



# **Stellenbosch Municipality**

## Local Economic Development Strategy

Third Draft

**Main Report**

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## Main Report

### Stellenbosch Municipality

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The Stellenbosch Local Economic Strategy consists of 2 reports:

- **Main Report:** Key features; challenges; vision; mission; goals; strategies; implementation and monitoring framework
- **Reference Report:** Detailed sector analysis; comments from key role players; bilateral meetings and sample firm interