup>

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<sup>179</sup> ECSECC, *Cacadu Growth and Development Summit 2007*, p. 27.

<sup>180</sup> Interview, Prof Izak van der Merwe, Stellenbosch University.

<sup>181</sup> Western Cape Department of Cultural Affairs and Sport, *Annual Report 2005/6*, p. 23.

<sup>182</sup> Western Cape Department of Cultural Affairs and Sport, *Annual Report 2005/6*, p. 26.

<sup>183</sup> Western Cape Department of Cultural Affairs and Sport, *Five-Year Strategic Plan, 2005/6 to 2009/10*.

<sup>184</sup> Interview, Mr Mkhatu, Department of Arts, Culture, Sport and Recreation, Eastern Cape.

The Department's focus is on supporting libraries and museums, and promoting heritage. All projects must be linked to the municipal IDPs. Crafts centres are currently being created in Umtata and Sada, and this could possibly be contemplated in the Karoo, in conjunction with Multi-Purpose Community Centres (MPCCs). The Department also promotes tourism through indigenous dances, e.g. at Shamwari Game Reserve near Grahamstown.

The focus is on diversity, and so all cultures are promoted. The Department is open to suggestions by people who would like to propose specific projects.

There is huge scope for a Bushman route, starting in the highlands of the Eastern Cape (Sterkspruit, Maclear, and Lady Grey), and continuing into the Karoo.

A "Karoo Expo" can be organised to showcase the cultures of the Karoo. Celebrations in the various District Municipalities can be organised.

But Departmental spending on infrastructure related to sport, recreation, arts and culture in Cacadu is only 0.4% of the provincial budget, and amounts to only R3.8 per capita in the district.<sup>185</sup>

Other departments are planning important projects which could have a beneficial effect on skills and culture in the district. The Cacadu District Municipality is planning a technical college in Somerset East; and an Academy of Visual Arts, Crafts and Performing Arts is planned for Aberdeen, in partnership with the Nelson Mandela University and the SABC.<sup>186</sup>

### 3. Northern Cape

The Department of Sport, Arts and Culture has embarked on the following initiatives which hold implications for the arid areas:<sup>187</sup>

- Establishment of cultural societies
- Establishment of Khomani San Craft Centre
- Assistance by McGregor Museum to museums in smaller towns (*inter alia*, Fraserburg, Williston, Sutherland), including training to staff
- Continue research into natural and cultural heritage
- Restoration and maintenance of museum properties, including Wonderwerk Cave and Magersfontein
- Maintain data-base of museum collections
- Unveiling of Abraham Esau monument in Calvinia
- Dissemination information in the media about heritage.

A thesis has been written by Russel van Rooy (Masters Student, University of the Free State), about the Apollo Development Association in Victoria West.

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<sup>185</sup> ECSECC, *Growth and Development Summit 2007*, p. 18.

<sup>186</sup> ECSECC, *Growth and Development Summit 2007*, p. 29.

<sup>187</sup> Northern Cape Department of Sport, Arts and Culture, *Strategic Plan, 2004-2007*.

## • **Municipal capacity-building**

### **1. Western Cape**

Concern has been expressed about the reduction of the equitable share (by about R1 million per annum) to local municipalities in the Central Karoo region. As a consequence, the regional valuation of rural properties was undertaken, to introduce rural rates (February 2007).<sup>188</sup> MIG funding is being utilised for the installation of pre-paid water meters for revenue enhancement. This project will run beyond March 2006.

### **2. Free State**

The financial viability of municipalities seems to be problematic. The Xhariep District Municipality has been struggling to be financially viable over the past number of years. There are some suggestions that the District should be amalgamated with Motheo District Municipality (based in Bloemfontein).

In addition, Kopanong Local Municipality has also experienced severe managerial and financial problems. The Ministerial Advisory Committee in as far back as 2001 described Kopanong as an 'intensive care' municipality in the Free State in that it was of the more extreme creations of the demarcation process, since it consists of nine separate towns.<sup>189</sup> The MAC describes it in the following words: "*The creation of developmental local government in Kopanong remains the ambition of the Mayor and senior councillors, although it is now technically bankrupt and survives from day-to-day, fending off the attachment orders of court officers*".<sup>190</sup> By 2005 Kopanong was also one of the largest non-payers of bulk water and electricity.<sup>191</sup>

Other points highlighted by Van Niekerk are:<sup>192</sup>

- Commercial banks have refused to provide the Municipality with overdraft facilities.
- The last audited financial statement by the Auditor General notes that creditor management is poor and that there was an increase in creditors from the previous financial year.
- More than 45% of all creditors were 270 days or more in arrears.
- Furthermore, the PAYE, UIF and medical aid of employees had not been paid over; there was also evidence that rates and water were not being levied or were incorrectly levied.

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<sup>188</sup> Information provided by the Department of Provincial and Local Government.

<sup>189</sup> Van Niekerk, J., Public policy and small towns: The case of Philippolis (Free State, South Africa), Unpublished masters dissertation, University of the Free State, 2007.

<sup>190</sup> Van Niekerk, J., Public policy and small towns: The case of Philippolis (Free State, South Africa), Unpublished masters dissertation, University of the Free State, 2007.

<sup>191</sup> Department of Local Government and Housing, Report on the state of government finance in the Free State, Bloemfontein, 2005.

<sup>192</sup> Van Niekerk, J., Public policy and small towns: The case of Philippolis (Free State, South Africa), Unpublished masters dissertation, University of the Free State, 2007

Against this reality, Van Niekerk further questions the current demarcation of local government boundaries:<sup>193</sup>

- Did the demarcation system which amalgamated the different towns foresee the negative impact on local economic development in the towns which did not become the main centre or the municipality?
- Is the national policy, which requires a 35% salary cap in budgets, a viable approach for municipalities which consist of small towns. The ability to attract good skills to a small town is a challenge on its own; with limited financial resources it becomes virtually impossible. This results in the inability to generate local income through effective and efficient municipal administration.
- Do intergovernmental grants such as the Municipal Infrastructure Grant, which are mostly based on population figures, address the reality of the limited scale of bulk infrastructure in small towns? The lack of scale obviously leads to cost-benefit analyses being less favourable compared with larger urban areas.

The financial situation in Letsemeng seems to be better than that of Kopanong. In the 2004/05 financial year, Letsemeng had significant long-term investments.<sup>194</sup> Yet, since then they had to cope with the decline of the mining industry in Koffiefontein and this would have had a negative impact on their overall financial situation. Significantly, the municipality is provided with technical support by the mine.

Some efforts for example, through Project Consolidate, have been made to address some of the shortcomings at local government level. The impact of this programme remains unclear.

## • **The Integrated Sustainable Rural Development Programme (ISRDP)**

The Central Karoo District Municipality is an ISRDP node. This means that special attention is provided by government departments, to initiate new development projects and delivery systems in that area.

The Central Karoo Nodal Action Plan (2006-2007) has several important suggestions for improving service delivery. These include:

6. Implementing a shared service centre model, whereby technical expertise will be shared amongst municipalities
7. Implement and enhance LED strategies, to promote Community Based Economic Development
8. “Market and implement the economic profile to stimulate economic development and entrepreneurs”

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<sup>193</sup> Van Niekerk, J., Public policy and small towns: The case of Philippolis (Free State, South Africa), Unpublished masters dissertation, University of the Free State, 2007

<sup>194</sup> Marais, L., Pelser, A., Botes, L., Redelinghuys, N., and Benseler, A., Public finances, service delivery and mine closure in Koffiefontein (Free State, South Africa): From stepping stone to stumbling block, *Town and Regional Planning*, Special Edition, 48, 5-16, 2005.

9. Build partnerships between community, public and private sector
10. Establish a community-based organisation and LED forum to enhance participation in the mainstream economy
11. Establish LED-based CBOs on the ASGISA enterprise development programme
12. Extension of basic services to farm areas
13. Facilitating a human settlement strategy
14. Establish local innovation centres for skills development and establish links with relevant organisations
15. Develop a district poverty co-ordination strategy across sectors.
16. Economic development to broaden the tax base of the local municipalities.

These strategies are certainly meritorious, but they also have two limitations. Firstly, there is little real economic vision or purpose in the Action Plan. The Action Plan apparently trusts that the creation of certain institutional processes (such as the LED forum, or public-private partnerships) will lead to some kind of economic innovation. Secondly, the Action Plan is of course limited to the Central Karoo District Municipality. There are no synergies with the adjacent municipalities in the Karoo, even though they share certain social and economic characteristics, and even though economic development may be much more effective if planned across provincial borders.

The reason for these limitations is that the ISRDP is primarily concerned with “alleviating poverty” and “improving the quality of life in rural areas”. Its aim is to “accelerate service delivery in the nodal areas”.<sup>195</sup> Its purposes are therefore primarily social, infrastructural, rights-based and welfarist. Although its intention is to “respond to indicators of poverty and economic opportunities”, the primary focus is on improved service delivery. “Economic growth” is defined as “job and income creation, skills development, increased productivity and equity”- in other words, an approach to economic development which is based on ameliorating the plight of the poor, the unemployed and the vulnerable (defined as women, youth and people with disabilities). Nowhere is the attraction of investment mentioned as a strategy or an outcome. Although the business sector is mentioned as a stakeholder, the approach to development is primarily state-centric. There is a strong focus on co-ordinating government departments, building political support, and appointing “local technical champions” to identify and implement projects.

## • **Housing**

The provision of housing in South Africa has mainly been governed by a capital subsidy programme. This capital subsidy programme intended to provide a starter home to South African households earning less than R3500 per month. Furthermore, the policy was based on the involvement of the private sector in the development of houses. The outcome of the first ten years of post-apartheid housing policy was mixed. On the positive side, more than 1.5 million housing units were constructed, yet the quality of a significant percentage of the units was poor, new housing

<sup>195</sup>

DPLG, ISRP Manual, p. 3.

developments were mainly located on the peripheries of cities while the focus on the capital subsidy suggested “a one size fits all approach”. A new policy direction was introduced in 2004 in the form of “Breaking New Ground” (BNG). This policy direction did not necessarily replace the original White Paper. Instead, it re-emphasised a number of aspects which had gone astray in implementing housing policy.

Nevertheless, the original White Paper and the new policy proposals reflect an inherent large urban areas bias.<sup>196</sup> The socio-economic implications specifically of drylands are seldom reflected in these policy documents.

Four points should be made regarding the degree in which the policy is biased in favour of urban areas. The argument here is not that policy should not have an urban bias, but rather that – as we shall indicate – a policy which does not take into account the problems of sparse populations, remoteness, low densities and high resource variabilities, follows the assumption that a “one-size-fits-all” solution should be applicable to all of South Africa. Firstly, it has already been pointed out that a policy emphasising incremental upgrading and ownership is not necessarily appropriate for more remote communities, such as farm workers in the Free State.<sup>197</sup> Secondly, it is also unlikely that the mobilisation of housing credit has a high degree of relevance for much of arid South Africa. The emphasis on this aspect in the White Paper, together with the prominence accorded the development of the residential property market in the BNG framework, does not seem to be highly relevant to the socio-economic reality in arid and semi-arid South Africa; nor does this emphasis reflect any understanding of either the current processes of housing investment or demographic trends.

Thirdly, most of the new programmes in the BNG framework have indeed been developed with an explicit urban bias – and understandably so. For example, the emphasis on rental housing, the institutional reform by means of accreditation of municipalities in terms of the Housing Act, and the longer-term possibility of housing as a source of employment, are not totally irrelevant for arid areas; but these aspects are not as important in this context as they are in the case of larger urban agglomerations.

Furthermore, variability of temperature and rainfall is seldom considered in design and planning. Although some initiatives have been undertaken regarding energy efficiency and housing design,<sup>198</sup> neither the current policy nor the BNG framework refers to the implications of global warming for low-income housing policy.

Finally, the costs of services and transport are considerably higher in drylands, owing to the remoteness of these areas. There are implications at various levels. The first level relates to the cost of construction. Since a fixed subsidy amount is available

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<sup>196</sup> Marais, L., Cloete, J., Sigenu, K., Matebesi, Z., and van Rooyen, D., Housing in Arid South Africa: An evaluation, Paper presented at the National Housing Foundation Conference in Cape Town, 2007.

<sup>197</sup> Hartwig, R., and Marais, L, Farm-worker housing in South Africa: An evaluation of an off-farm project, *Housing Studies*, 20(6), 931-948, 2005.

<sup>198</sup> Winkler, H., Spalding-fecher, R., Tyani, L., Matibe, K., Cost-benefit analysis of energy efficiency in urban low-cost housing. *Development Southern Africa* 19, 593-614, 2002.

throughout South Africa, the cost of construction is an important variable determining the housing products. The need to transport building materials over extensive distances increases the costs of housing development in arid areas. Although it is true that land costs in these areas are probably significantly lower than in large urban areas, the extensive additional costs relating to transportation should be acknowledged. It is interesting to note that housing policy initially made provision for variance of up to 15%, in relation to the following conditions: extensive slopes; undulating terrain; hard rock formations and boulders in the top 1.5m of the land surface; terrain comprised of loose, poorly-graded sand; a high water table; dolomitic conditions; and, unstable soils, requiring engineering work for the design of foundations<sup>199</sup>. Although in some cases these conditions may be applicable to dryland areas, the fact is that aspects such as slopes and high water tables are directly linked to coastal areas. Local land conditions were indeed considered important enough to warrant some deviation from mainline policy. However, remoteness and, consequently, also transport costs were ignored until recently. The Northern Cape Provincial Department of Housing and Local Government has since managed to lobby for the inclusion of an additional amount in the housing subsidy to make provision for these costs.

Two questions arise in response to this policy change. First, why did it take more than twelve years to react to this reality? The problem of the lack of effective representation of arid areas is pertinently illustrated in this situation. Secondly, why is this special subsidy only applicable to the Northern Cape, and not to other dryland areas in South Africa?

## 1. Western Cape

The towns in the Western Cape Karoo are growing, due to the influx of farm workers. There is also substantial overcrowding of homes. In Laingsburg, for example, the municipality needs to build 300 houses in the next ten years. The municipality is in the process of building 108 RDP houses.<sup>200</sup>

The Central Karoo District Municipality is preparing an intervention plan to promote housing and electrification.<sup>201</sup> This will include consideration of the possibility of transferring Transnet housing stock (to the municipality or to the owners?) The sanitation backlog will also be addressed. The following issues are included in the programme:

- Energy and climate change
- Sustainable water use and management
- Sustainable waste management
- Bio-diversity management
- Sustainable transport.

The Central Karoo IDP for 2006-10 will be accompanied by an integrated Human Settlement Plan for the District. It will estimate the need for different types of

<sup>199</sup> Department of Housing, 2002. The Housing Code, Pretoria.

<sup>200</sup> Laingsburg Local Municipality, *Water Services Development Plan*, n.d., p. 20.

<sup>201</sup> Information provided by the Department of Provincial and Local Government.

housing in the region, and will assess infrastructure backlogs. Several sector plans for the region will be integrated: LED Plan, Water Services Development Plan, Equity Plan, and skills Development Plan. By February 2007, the housing backlogs were being addressed. The sustainable water use and management plan was in place, as was the sustainable waste management and transport plan. Sector plans were being incorporated into the IDP.<sup>202</sup>

The Central Karoo has identified the following priorities as regards housing and land:<sup>203</sup>

- Facilitation of an integrated human settlement strategy
- Completion of Spatial Development framework
- Transfer of Transnet houses and land in region to individual municipalities
- Land Reform Strategy - Developing a strategic and holistic land distribution policy, Engage with both provincial and national government in the review process of the willing-buyer / willing seller policy
- Land Use Management Strategy
- Review of infrastructure maintenance plan

Transformation towards fully implementing the integrated human settlements paradigm within the region is moving slowly due to capacity constraints. A number of officials within technical services are currently being trained in IHS at the University of Cape Town. This capacity building together with the planned housing plan which has been identified as a need for the region should kick start future planning and housing provision towards the goals of integrated human settlements and the eradication of apartheid planning. These steps will therefore ensure that housing development contributes to eliminating duality of living spaces inherited from apartheid planning.

The PIMS centre at the District Municipality has also engaged with the Department of Environmental Affairs and Development Planning to re-establish an operational GIS unit which will form the basis of identification of land parcels for future planning purposes.

Prince Albert Municipality is currently in the process of engaging with Transnet for the provision of housing stock (which was rented by local poor communities).

## **2. Eastern Cape**

## **3. Northern Cape**

Housing should follow economic development patterns, to create sustainable communities in the long-term.<sup>204</sup> IDPs are needed to determine economic opportunities.

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<sup>202</sup> Information provided by the Department of Provincial and Local Government.

<sup>203</sup> Central Karoo Lekgotla Draft Report, January 2007, p. 15.

<sup>204</sup> Interview, Mrs Sudeyal, Department of Housing, Northern Cape.



All provinces are now required to build 40m<sup>2</sup> houses. The cost limit is R38 000. The challenge for many towns is that it costs much more to build a house of this size. For example, in Hondeklip Bay, it costs at least R50 000 to build a house.

The Northern Cape receives only R130 million per annum. But the distances are vast, and this has a major impact on housing costs.

People do not want innovative housing – they prefer brick houses. This leads to cost constraints.

The Department focuses primarily on housing in small towns. Of the allocated R130 m per annum, about 60% is directed at small towns.

Infrastructure grants are provided by MIG, to provide bulk infrastructure. Reticulation has to be covered by the R38 000 made available for each house. There has recently been a directive from the National Department of Housing that municipalities should, in future, fund this infrastructure.

#### 4. Free State

Research in the Free State revealed that small towns, and for that matter Xhariep District, have received proportionally more subsidies than one would expect from their actual proportional share of the population.<sup>205</sup> This is attributed to various reasons. First, the Free State set a minimum housing size of 40m<sup>2</sup>, this in contrast to national guidelines where originally there was no minimum size stipulation, but which was later changed to 30m<sup>2</sup>.<sup>206</sup> Currently the national guidelines are set at 40m<sup>2</sup>, and the Free State regulations stipulate a size of 45m<sup>2</sup>.

One of the prerequisites of such a policy was that planned stands (preferably also serviced) should be available, as the subsidy amount was earmarked for attaining the minimum housing size. The southern Free State (Xhariep) benefited extensively from this approach because the then Southern Free State District Council made available a large number of serviced stands in the Southern Free State through a loan from the Development Bank of Southern Africa. Secondly, the fact that rural-to-urban migration in Xhariep has been less pronounced than in the rest of the Free State also meant that these stands facilitated housing provision for a longer period than would have been the case in the Northern Free State. Third, the original policy approach in the Free State emphasised that all settlements should receive housing subsidies. The emphasis on settlements rather than on the proportional share of the Free State's

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<sup>205</sup> Marais, L. and Krige, S., Who received what where in the Free State, 1994 – 1998: An assessment of post-apartheid housing policy and delivery. *Development Southern Africa*. 17(4), 603 – 619, 2000; Marais, L., Good intentions with negative consequences: The case of housing size in the Free State Province of South Africa. *Africa Insight*, 33(2/3), 54-60, 2003

<sup>206</sup> Marais, L. and Krige, S., Who received what where in the Free State, 1994 – 1998: An assessment of post-apartheid housing policy and delivery. *Development Southern Africa*. 17(4), 603 – 619, 2000;

population benefited the dryland areas of the Free State<sup>207</sup>. The fact that Xhariep was advantaged by this approach in the Free State is reflected in Table 24 below.

**TABLE 24: The changing trends in informal housing units by district municipality in the Free State, 1996 – 2001<sup>208</sup>**

Type of housing	Xhariep	Free State	SA
Informal (backyard), 1996 (n)	1797	50655	
Informal (backyard), 2001 (n)	1227	44053	459528
Informal (backyard) 1996 (%)	5.7	8.1	0
Informal (backyard) (2001) (%)	3.1	5.8	3.9
Percentage for the Free State, 2001	2.8	100.0	
Informal 1996	3167	112058	
Informal 2001	4917	147106	1376707
Informal 1996 (%)	10.1	17.9	0.0
Informal 2001 (%)	12.5	19.4	11.7
Percentage for the Free State, 2001	3.3	100.0	

The above table suggests, in terms of scale and proportional share, that informal housing units are, in comparison with the Free State and other districts, not a major concern. For example 12.5% of the households in Xhariep reside in informal housing units. Comparatively speaking, the percentage in the Free State is 19.4%. If the scale is considered, just fewer than 5 000 households or 3.3% of all households reside in informal units. This percentage is significantly smaller than Xhariep's proportional share of the population of the Free State.

At a policy level, the application of mechanisms and design seldom focuses on aspects that assist households to manage variability in temperature. The application of improved designs to regulating temperature and to manage resources such as water, remains low on the agenda – despite a shift towards the development of sustainable settlements. Furthermore, these aspects are usually subordinate to aspects such as the size of the housing unit. The reality of global warming means that far more attention should be devoted to the saving of energy and a reduction of household water use. IDPs - including those of Xhariep District, Kopanong and Letsemeng - are generally silent on these matters.

## • **Municipal infrastructure: Water and sanitation**

There are a number of aspects that need to be considered in providing an overview of the policy environment. Four aspects are relevant in this study.

<sup>207</sup> Marais, L. and Krige, S., Who received what where in the Free State, 1994 – 1998: An assessment of post-apartheid housing policy and delivery. *Development Southern Africa*. 17(4), 603 – 619, 2000.

<sup>208</sup> Free State Provincial Government, Free State Growth and Development Strategy, Bloemfontein.

The current Municipal Infrastructure Grant (MIG) Fund is an amalgamation of a number of infrastructure-related funds, cutting across government line departments. Since April 2004, it also includes the Local Economic Development (LED) Fund. Essentially, there is currently one fund that supports infrastructure development. LED is linked to the MIG Fund in that it provides opportunities for job creation.

In addition, the Indigent Grant paid by national government to municipalities, assists with the operational costs of municipal services, on behalf of that part of the population unable to afford municipal services. The MIG guidelines require that 72% of the funds should be allocated to water and sanitation, and 28% to roads and storm water. Electricity provision is not included. In the Free State, in addition to the MIG allocation, there is also a small fund available from the provincial government (approximately R17 million per annum). The MIG funds are managed mainly through two government departments, the Provincial Departments of Local Government and Housing does the project management, and the Department of Water Affairs and Forestry provides technical assistance towards the implementation of water and sanitation programmes.

A fairly detailed formula is employed to determine how MIG funds are allocated to municipalities. However, the main determining factor (also indirectly present in some of the other aspects) is the share of the national population. The implications of this allocation formula are dealt with in the next section.

The Department of Water Affairs (a national department with decentralised provincial offices) is managed by two Acts. The Water Services Act (Act 108 of 1997) focuses on aspects of access to household water and basic water management. The National Water Act (Act 36 of 1998) provides a framework for water source management and tries to provide a framework for fair access to water sources.

## 1. Western Cape

Central Karoo has a variety of water sources:<sup>209</sup>

- *Beaufort West*: Underground water is drawn from 19 boreholes, extracting from 6 underground aquifers; 2 fountains; and the town also draws water from the Gamka Dam. Generally, borehole levels are monitored, but there is a problem of water wastage by the community.
- *Merweville*: Has seven boreholes; Merweville's extraction is higher than sustainable levels
- *Nelspoort*: Depends on boreholes as well as a surface spring.
- *Laingsburg*: Depends on boreholes, a fountain, as well as the Buffels River (sumps in the river) and Wilgehout River (a declining resource).<sup>210</sup> There are three reservoirs. Treated wastewater is used for irrigation. Unaccounted water (due to leakages in the system) is relatively high, at 45%.
- *Matjiesfontein*: Matjiesfontein (Pty Ltd) provides the settlement with water. There are two boreholes and one reservoir. There is no sewerage reticulation

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<sup>209</sup> Beaufort West Water Services Development Plan, n.d., p. 19.

<sup>210</sup> Laingsburg Local Municipality, *Water Services Development Plan*, n.d., p. 22.

system; waste water is disposed of in french drains, which is causing a health hazard.

Beaufort West and Laingsburg fall within the Gouritz Catchment Management Area (CMA), which continues to Knysna, George and Mossel Bay.

Water quality in the Beaufort Municipality is generally good.

The Central Karoo DM has identified the following priorities for the district:<sup>211</sup>

- Sinking of more boreholes
- Research of innovative ways to bring water to farms and rural areas
- Upgrade the water network
- Source funding for the upgrading of gravel roads and storm water network
- Provide VIP toilets to farming areas
- Research investment vehicle to attract funding for the provision of electricity by means of alternative energy sources

Over the financial year R6 463 000 was allocated for water, sanitation and refuse services district wide of which R5 466 000 was spent to date, thus having reached 84.5% expenditure with 95% completion. The District has dealt with remaining challenges in sanitation and refuse removal especially in rural communities and currently all households have access to clean running water, thereby reaching national goals. The district has also met the national challenge of eradicating bucket toilets by the end of 2007.

*Water:*

- The interventions undertaken included reservoir and upgrading of bulk water upgrade through the provision of a water pipe line in Prince Albert. There is also an investigation for a new aquifer in Beaufort West.
- Water and upgrade of water supply in Murraysburg (DMA) amounts to R834 182.48.

Socio-economic impact of these interventions will address the issue of water wastage. This in turn will add to the preservation of our water resources in this region where water is a limited resource.

- Budget allocated for water infrastructure for this period amounts to R1 921 477.43
- The budget sources included MIG and internal funding.
- Challenges include a need for additional water resources in Prince Albert and Beaufort West due to recent drought experienced.

*Sanitation:*

- Interventions undertaken in the District pertaining to sanitation include the provision of 100 sanitation units in Beaufort West, Nelspoort and Merweville as well as Murraysburg (DMA), an amount of R362 000 for this period.
- All of the above are 90% complete.

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<sup>211</sup> Central Karoo District Municipality, *Draft Lekgotla Report*, January 2007, p. 15.

- Socio-economic impact: Sanitation provided previously disadvantaged communities with a healthier environment (prevention of water and airborne illnesses) and also contributed to restoring the dignity of our people.
- The District wide budget allocated for sanitation in the region included R362 000.
- Funding sources included MIG and internal sources.
- 28 temporary and permanent jobs were created.
- Challenges include a need for sanitation on some farms in Murraysburg.

## 2. Eastern Cape

The Cacadu District falls into the Fish to Keiskamma Water Management Area. This large area has been divided into two separate Internal Strategic Perspective (ISP) areas by DWAF – Fish to Sundays River (in the more eastern parts), and Tsitsikamma to Coega (in the more western parts).<sup>212</sup>

Several towns use water transferred from the Orange River; these include Grahamstown, Enon, Kirkwood and Cookhouse. Other towns depend on boreholes: These include New Bethesda, Aberdeen, Jansenville, Riebeeck East, and Paterson. Towns supplied by local dams include Graaff-Reinet, Alicedale, Bathurst and Grahamstown. The major water system in Cacadu is the Orange-Fish-Sundays Water Supply System(OFSWSS), which enables a continuous supply of water, and is essential for economic survival.<sup>213</sup> This water supply is underutilized, and leaves scope for further agricultural development along the Sundays and Fish Rivers, as well as industrial development at Coega.<sup>214</sup>

Municipalities such as Camdeboo do not have sufficient water to ensure a stable situation.<sup>215</sup>

More than 50% of the population of Cacadu DM currently receive free basic water.<sup>216</sup> Key water projects are being planned in the arid areas:

- Aberdeen: Additional boreholes
- Jansenville: Additional boreholes; upgrade reticulation
- New Bethesda: Additional boreholes
- Pearston: Inadequate water supply – need additional boreholes
- Steytlerville: Need additional boreholes.

Aquifers that are most stressed are those supplying Middelburg and Graaff-Reinet in the arid areas.<sup>217</sup> A priority in the whole Eastern Cape is that the hydrogeological

<sup>212</sup> Centre for Environmental Management and University of the Free State, “Introductory State of the Environment for Cacadu District”, 2006, p. 18.

<sup>213</sup> Centre for Environmental Management and University of the Free State, “Introductory State of the Environment for Cacadu District”, 2006, p. 20.

<sup>214</sup> Eastern Cape Development Corporation, “Infrastructure”, 2003.

<sup>215</sup> Centre for Environmental Management and University of the Free State, “Introductory State of the Environment for Cacadu District”, 2006, p. 20.

<sup>216</sup> Centre for Environmental Management and University of the Free State, “Introductory State of the Environment for Cacadu District”, 2006, p. 22.

database must be upgraded and that a reliable method of recording groundwater use should be developed. A monitoring programme is being planned by DWAF.

Water quality in almost all the rivers will need attention, due to irrigation return flows, industrial effluent and urban impacts. This includes the Sundays, Fish, Kromme, Seekoei, Swart and Swartkops Rivers. The Groot and Fish Rivers, as well as the Sundays River, have naturally poor water quality due to high salt concentrations.<sup>218</sup> Poor water quality requires more expensive treatment processes to make water safe for use.

DWAF has developed a Multi-Annual Action Programme (MAAP) for each District, to allocate resources for water and sanitation development.

### 3. Northern Cape

The Northern Cape is “water poor”, with rivers characterised by irregular flows and punctuated by episodes of flooding. People are dependent on ground water except along the Orange and Vaal rivers.<sup>219</sup>

The Northern Cape has placed a great deal of emphasis on water and sanitation provision to arid areas. However, both surface and groundwater sources are nearing full development and utilization. There are already numerous communities utilising more than 80% of their water resources. These include: Strydenburg (about 190% of available resources), Van Wyksvlei (185%), Kamieskroon ((175%), Britstown (155%), Carnarvon (155%), Kheis (125%), Kommagas (125%), Spoeigrivier (120%), Kenhardt (110%), Buffelsrivier (105%), Calvinia (100%), Garies (95%), Khubus (90%), Paulshoek (90%), Blletrap (85%) and Riemvasmaak (85%).<sup>220</sup>

Water quality is generally poor in the western parts of the province (Namaqualand), with high fluoride content. In the coastal regions, desalination of ground water is practiced resulting in low availability and high cost of potable water.<sup>221</sup> In the northern Karoo, Bushmanland, Gordonia and Mier area, the salinity of the water is too high, with potential adverse health risks. The Karoo in the Pixley ka Seme District generally has potable water.

The current targets are the following:

- To eradicate water provision backlogs in schools (by 2005), clinics (by 2007) and households (by 2008).

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<sup>217</sup> Centre for Environmental Management and University of the Free State, “Introductory State of the Environment for Cacadu District”, 2006, p. 24.

<sup>218</sup> Centre for Environmental Management and University of the Free State, “Introductory State of the Environment for Cacadu District”, 2006, p.25.

<sup>219</sup> Department of Water Affairs and Forestry, *Status of the Water sector in the Northern Cape: Achievements and Challenges*, March 2006, p. 1.

<sup>220</sup> Department of Water Affairs and Forestry, *Status of the Water sector in the Northern Cape: Achievements and Challenges*, March 2006, p. 5.

<sup>221</sup> Department of Water Affairs and Forestry, *Status of the Water sector in the Northern Cape: Achievements and Challenges*, March 2006, p. 8.

- To eradicate sanitation backlogs by 2007 (all buckets on formal stands, as well as clinics), and to eliminate sanitation backlogs of household by 2010.<sup>222</sup> The elimination of bucket toilets has become a crucial overriding priority. It is estimated that there are approximately 7 000 buckets on formal stands in the Northern Cape. Bucket toilets are still found throughout the Karoo.<sup>223</sup>

There are still 4120 units in Siyanda District, 1713 in Namakwa District, and 4675 in Pixley ka Seme District.<sup>224</sup> In the arid areas, the sanitation backlog is particularly pronounced in Gamagara LM (Kathu area), Siyancuma LM (Douglas), Siyathemba LM (Prieska), Nama-Khoi Municipality (Springbok), Richtersveld LM, !Kheis Municipality (...), //KharaHais Municipality (...), Kai !Garib Municipality (Kakamas area), and Mier.

In some towns, such as Phillipstown, water-borne sewerage has caused a water shortage.<sup>225</sup>

Some towns will require additional MIG allocations for bulk infrastructure. The following pipeline projects are under investigation in the Pixley ka Seme District:<sup>226</sup>

- Vanderkloof, Petrusville, Philipstown, Britstown and Vosburg (estimated between R154 million and R248 million)
- Hopetown and Strydenburg (estimated between R28 million and R45 million)
- Colesberg, Noupoot, Hanover and Richmond (estimated between R86 million and R174 million)
- Vanwyksvlei and Carnarvon (interim water supply estimate R5.6 million, to high estimate of R50 million)
- Marydale and Niekerkshoop (R7.3 million).

The Northern Cape DWAF report has found several typical problems which beset water and sanitation delivery:<sup>227</sup>

- Financial allocations to municipalities are too small
- Project costs are underestimated
- Unit costs are high in some areas
- Municipalities lack capacity in key areas, such as preparation of tenders, appointment of consultants, project management, supply chain management, and lack of planning

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<sup>222</sup> DWAF Northern Cape: *Strategic Review of the National Water Sector: Backlogs and Targets*, 11 December 2006.

<sup>223</sup> DWAF Northern Cape: *Strategic Review of the National Water Sector: Backlogs and Targets*, 11 December 2006, p. 3.

<sup>224</sup> DWAF Northern Cape, *Status of the Water Sector in the Northern Cape: Achievements and Challenges*, March 2006, p. 14.

<sup>225</sup> DWAF Northern Cape: *Strategic Review of the National Water Sector: Backlogs and Targets*, 11 December 2006, p. 4.

<sup>226</sup> Pixley ka Seme DM, *Spatial Development Framework* (draft version), September 2007, p. 69. The low estimates are based on 100 liters per person per day; the high estimates are based on 200 litres per person per day.

<sup>227</sup> DWAF Northern Cape: *Strategic Review of the National Water Sector: Backlogs and Targets*, 11 December 2006, p. 9.

- Support to municipalities is often unco-ordinated
- The number of households increases on an annual basis, despite the decline in the number of people
- Promoting reticulation of infrastructure puts pressure on bulk facilities, such as oxidation ponds (in towns such as Victoria West, Carnarvon, Petrusville, Strydenburg, Douglas, Griekwastad, Prieska and Norvalspont)
- The provision of waterborne sanitation in arid areas places undue strain on water resources and could be unsustainable. In some towns, the provision of waterborne sanitation.

In the Mier area, there are water quality problems (salinity is too high), and in Namaqualand, the fluoride content is too high.<sup>228</sup>

#### 4. Free State

This section illustrates infrastructure service delivery in Xhariep, and shows how Xhariep compares with the rest of the Free State. The following pertinent trends should be mentioned:<sup>229</sup>

- Access to water in Xhariep at the household level (water on stand or in house) increased from just below 60% of households in 1996, to over 80% in 2001. Yet, the average access for 2001 in Xhariep was lower than that for the Free State (85.3%).
- There has been a considerable increase in access to waterborne sanitation. In 1996, 52.2% of people had access to waterborne sanitation. By 2001, the percentage had steadily increased to 66%. This was considerably more than the 48.5% average for the Free State in 2001. The steady increase in sanitation in Xhariep was also accompanied by a decrease in the percentage of households with access to pit latrines (10.1% to 4%), those with access to buckets (18.9% to 7.5%), and those with no sanitation (18% to 16%) for the period between 1996 and 2001.
- Electricity access for households in Xhariep (76.3%) was also slightly higher than that of the Free State (74.9%).
- Refuse removal services in Xhariep were available to 65% of the households in 2001. In the Free State the figure was 58% for the same year.

From the above statistics it seems as if, in percentage terms, Xhariep is not necessarily worse off than the rest of the Free State. It can also be concluded, that as a result of the sparse population, the scale of the need for improved infrastructure is also fairly small. Yet, some of the most daunting challenges in terms of infrastructure and infrastructure management are experienced in this area. Because towns are small, the lack of scale means that costs are proportionally higher per unit. Cross-subsidisation of water is also more difficult in that the scale of water provision is substantially less

<sup>228</sup> DWAF Northern Cape, *Status of the Water Sector in the Northern Cape: Achievements and Challenges*, March 2006, p. 8.

<sup>229</sup> Free State Provincial Government, *Free State Growth and Development Strategy*, Bloemfontein, 2006.



than in larger urban areas. As we shall argue in more detail below, the principle of lack of scale is seldom considered in practice.

The question is whether the MIG funding allocations are fair to Xhariep and specifically to the two municipalities under consideration. Table 25 provides an overview of the allocation in rand values.

**Table 25: MIG allocations (R'000) in the Free State, 2007 - 2010**

District	2007/08	%	2008/09	%	2009/10	%	Total	%
Xhariep	53324	5.7	21623	3.8	17872	3.8	92819	4.7
Letsemeng	14048	1.5	7515	1.3	6212	1.3	27775	1.4
Kopanong	26754	2.9	8243	1.4	6813	1.4	41810	2.1
Free State	929125	n.a.	569973	n.a.	471098	n.a.	1970196	n.a.

The above table suggests that for the three-year MTEF period (2007 – 2010), Xhariep will receive 4.7% of the MIG funds. Significantly, it will decline from 5.7% in 2007/08 to 3.8% for the next two financial years. This decline can be ascribed to the fact that Kopanong received a special allocation for bucket eradication in the 2007/08 year, but that this will not be repeated. As already indicated, population numbers constitute one of the main variables in the allocation of such funds. The fact that Xhariep has 17 urban settlements or one-fifth of all settlements in the Free State is not factored into this formula.

A number of key issues in terms of water and sanitation management came to the fore in the interviews conducted

- The emphasis in the Free State and also in Xhariep is to provide waterborne sanitation. This is understandable when one considers the historical inequalities in respect of infrastructure provision and the fact that the former white parts of most towns have waterborne sanitation. The emphasis on the eradication of the bucket process provides evidence in this respect. Yet, it seems as if the eradication of the bucket system will increased water consumption in most municipalities, despite the local arid climate.
- Virtually no evidence has been found of municipalities emphasising the scarcity or variability in respect of water resources. Yet, one of the interviewees estimated that up to 40% of water was lost in the distribution process.
- From the interviews, it also seems that explicit challenges exist in respect of water management in the local government sphere. Key areas of concern are the level of services versus the availability of resources, and the cost of the water. At the same time, the ecological impact of lower levels of sanitation (for example pit systems) on especially ground water is a major concern. There is also evidence that the ecological impact of waterborne sanitation systems are a further cause for concern. This will require a great deal of reflection and analysis, to reconcile people's needs for services, water availability, and environmental impacts.

- Most of the municipalities in the Free State water and sanitation plans. Effectively, there is thus no coherent local plan to manage some of the above conflicts.
- There seems also to be a major concern about managing boreholes. Water levels are seldom measured and boreholes are pumped until they are completely dry.
- At an operational level, there also seem to be examples of a disjunction between new housing developments and water provision. It seems as if the increased water provision to households, which necessarily accompanies most housing projects, is seldom accounted for in water planning.
- The variability of water provision in dry or warm periods seems also to be a major concern in the drylands – especially where settlements are dependent on ground water.
- Ecological concerns are also expressed in respect of the nitrification of rivers. Although a number of factors contribute to the high levels of nitrification, the inappropriate management of waterborne sanitation systems seems to be a major culprit. Policing this reality is difficult because it leads to court cases between different state departments of spheres of government.
- There also seems to be conflict around water between industry and agriculture.
- Water quality seems also to be a major concern in various municipalities in the Free State and this is gets often reflected in the media. Water quality problems should not only be related to technical inefficiencies; they are also the result of a managerial process which does not consider aspects such as price and affordability.
- There also seem to be major water management problems in some municipalities. Kopanong was mentioned specifically. Some of these problems are that water meters are not read, there are no restrictions on water use in cases where households are indigent and thus they use water beyond the basic free allocation, and then too, water costs are not considered to be important. As already noted, all of these contribute extensively to poor water quality.
- Petrusburg, located in Letsemeng, has serious water problems because a considerable number of factors have played a role. One specific reason is the fact that the construction of new houses did not go hand in hand with planning for water capacity.
- Overall, water resources are being utilised to their full capacity in the Free State. The small surplus water capacity that exists has been allocated to the development of emerging farmers near Oppermansgronde in the Letsemeng Municipality.

The above examples suggest that if we are also to allow for the effects of global warming, a different approach to water management is required.

As far as electricity is concerned, there has been a degree of outsourcing. Eskom mainly provides bulk electricity and also electricity to the former black townships. Electricity supply to the urban areas is shared between Centlec (a regional electricity distributor set up mainly for Mangaung, but which has extended its service to the southern Free State) and the municipalities. Centlec is responsible for most of the towns in Mokhotlong and Kopanong, while the local municipality still provides electricity in Letsemeng.<sup>230</sup> Centlec officials claim that Centlec's involvement in the small towns has improved the service and reduced the cost of electricity. In the process, the relevant municipalities were relieved of the burden of electricity provision. The negative impact of this approach is that it could have led to fewer people being employed in this sector, with resulting negative implications for local economies.

## • **Transport**

### 1. **Western Cape**<sup>231</sup>

The Central Karoo has a vast network of roads:

- Trunk roads amount to 622 km
- main roads are 690 km
- divisional roads are 1703 km
- minor roads are 6114 km.<sup>232</sup>

The overall conditions of local and national roads in the region are satisfactory. Services however, are not always as accessible as it should be especially in rural farming communities due to location and lack of public transport subsequent of apartheid planning. However in most cases road infrastructure has been provided.<sup>233</sup>

- Transport projects have contributed to the most temporary jobs within the region which amounted to 246 jobs over the past 6 months
- Interventions undertaken for road infrastructure included upgrading of pavements and sidewalks in Laingsburg, 3km storm water drainage in Prince Albert, tarring of roads and storm water drainage in Murraysburg as well as the upgrade of gravel roads in Beaufort West and a new storm water canal in Rustdene, Beaufort West.
- All of the projects, excluding that of Beaufort West have been 90% completed.
- Socio-economic impact includes the urban upgrade and regeneration of township and PDI areas in the region.

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<sup>230</sup> A discussion with Centlec officials indicated that Letsemeng is also in the process of outsourcing electricity provision to Centlec.

<sup>231</sup> Interview, Mr Fanner, Western Cape Department of Transport.

<sup>232</sup> Western Cape *Spatial Development Framework*, p. 4-79.

<sup>233</sup> Central Karoo Lekgotla Report, Draft Version, January 2007, p. 23.

- The district wide budget allocated for road infrastructure was R7, 839,000 of which R6, 588,000 was spent.
- The funding sources were MIG and the Department of Transport.
- 246 temporary jobs were created.
- There is still a need for the tarring of 2km gravel road and storm water drainage in Murraysburg.

District Municipalities are required to draft Integrated Transport Plans (ITPs). Cheryl Green of the CSIR undertook the Central Karoo study, which also included a mobility strategy. Road planning will require an analysis of tourism and agricultural potential. Scenic routes (such as the R62 between Montagu and Oudtshoorn) are being marketed.

But at this stage, the ITPs still tend to be wishlists. The District Municipalities lack the capacity to undertake strategic planning capacity. The Department of Transport has urged the Department of Local Government to assist DMs with appointing sufficient planners, but this has not materialised. The Department of Transport even offered to subsidise a transport planning post at the Central Karoo DM, but this idea did not receive a positive response from the DM.

Transport costs are high, and poor people have to pay high taxi costs, for interregional travel.

In terms of road maintenance, the Province still owns rural, trunk and main roads. The District Municipalities manage these roads on behalf of the Province. But the capacity of the District Municipalities is decreasing. Road maintenance has heavy budgetary implications. The road budget was increased, but was subsequently cut again, due to the 2010 Soccer World Cup requirements.

Yet the Western Cape Department of Transport has greater road management capacity than the Eastern Cape and the Northern Cape. The Western Cape's annual road construction budget is R1.1 billion. This budget has been eroded by increases in prices of cement and steel, much of which has to be imported.

There is some scope for interprovincial collaboration.

Currently, a programme has been undertaken to create jobs and learnerships by means of road maintenance. This also provides management skills training to employees.

The main problem in the Central Karoo is not roads, but the lack of transport services. Farmers feel responsible for transporting their workers. Some farmers share lift schemes. This is especially necessary on Saturday mornings.

Mobile libraries and clinics should be increased, taking services to the residents on the farms. There is a high crime rate and drug problem in the Central Karoo, which can be ascribed to the high drop-out rate from school – which, in turn, is caused by the difficulties of boarding schools and daily transport. There is a need for more effective school transport.

## 2. Eastern Cape

The Eastern Cape Department of Roads and Transport has outlined several policy guidelines, one of which is *integration* of land uses, transport planning, and co-ordination of modes of transport.<sup>234</sup> This holds some significance for possible inter-provincial integration as well.

Because of the vast distances in the Karoo, Cacadu District has the longest road surface in the Eastern Cape Province – a total of 13 923 km of road, significantly larger than Chris Hani District's 8899 km and Amathole's 8409 km.<sup>235</sup> Cacadu's roads include 1 444 km of surfaced roads, 5 847 km of gravel roads, 9 000 km of unsurfaced roads, and 68 bridges. The backlog for maintenance, rehabilitation and upgrading amounts to about R2.9 billion.<sup>236</sup>

Because of the relatively privileged status of Cacadu DM in the Eastern Cape, and the relatively high standard of roads in the western parts of the province, Cacadu does not receive priority attention in the Department's strategic planning. For example, three corridors have been identified – in East London, Nelson Mandela Bay Metro, and the Kei Development Corridor.<sup>237</sup> No such corridor has been selected in the Karoo area. Similarly, the studies of potential rail transport have been focused on East London, Coega and Port Elizabeth. The Department's strategic framework highlights the poor condition of rural roads in the eastern part of the province, which has a major impact on developmental potential in that area.<sup>238</sup>

Yet there are challenges with regards to the roads network. The Cacadu District suffers from significant road infrastructure backlogs, given the largely rural character of the district.<sup>239</sup> The provincial Department of Transport has allocated about R791 million to road infrastructure over the three-year period of 2006-2009. This amounts to about 15% of the total provincial allocation towards road infrastructure.

A general problem has been the lack of sufficient funding for effective road maintenance.<sup>240</sup> The major challenge for the District with respect to the road network relates to the condition of the secondary roads. The assessment revealed that this class of roads, especially those leading to agricultural areas and farms, are in poor condition and in need of repairs. This situation creates serious access difficulties for tourists who are interested in visiting the farming areas. It is believed that improvements in

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<sup>234</sup> Eastern Cape Department of Roads and Transport, *Provincial Land Transport Framework*, Final Draft, February 2007, p. 2.3.

<sup>235</sup> Eastern Cape Department of Roads and Transport, *Provincial Land Transport Framework*, Final Draft, February 2007, p. 3.11.

<sup>236</sup> ECSECC, *Growth and Development Summit 2007*, p. 21.

<sup>237</sup> Eastern Cape Department of Roads and Transport, *Provincial Land Transport Framework*, Final Draft, February 2007, p. 7.3

<sup>238</sup> Eastern Cape Department of Roads and Transport, *Provincial Land Transport Framework*, Final Draft, February 2007, p. 7.14.

<sup>239</sup> ECSECC, *Growth and Development Summit 2007*, p. 18.

<sup>240</sup> Eastern Cape Department of Roads and Transport, *Provincial Land Transport Framework*, Final Draft, February 2007, p. 8.2.

the conditions of these secondary roads will have a positive impact on developments in the District and enhance the role of agriculture in the ecotourism sub-sector.<sup>241</sup>

The status of rail is also problematic. In the Karoo, three lines are still active (Middelburg to Cradock, Cradock to Cookhouse, and Klipplaat to Graaff-Reinet). However, the Graaff-Reinet to Middelburg line is closed.<sup>242</sup> The Framework acknowledges that the railway network in the Province is a valuable asset that is under-utilised, “with many branch lines and stations falling into disrepair as a result of loss of market share and line closures by Spoornet”. This, in turn, is causing higher pressure on the road system, causing many roads to need frequent repairs or total reconstruction, as well as contributing to more traffic congestion and more accidents. Apparently the Department of Transport and Spoornet are in the process of preparing a National Branch Line Strategy, for which the province needs to provide input with regard to other regional opportunities for moving freight from road to rail. This may offer future possibilities of reviving rail transport in the Karoo.

The Department hopes to promote emerging contractors by means of the Community Based Transportation Programme (CBTP), as part of the Expanded Public Works Programme.<sup>243</sup>

The Department’s Transport Framework also highlights the importance of transport for effective tourism promotion: “The state of our roads has been viewed negatively from many quarters of civil society, both locally and nationally, and this has had a significant impact on the flow of tourists to the region”.<sup>244</sup> The Framework argues for close collaboration with the Eastern Cape Tourism Board, to promote visitor access and a proper destination management strategy.

The Framework has identified the “Karoo Agro-tourism belt” as one of the four major tourism regions in the province. In addition, the Framework highlights the 2010 World Cup as a significant potential contributor to tourism in smaller towns, because spectators will want to watch their favourite teams practicing, and then travel to Port Elizabeth for the matches.<sup>245</sup> There is scope for promoting tourism in the Karoo, and for “keeping people for a few days” – an argument also made by Camdeboo Local Municipality in Graaff-Reinet.

The Department of Roads and Transport has also earmarked the upgrading of the R332 road through the Baviaanskloof Reserve, linking Patensie in the east to Willowmore in the west.<sup>246</sup>

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<sup>241</sup> Eastern Cape Department of Agriculture, “Possibilities for ecotourism and agriculture in the Cacadu District Municipality of the Eastern Cape”, n.d., p. 5.

<sup>242</sup> Eastern Cape Department of Roads and Transport, *Provincial Land Transport Framework*, Final Draft, February 2007, p. 8.7.

<sup>243</sup> Eastern Cape Department of Roads and Transport, *Provincial Land Transport Framework*, Final Draft, February 2007, p. 8.4.

<sup>244</sup> Eastern Cape Department of Roads and Transport, *Provincial Land Transport Framework*, Final Draft, February 2007, p. 11.1.

<sup>245</sup> Eastern Cape Department of Roads and Transport, *Provincial Land Transport Framework*, Final Draft, February 2007, p. 12.1.

<sup>246</sup> Eastern Cape Socio-Economic Consultative Council (ECSECC), *Cacadu Growth and Development Summit* (2007), p. 20.

The Department has placed emphasis on the signposting of tourism routes (e.g. Lake !Gariep).<sup>247</sup> This is funded by Eastern Cape Tourism. The Cacadu area already has several routes, including the Blue Crane Route and the Mohair Route. The N6 is known as the Friendly Route. For each route, a champion is needed, otherwise it is not very successful.

The Eastern Cape Development Corporation wants to promote rail tourism. It has advertised for feasibility studies on identified lines. It also spoke to Camdeboo Local Municipality about such possibilities.

There is a need for interprovincial co-operation regarding road maintenance, to improve cross-border roads. The status of the roads needs to be synchronised on both sides of the provincial borders. Also, the selection of road engineering consultants should be co-ordinated.

A further question is air travel. There are 16 airstrips in the Eastern Cape, owned by municipalities or the private sector. The airstrips are of great importance for rapid transport in the province. Their uses include medical emergencies, tourism, and business travel. The Provincial Department of Transport has co-financed the upgrading of several airstrips.<sup>248</sup>

The interviewees agreed that there is a need for an overarching Karoo Development Association to get the debates going, and that a champion for this initiative will be needed.

- **Poverty strategies**

Information on the Western Cape Government is available.

The Western Cape Department of Social Development has a special focus on the Central Karoo, because of its status as a presidential node.<sup>249</sup> It has developed a Strategic Action Plan (SAP) model for the determination of district-level service delivery priorities, and has developed a Capacity Building Support Framework, to assist local organisations to carry out their service delivery functions.

The Poverty Reduction Strategy is being implemented in three District Municipalities (including Central Karoo). This consists of Early Childhood Development (ECD), income generation projects, and food security projects. There has been a shift from traditional welfare-oriented functions to a greater focus on Local Economic Development (LED), such as brick-making projects.<sup>250</sup>

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<sup>247</sup> Interview, Mr Al Soko, Mr Rodney Olford and colleagues, Department of Transport, Eastern Cape.

<sup>248</sup> Eastern Cape Development Corporation, "Infrastructure", 2003, p. 11.

<sup>249</sup> Western Cape Department of Social Development, *Annual Report 2005-6*, p. 26.

<sup>250</sup> Western Cape Department of Social Development, *Annual Report 2005-6*, p.47.

Interdepartmental committees have been created with Departments such as Labour, Public Works, Education, Water Affairs and Forestry, and Agriculture. A service delivery agreement has been concluded with Central Karoo District Municipality.<sup>251</sup>

In Beaufort West, food security programmes are being undertaken by the Department of Social Development.<sup>252</sup> A relationship with the Department of Agriculture still has to be established. The Department is now working on creating a framework with the Red Door programme. (In Beaufort West, Elizabeth Nombulelo Renene is the Development Practitioner of the Department of Social Development).

The Department works with NGOs to provide family care. Beaufort West also has a branch of Alcoholics Anonymous. Beaufort West has received funding, as a rural development node, for alcohol and drug treatment. The Regional Office receives about R134 000 per annum from this. These funds were made available to Madisa, which did not use the funding.

The Minister has created a special programme with 1000 volunteers. They will be provided Substance Abuse Training, to work as peers. The Local Drug Forum is a DSD initiative.

The Department still has other challenges. Depression can hardly be dealt with, as patients have to be referred to expensive private practitioners. There are also not sufficient doctors to assess people applying for social grants, and such people are then vulnerable to losing their grants. Other people have difficulties in using HIV/AIDS medication, because they do not have sufficient food to eat.

- **Other government initiatives**

1. **Multipurpose Community Centres**

Multi-purpose Community Centres (MPCCs) are one-stop centres where local, provincial and national government, as well as other service-providers, offer much needed services and information about government programmes to local communities. Communities that live near multi-purpose community centres and surrounding areas identify services according to their needs.

The Central Karoo has two MPCCs (Multi-purpose community centres), located at Beaufort West and Laingsburg. On the West Coast, MPCCs are located at Langebaan and Masibambane (Matzikama LM).

In Cacadu DM, three multi-purpose community centres have been budgeted for, at Humansdorp, Graaff-Reinet and Grahamstown, at a total sum of R16,5 million.<sup>253</sup> The total spending on social development infrastructure in Cacadu represents 24% of the provincial Social Development budget, and amounts to R41 per capital.

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<sup>251</sup> Western Cape Department of Social Development, *Annual Report 2005-6*, p.48.

<sup>252</sup> Interview, Mrs Meyer, Department of Social Development, Beaufort West.

<sup>253</sup> ECSECC, *Growth and Development Summit 2007*, p. 18.



## 2. Extended Public Works Programme

The Expanded Public Works Programme (EPWP) is one of South African Government's short-to-medium term programmes aimed at the provision of additional work opportunities coupled with training. It is a national programme covering all spheres of government and state-owned enterprises. The EPWP is one of an array of government strategies aimed at addressing unemployment. The EPWP will not solve the structural unemployment problem. It is merely one element within a broader government strategy to reduce poverty through the alleviation and reduction of unemployment. Their goal is to create additional work opportunities for a minimum of one million people (at least 40% women, 30% youth and 2% disabled) in South Africa between 2004 and 2009.

National Government Programmes are divided into four different sectors:

- **Infrastructure:** The infrastructure plan is led by the Department of Public Works and includes the Departments of Transport, Housing, Provincial and Local Government, Water Affairs and Forestry, Public Enterprises and Education. The Independent Development Trust and Eskom have also been drawn into this plan. The programme involves ring-fencing a portion of the existing conditional infrastructure grants to provinces and municipalities. Over the next 5 years, approximately R15 billion (or one third of the total budget) will be spent on labour-intensive construction work and maintenance. The local labour content of civil projects will increase on average from 5% of project costs to 30% of project costs. These project costs are competitive with machine-intensive construction methods. Approximately 37 000 km of roads, 31 000 km of pipelines, 1 500 km of storm water drains and 150 km of urban sidewalks will be constructed using labour-intensive methods.
- **Economic:** The EPWP economic sector focuses on entrepreneurial and cooperative income-generating activities. A target of 3000 venture learnerships has been approved by the Cabinet over the 2004/05 – 2008/09 periods. It is assumed that each of these venture entrepreneurs will employ an additional 3 people. Besides the venture learnerships, cabinet identified other possible economic sector EPWP initiatives to include in community production centres and other agriculture-related initiatives, cooperative income generating projects and micro-enterprise development programmes. The Department of Trade and Industry (**dti**) has been tasked with the responsibility of coordinating the EPWP economic sector. As sector coordinator, the dti is responsible for: producing the economic sector plan, producing the economic sector implementation plan and is also responsible for coordinating and driving implementation in the economic sector.
- **Environmental sector:** The Environmental Sector plan is a joint plan of the Departments of Environmental Affairs and Tourism, Water Affairs and Forestry, Arts and Culture and Agriculture. The plan aims to create 201 703 jobs through under programmes such as the Department of Agriculture's Land Care programme; the Department of Environmental Affairs and Tourism's

People and Parks, Coastal Care, Sustainable Land-based Livelihoods, Cleaning up SA, Growing a Tourism Economy programmes; and the Department of Water Affairs and Forestry's Working for Water, Wetlands, and Fire programmes. This programme will result in 200 000 hectares of land cleared of aliens, 40 rehabilitated wetlands, 20 fire protection associations, 700 kilometers of coast cleaned with adequate infrastructure, 10 000 hectares of rehabilitated land, 32 waste management programmes and 150 historical and community tourism projects. A total of R249 million has been committed to this programme by government for the 2004-9 period.

- **Social sector:** With regard to the Free State Province, there are only projects running in the infrastructure and social sector. As seen in the table many projects are launched by the Department of Health compared to the Department of Public Works, Roads and Transport and the Department of Provincial and Local Government.

Provincial Departments of Public Works have an arrangement with the Department of Labour, to use funding from the Skills Development Fund. Every worker must be trained. This has two aspects: (1) hands-on on-site training, and (2) classroom training, which includes technical skills as well as life skills (HIV, career planning and financial management). The challenge is to synchronise the training and the actual projects). At the design stage, applications for jobs are received. By the tender stage, the service provider for the training needs to be appointed. Hence when the project starts, the workers already need to be trained. Therefore the workers actually need advance notification from the Department and municipalities, for the training and the project to be synchronised. But the DPW has no say over the procurement in other institutions.

A number of significant EPWP projects have been undertaken in the Northern Cape arid areas. In 2005, it was reported that:

- The construction of the bridge over the Orange River linking Blouputs with Riemvasmaak had generated 160 jobs since November 2004 and that it was expected to yield a further 110 jobs before completion.
- In Strydenburg, the construction of an access road would create 55 jobs of which 60 per cent would be allocated to women and 50 per cent to youth.
- EPWP 'learners' would do practical training on upgrading the gravel road between Douglas and Hopetown.
- A project to upgrade a road in the Niekerkshoop area had created 31 job opportunities. Farmers in the region contributed R500 000 towards the upgrade.
- The shoulder widening on the Upington-Groblershoop road created 64 job opportunities.<sup>254</sup>

In 2006, the Northern Cape Province aimed at finalizing its Provincial Freight Logistics Strategy, which is meant to enhance the freight infrastructure of the

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<http://www.northern-cape.gov.za/show.asp?show=nz&ID=122>

Province. Work is continuing on the development of the Upington Airport as a Cargo and Industrial Hub.<sup>255</sup>

In the Eastern Cape, the Department of Public Works has been given the mandate to deal with EPWP. The Department must develop targets, determine suitable projects, and draft budgets.<sup>256</sup> The overall target is to create 20 jobs per R1 million. This, however, will vary greatly between the different type of projects. (The target does not include subcontractors and companies' own staff).

In the Eastern Cape Karoo, the projects tend to be smaller, and therefore there are smaller budgets for training. The Department of Labour does not find it cost-effective to pay for small groups of people. There is a set rate for funding per person to undergo training. This encourages the migration of unemployed people to bigger centres, to access training.

- The road between Aberdeen and Klipplaat was allocated to the Graaff-Reinet area, to create jobs for these towns. The MEC has announced the tarring of the road between Klipplaat and Jansenville.
- The EPWP encourages the development of Emerging Contractors. In Aberdeen, the Construction Industry Development Board has established an Emerging Contractor Development Programme.

### 3. Social grants

The role of grants in the economies of small towns has already been noted in literature.<sup>257</sup> Therefore appropriate access mechanisms should be available. Three line departments are responsible for grants: (1) The Department of Social Development; and to a lesser extent, (2) the Department of Health, and (3) the Department of Home Affairs, which is responsible for issuing ID documents.

Existing research in Philippolis in the southern Free State has noted the fact there seems to be no co-ordinated effort between the various departments to facilitate access to identification documents, and thus to grants.<sup>258</sup> Recent research showcased the role of an NGO in the southern Free State, and found that it is actually possible to facilitate the involvement of the Department of Home Affairs in more remote locations.<sup>259</sup>

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<sup>255</sup> Budget Speech, Northern Cape Premier, 9 February 2006.

<sup>256</sup> Interview, Mr van der Westhuizen, Department of Public Works, Eastern Cape.

<sup>257</sup> Nel, E. and John, L., The evolution of local economic development in South Africa, in Pillay, U., Tomlinson, R., and Du Toit, J., *Democracy and Delivery: Urban policy in South Africa*, HSRC Press, Cape Town, pp. 208-229, 2006..

<sup>258</sup> Van Niekerk, J., Public policy and small towns: The case of Philippolis (Free State, South Africa), Unpublished masters dissertation, University of the Free State, 2007.

<sup>259</sup> Ingle M., Marais, L., and Sigenu, K., An evaluation of a family support programme in Xhariep, Unpublished report prepared for the HSRC and Nelson Mandela Children's Fund, 2007.

A significant study of social grants in the Eastern Cape studied projections of people qualifying for social grants, and the likely trends of social grant payments in each district.<sup>260</sup> In this report, we are focusing primarily on Cacadu DM. It found that Cacadu has an expected population growth rate of 10% between 2001 and 2011. In 2003, the number of pensioners in Cacadu was 19 824, and it was set to increase to 20 721. The highest growth in demand for old-age pensions will take place in Cacadu and Nelson Mandela Metro (for Cacadu, the annual growth rate varied between 0.41% and 0.72%..

The largest growth in the number of vulnerable children will be in Cacadu and Amathole districts (in the other districts, the number of vulnerable children will stabilize, due to lower fertility rates and high infant mortality rates). In 2003, it was estimated to be 156 144 vulnerable children in Cacadu; and this would grow to 167 423 in 2011.<sup>261</sup> The number of child support grant holders would increase from 26 225 in Cacadu in 2003 to 41 545 in 2011; this is an increase of between 5.55% per annum and 6.31% per annum. There is a growing number of AIDS orphans in the Eastern Cape.

The number of disabled people in Cacadu was estimated to increase from 23 649 in 2003 to 25 331 in 2011. The number of social grants in Cacadu would increase from 19 563 in 2003 to 30 959 in 2011.<sup>262</sup>

The BMR report concluded:

“The overall picture of the Eastern Cape for the projection period is a province with an already high and increasing dependency on social grants. In the light of such an increasing dependence on social grants it is imperative that more affordable and sustainable options of social welfare provision should be investigated, as was the case in many of the European welfare economies where a burgeoning welfare dependency caused economic havoc. In such countries innovative approaches to social welfare provision both effectively addressed the increasing social welfare burden as well as provided much needed economic stimuli to ensure higher levels of economic growth and participation in economic activities.”<sup>263</sup>

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<sup>260</sup> Prof Carel van Aardt, Bureau of Market Research, “The Changing Population Economics of the Eastern Cape, with specific Emphasis on the Supply of and Demand for Social Grants, 2001 to 2011: The correlation between Population Data and Social Security Beneficiaries in the Eastern Cape”, Study undertaken for Department of Social Development, Eastern Cape, December 2004.

<sup>261</sup> Prof Carel van Aardt, Bureau of Market Research, “The Changing Population Economics of the Eastern Cape, with specific Emphasis on the Supply of and Demand for Social Grants, 2001 to 2011: The correlation between Population Data and Social Security Beneficiaries in the Eastern Cape”, Study for Department of Social Development, Eastern Cape, December 2004, p. 24.

<sup>262</sup> Prof Carel van Aardt, Bureau of Market Research, “The Changing Population Economics of the Eastern Cape, with specific Emphasis on the Supply of and Demand for Social Grants, 2001 to 2011: The correlation between Population Data and Social Security Beneficiaries in the Eastern Cape”, Study for Department of Social Development, Eastern Cape, December 2004, p. 27.

<sup>263</sup> Prof Carel van Aardt, Bureau of Market Research, “The Changing Population Economics of the Eastern Cape, with specific Emphasis on the Supply of and Demand for Social Grants, 2001 to 2011: The correlation between Population Data and Social Security Beneficiaries in

#### 4. Social research

An important office is the Population Development and Research Office in the Department of Social Development.<sup>264</sup> A study has been done on Cradock (poverty, incomes and social capital). The unit also does analyses of census figures, particularly demographic indicators. The unit is very interested in migration issues, particularly amongst the youth. The Department has also commissioned some locality studies, notably one of Lingelihle in Cradock.

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the Eastern Cape”, Study for Department of Social Development, Eastern Cape, December 2004, p. 28.

<sup>264</sup> Interview, Mr Sixaba and colleagues, Department of Social Development.

## Part 3: Studies of economic competitiveness

Two significant studies – one in the Western Cape and one in the Eastern Cape – cast light on the competitiveness of Karoo districts. Their methodologies are very useful, but also very different. Also, they are each limited to only one province. But there is a major potential for future collaborative and comparative studies, which should also be extended to the two other provinces (Northern Cape and Free State).

### 5.1 Competitiveness of towns in the Western Cape

This report, led by Prof IJ van der Merwe of Stellenbosch University, is entitled *Growth Potential of Towns in the Western Cape*.<sup>265</sup>

The study utilised a variety of methods, including literature reviews, quantitative data analysis, GIS process, qualitative observation (interviews and workshops), interpretation, and synthesis.

Furthermore, the analysis included five main indices:

1. The resource potential index (natural resources, human resources, and human resources change): This included availability of land, water agricultural potential, tourism attractions, environmental sensitivity, the size of the labour force and the skills levels of the labour force
2. The infrastructure index (transport, communications, and institutional services): This includes roads, airports, harbours, distances to main roads, and cell phone coverage
3. The institutional services development index: This includes municipal headquarters, the property tax base, municipal water usage, and public institutions, tertiary education, libraries, provincial government departments, post offices, magistrates courts, police stations
4. The economic activities index (economic sectors, economic sectoral change, commercial services, market potential, and regional vitality): This includes the diversity of economic activities, strength of primary and secondary economic sectors, size of GGP, commercial and financial establishments (such as food chain stores, furniture, restaurants, clothing chains, service stations, banks, tourism facilities, professional services, speciality shops, agricultural co-operatives), size of local population, local personal income, population density, access to provincial markets, growth of the district population, growth of skilled district workforce, and growth of GGP
5. The human needs index: Racial composition, family stability (female household heads), age, education, income, occupation, dependency ratios, migration rates, housing, and access to electricity, water and sanitation.

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<sup>265</sup>

IJ van der Merwe *et al*, *Growth Potential of Towns in the Western Cape*, for the Western Cape Department of Environmental Affairs and Development Planning, 2004.

On this scale, Beaufort West ranked no. 38 on the resource index, no. 6 on the infrastructure index, no. 98 on the economic activities index, no. 9 on the institutional services development index, and 105 on the human need index.<sup>266</sup> This information was then combined with qualitative information, drawn from interviews and questionnaires.

Consequently, Beaufort West scored “medium” on the quantitative index, and “very high” on the qualitative index; Laingsburg scored “low” on the quantitative index and “medium” on the qualitative index, and so forth.

The report then makes recommendations for “town or infrastructural investment” as well as “social investment”. A strong town such as Beaufort West is proposed for both types of investment, whereas a weak town such as Murraysburg is proposed for social investment (mainly health and education) only.

## 5.2 Competitiveness of Cacadu District in relation to the Eastern Cape

The study by Anne Vaughan and Anton Cartwright focused on five indicators of competitiveness:<sup>267</sup>

1. *Infrastructure and services*: The extent of roads, surfaced roads, telephone access, cell phone coverage, water, electricity, sanitation, refuse removal, housing, clinics, hospital beds, schools, business incubators, industrial development zones, availability of finance, and business support
2. *Institutional environment*: Unsettled land claims, tenure and property ownership, crime rates, transaction costs, travel time to nearest economic centre, communication costs, access to commercial banks and other financial intermediaries, access to support services and developmental agencies, and access to business support and consultants.
3. *Economic indicators*: Unemployment, poverty gap, welfare dependence, dependency ratio, economic growth, GDP, employment growth, exports, balance of trade, Tress Index, dependence on grants, workforce skills, disposable income, income-expenditure ratio, and formal-informal employment ratio.
4. *Capacity*: Literacy, education levels, qualification rates, HDI, HIV prevalence, access to health and education services, LED officers, community liaison and development officers.

The manifestation of economic competitiveness was measured in terms of a district’s market share in specific economic sectors, contribution to GDP, and productivity.

The project found numerous difficulties with available data (data unavailable at local level, insufficient time periods, and data that does not reflect actual local realities).

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<sup>266</sup> IJ van der Merwe *et al*, *Growth Potential of Towns in the Western Cape*, for the Western Cape Department of Environmental Affairs and Development Planning, 2004, p. 58-60.

<sup>267</sup> A. Vaughan and A. Cartwright, “Analysis of competitive advantage in the Eastern Cape”, for European Consultants Organisation, as part of the Programme of Support to Local Economic Development in the Eastern Cape, n.d.

Nevertheless, it provides tentative insights into the economic competitiveness of the Eastern Cape districts.

Notably, Cacadu DM ranks second (index of 58.45), after Nelson Mandela Metro (80.03). Cacadu is slightly ahead of Amathole District, and significantly ahead of the other districts.

The report argues that there is scope for linking the Metro's strength in terms of manufacturing, transport and trade, with Cacadu's strength in terms of agriculture (meat, wool, mohair, dairy, deciduous fruit, citrus, flowers and essential oils).

The study process included District Workshops, and the Metro/Cacadu workshop proposed the following:

- Additional agricultural development of the Sundays River Valley, including dairy, citrus and rose cultivation
- Game-farming, hunting and wildlife conservation
- A buoyant real estate market.



## Part 4: Existing Interprovincial initiatives

WESGRO:

ECSECC: The interviewees believed that provincial buy-in for an interprovincial collaborative process can be achieved.

### 1. The PROTEA Project

The PROTEA Project (Provincial Trade and Economic Access) promotes interprovincial co-operation on agricultural development. All nine provinces will participate.<sup>268</sup> The Premiers of the Provinces of the Western, Eastern and Northern Cape, signed a joint declaration on 22 August 2002, expressing their intention to actively promote agro-technical cooperation.

The broad focal areas identified in the Declaration of Intent are:

- Training of new farmers and farm workers
- Training of trainers
- Exchange of expertise and cooperation in veterinary services
- Delivery of specialized technology development and transfer services
- Research on game ranching and agri-tourism in arid and semi-arid areas in the three provinces.
- Irrigation farming: Crop and horticultural production under irrigation along the banks of the Orange, Vaal, Riet and Modder Rivers of the Northern Cape is of utmost importance to the economy of this Province and while the Province covers an area of more than 30% of the total surface of the RSA, more than 60% of the agricultural income is generated on approximately 140 000 ha of irrigational lands. Irrigation agriculture is also a major contributor to disposable income in the Eastern and Western Cape.

The nine provinces will be divided into three clusters, of which the Northern Cape, Western Cape and Eastern Cape will form one cluster. Implementation will take place over three years, phasing in new clusters over the project period. One Province in each cluster will be the lead implementer.

Agriculture creates more than three times the number of jobs per R1m than industry, moreover mostly in the second economy. Agriculture creates more than three times the number of jobs per R1m than industry, moreover mostly in the second economy.

Key features will be:

- To establish an internationally accredited soil, water and plant analytical laboratory, with provincial satellites that analyses soil, water and plant

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Business Plan: PROTEA Project: "Improving Trade and Market Access for Agricultural Products through Improved Service Delivery", compiled by Dr Piet van Rooyen, Department of Agriculture, Western Cape.

samples of various geographical regions in the three provincial clusters, and thereby supporting decision making processes.

- To develop a gene bank of indigenous plants with commercial potential to serve as a source of reference of products of origin and supporting new agri-businesses.
- To develop a GIS database for each province linked to each other to establish and support important rural planning regarding natural resources.
- To assist local research experts through interaction with international experts.

The Grootfontein Agriculture Development Institute (GADI) near Middelburg (Eastern Cape) will play a key role. The GADI however, has the potential and expertise available that could be utilized and managed jointly or on a cooperative basis by the three provinces. Other focal areas and nodal points of expertise will be established, e.g. small stock in the Northern Cape, ostrich, aquaculture and dairy farming in the Western Cape and extensive beef farming in the Eastern Cape.

## **1. Interprovincial MOU on migration and housing**

The Western Cape is currently a net receiving province of migration in South Africa. According to the census of 2001, it is estimated that on balance some 48 000 people enter the province each year. The challenge is now to provide adequate shelter and services to both the existing backlogs and the migrants. The latter group contributes to a major increase in the province's population. At the same time the sending areas are burdened by economically dependent people who remain behind and need to be supported by government. At the same time they are losing skilled workers to neighboring provinces that might impact on the economic growth of the area.

The Western Cape, Eastern Cape and Northern Cape are discussing joint solutions to manage the matters of common concern such as the movement of people. It therefore established a collaborative working arrangement between provinces as well as a functioning Inter-Provincial Technical Team, consisting of members of all three provinces, the Western, Eastern and Northern Cape to resolve these issues.

The functions of the Technical Team include the coordination and integration of policy and strategy development in terms of Human Settlement development between provinces and Departments (and spheres of government), and the co-ordination and practical inclusion of aspects of Social and Human Capital Development (especially children and vulnerable groups), Economic, Spatial and Infrastructure development into the rollout of human settlements across provinces.

## **2. Interministerial climate change committee**

(3) An interministerial climate change committee has been established by DEAT. This operates at a provincial level.<sup>269</sup> **Get additional info from Barbara Brown.**

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Bernadette Brown, DEAT, Central Karoo.

### **3. The !Xhariep Project**

One of the highest impacting developments in the central region of South Africa for a long time is the new Lake !Gariep Tourism Route. Spanning three provinces around the country's largest inland water mass, the route will impact on tourism development, economic progress, ecological management, job creation, social advancement and other developments in the surrounding area. An integrated tourism route around the dam has been structured in such a way that for the first time the true socio-economic potential of the dam and its adjacent areas is being purposefully addressed. The Route is the result of long and meticulous planning by a tri-provincial Working Group, known as the Lake !Gariep Initiative, representing the Free State, Eastern Cape and Northern Cape Governments and complemented by the Ukhahlamba District Municipality and the Gariep Local Municipality in the Eastern Cape, the Xhariep District Municipality and the Kopanong Local Municipality in the Free State and the Pixley ka Seme District Municipality and the Umsobomvu Local Municipality in the Northern Cape, together with a host of private stakeholders and tourism product owners.<sup>270</sup>

### **4. Agreement between the Cacadu DM and the Cape Winelands DM**

These two municipalities have committed themselves to exchanging experience and knowledge of various aspects of local government transformation, management and administration. This will include co-operation on development strategies, tourism and resource sharing where possible. A Joint Co-ordinating Committee meets bi-annually.<sup>271</sup>

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<sup>270</sup> *Free State Business Bulletin*, November 2002.

<sup>271</sup> ECSECC, *Cacadu Growth and Development Summit2007*, p. 40.

## Part 4: Future directions

Support for inter-provincial Karoo collaboration was expressed by numerous interviewees, including:

### *Western Cape:*

- Dr Laurine Platzky (DDG)
- Mr Dudley Adolph (Department of Agriculture)
- Prof Isak van der Merwe (University of Stellenbosch): The provincial boundaries are very artificial, and the potential of the Karoo must be developed holistically. We should examine behavioural patterns that cross the provincial boundaries, and the service areas which are served by specific government offices. The Karoo has its own unique potential, and we should promote the “sense of place” of each town, plus the region as a whole.
- WESGRO
- Prof Izak van der Merwe
- Mr Rodney Olford and other officials of the Department of Roads and Transport, Eastern Cape
- Mr Andrew Murray and Mr Martin Sycholt, ECSECC, Eastern Cape
- Mr Ken Bern, Eastern Cape Development Corporation
- Mr Leon Coetzee, Eastern Cape Department of Agriculture

## Conclusions and Proposals

### 1. Determining and promoting the economic potential of the arid areas

Several conclusions can be reached regarding the attempts to promote small business in the arid areas:

Firstly, many of the interventions still want to compete in the mainstream economy (consumer goods, fast – moving goods). Taking into consideration the small local market and the distance to main markets, this approach might not always produce the envisaged economic results – although there might be exceptions.

Secondly, which approach could be more appropriate? One of the approaches followed in remote areas in Australia and New Zealand is to cluster enterprises from these areas in order to access business opportunities beyond their immediate locations. The principle is thus not necessarily to grow the market of the area in which they reside but it focuses on procuring business outside the current locations of enterprises. The application of this in South African situation can easily be associated with addressing equity concerns by linking black and white enterprises from these more remote areas. In addition, in a procurement system which provides for preferential procurement, it would be possible to create preferential procurement points based on the degree to which the applicant represents enterprises / individuals from more remote locations.

Thirdly, innovative and appropriate programmes that are less dependent on distance to markets should be promoted. In this regard the availability of market information and the possible value specifically of desert products and plants could play a role.

Fourth, very little emphasis has been placed on creating incentives for economic growth – irrespective of the location. Let us give some examples to illustrate this argument: since the demise of the LED Fund, places have been unable to access any fund to boost their local economy. This fund, through the MIG structures, is predetermined by a formula. Essentially, there is no incentive to any local municipality to showcase their ability to absorb lower-skilled people in the procurement processes. It is common for municipalities to use their levels of poverty as a justification for accessing intergovernmental funds. In fact, the overall incentive is to showcase your problems (not your successes) in order to access new funds.

The above argument also has serious implications for how national and provincial departments allocate funds to local municipalities. Some of the economic development dilemmas can be addressed appropriately by a change in how funds are allocated. For example, current funding mechanisms to local entities do not consider that these entities should work together with private enterprises.

Economic potential should be seen *relative to scale*. Thus, the economic drivers and economic facilitators in smaller settlements and sparsely populated areas might be different than the mass economic infrastructure projects that underlie the investment

strategy accompanying the NSDP. In the Free State, two of the three magisterial districts with the highest levels of economic growth between 1996 and 2004, are located in the arid areas of the province. Jacobsdal is located in Letsemeng Municipality, and Jagersfontein is located in Kopanong Municipality. These smaller urban areas cannot expect to get extensive government investments for economic infrastructure (for example the construction of a new airport or extensive bulk electricity). However, a different form of investment that could release inherent potential relative to the scale of the economy should be considered. The focus should be on innovation and experimentation, the production of high-value goods and tourism. In order to do this, one needs skills, capital and incentives able to foster such initiatives. New ways of assessing “economic potential” are needed

In operational terms, this could be in the form of an open-ended small town development fund to which small towns could apply for funding. They should only be required to show their ability to form partnerships between the private and the public sector, their innovation in terms of local knowledge or products, and the potential impact of access to such a fund on their local tax base.<sup>272</sup>

Economic development initiatives seem to focus too much on generating mainstream economic activities without also considering the inherent problems of distance and transport. By clustering enterprises, marketing costs could be reduced and worldwide markets could be accessed.

Very few attempts have been made to market the inherent assets of arid areas, such as the remoteness; silence; history; desert products; the possibility of innovation and experimentation, and the production of niche products and services which are less dependent on transport. An alternative approach to the identification of potential will be to invest in *processes* able to unleash economic potential. Some examples in this regard are the histories of the original desert peoples, the history and architecture of churches, the histories of mining areas, all of which might contribute to an increase in tourism.

## 2. The need for cross-border initiatives

The boundaries between the four provinces are very artificial, and it is necessary to develop cross-border initiatives in the Karoo. It will be important to analyse the behavioural patterns across provincial boundaries, to understand the natural relationships between towns and districts. Stellenbosch University is currently undertaking a SANPAD study, focusing on leader towns.<sup>273</sup>

Intimations of such a new approach are indeed found in the Northern Cape’s *White Paper on Tourism*: In the long term, “An established positioning and successful packaging of tourism experiences will allow the Northern Cape to consider links and

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<sup>272</sup> Proposal is based on a suggestion made by the Centre for Development and Enterprise, Growth and development in South Africa’s heartland, CDE in depth, Johannesburg, 2005.

<sup>273</sup> Interview, Prof Izak van der Merwe, Stellenbosch University

options *beyond the provincial boundaries* and across product groups. Agreements could be reached with tourism organizations, individual products and tourism authorities in neighbouring provinces and countries to jointly package and present complementary experiences”.<sup>274</sup> This could include cross-border packaging, such as twinning agreements, and work with other provincial tourism boards to develop broader themed experiences. The White Paper also suggests the development of a “beads on a string” approach to develop existing and new themed routes.<sup>275</sup> Such routes could presumably straddle provincial and national boundaries. The same idea surfaces in the Western Cape’s Integrated Tourism Development Framework (ITDF), which refers to the potential of routes such as the Khoisan Heritage Route.<sup>276</sup> According to the ITDF, Beaufort West can function as a valuable gateway to direct tourism flows to the N1, N12, or R353 routes, and so create linkages with Route 62 in the Little Karoo.

Similarly, the Western Cape’s ITDF suggests that regional stakeholders are beginning to realize the potential of routes to expand tourist products across administrative boundaries. This has led to the creation of several transfrontier routes.<sup>277</sup> “Recognition of the requirement for alignment of strategies, partnerships between stakeholders and organisations and linkages between products is key to success”.<sup>278</sup>

A more concerted effort should be made to link up tourism strategies amongst the four provinces. Such linkages may help the arid areas to get into the mainstream tourism industry. The problem of cross-boundary co-operation for economic development was aptly encapsulated in the following statement of one of the official: “We [line officials from various provincial departments] see one another at national level and discuss national issues. Yet, we seldom engage around cross-boundary issues which could benefit both provinces.” Other suggestions by the Western Cape’s ITDF also has implications for a broader focus on the Karoo: There is a need for greater international marketing exposure; there needs to be a change of focus towards larger projects; and there needs to be an orientation towards niche markets.<sup>279</sup>

The Western Cape ITDF also advocates the creation of improved air connections, which can be of major significance to the Karoo. It proposes that an inter-regional liaison forum be established which focuses upon tourism air links, airports and space management.<sup>280</sup> Similarly, it argues for a focus on improved rail connections, an integrated signage policy, and more effective public transport options which “make

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<sup>274</sup> Northern Cape Department of Tourism, Environment and Conservation, *White Paper on the Development and Promotion of Tourism in the Northern Cape Province*, October 2005, p. 45.

<sup>275</sup> Northern Cape Department of Tourism, Environment and Conservation, *White Paper on the Development and Promotion of Tourism in the Northern Cape Province*, October 2005, p. 51.

<sup>276</sup> Western Cape Department of Economic Affairs, Business Promotion and Tourism, *Integrated Tourism Development Framework*, 2001, p. 18.

<sup>277</sup> Western Cape Department of Economic Affairs, Business Promotion and Tourism, *Integrated Tourism Development Framework*, 2001, p. 18.

<sup>278</sup> Western Cape Department of Economic Affairs, Business Promotion and Tourism, *Integrated Tourism Development Framework*, 2001, p. 21.

<sup>279</sup> Western Cape Department of Economic Affairs, Business Promotion and Tourism, *Integrated Tourism Development Framework*, 2001, p. 40.

<sup>280</sup> Western Cape Department of Economic Affairs, Business Promotion and Tourism, *Integrated Tourism Development Framework*, 2001, p. 48.

travel between gateways, staging posts and destinations a seamless experience for tourists without cars”. These ideas have major implications for Karoo-wide tourism.

One of the difficulties in promoting cross-border development is the “silo mentality” of many institutions, at national, provincial and local level. As the Western Cape ITDF notes, “In order to fulfill this role it is essential that related and dependent government departments at all levels work together toward common goals and objectives. This rarely happens in South Africa at the present time and is a major obstacle to delivery”.<sup>281</sup>

### 3. Promoting the identity of the arid areas

The potential of the Karoo needs to be developed. The Karoo has its own *sui generis* potential, with each town having its own “sense of place”. The region as a whole also has its own character.<sup>282</sup> The need for a “sense of place” has also been recognised by the Western Cape’s Integrated Tourism Development Framework.<sup>283</sup>

The Karoo has not been conceptualised as *desert* by any of the government departments. Such a conceptualisation should lead to a differentiated management response and could well be used as a marketing strategy.

A remarkable text is CM Dean’s *Journey Through the Living Deserts of South Africa*.<sup>284</sup> It offers travel guidance through Namaqualand, the Nama Karoo (Bushmanland area), and the Green Kalahari (Upington area). As such, this is one of the very few texts focusing specifically on marketing the arid areas.

The Department of Tourism in the Northern Cape has recently made a significant observation in its *White Paper on Tourism*: “The current Northern Cape brand image of a desert eco-experience and all-year sunshine does not adequately differentiate the province’s tourism offering from those of neighbouring destinations such as Namibia and Botswana”<sup>285</sup> – or, for that matter, from the other Karoo provinces. The Northern Cape’s White Paper points to the need for a focused marketing strategy; but it wants to focus on a marketing strategy for the Northern Cape, instead of contemplating a shared marketing strategy for the arid areas as a whole.

Similarly, the Eastern Cape’s Tourism Marketing Plan maintains: “The Eastern Cape Tourism Board should encourage the use of a ‘Brand Eastern Cape’ concept by all businesses large and small to increase exposure of the brand in tourism, trade,

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<sup>281</sup> Western Cape Department of Economic Affairs, Business Promotion and Tourism, *Integrated Tourism Development Framework*, 2001, p. 45.

<sup>282</sup> Interview, Prof Izak van der Merwe, Stellenbosch University

<sup>283</sup> Western Cape Department of Economic Affairs, Business Promotion and Tourism, *Integrated Tourism Development Framework*, 2001, p. 26.

<sup>284</sup> Published by Dean and Associates, Leicestershire, England. E-mail: [DeanAssocsLtd@aol.com](mailto:DeanAssocsLtd@aol.com).

<sup>285</sup> Northern Cape Department of Tourism, Environment and Conservation, *White Paper on the Development and Promotion of Tourism in the Northern Cape Province*, October 2005, p. 20.



consumer and investment markets”<sup>286</sup>. But the fact that it fails to come up with a significant proposal shows how difficult it is to brand products according to provincial administrative boundaries. Once again, the report hints at possibilities across borders: “The key to turning awareness of the Eastern Cape as a tourist destination into action lies in greater co-operation. To achieve this, the ECTB should facilitate effective Tourism Marketing Networks (TMNs) and assist these networks with international and domestic promotion.”

#### **4. Promoting international collaboration**

No attempt has been made to bring together business people to access business opportunities beyond the boundaries of Xhariep. Such business clusters are being used in countries like Australia and New Zealand.<sup>287</sup>

#### **6. Environmental considerations**

The implications of global warming accompanied by a larger degree of aridness are not high on the strategic or operational responses. In fact, virtually no evidence could be found that they are considered to be serious factors.

#### **6. Accessing government resources**

Policies and strategies that focus on spreading resources in accordance with the proportional population share of settlements do not always benefit the arid areas, because of its sparse population. Emphasising the proportional share of the population ignores the concepts of sparse population (small scale of settlements as well as the rural population) and remoteness.

Policies and strategies which take into consideration the lack of economic growth and poverty seem to more beneficial to the Karoo in terms of resource allocation.

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<sup>286</sup> Tourism 2000 Network cc, “Eastern Cape Tourism Master Plan”, for Eastern Cape Tourism Board, 2003, p. 90.

<sup>287</sup> Van Niekerk, J., Public policy and small towns: The case of Philippolis (Free State, South Africa), Unpublished masters dissertation, University of the Free State, 2007.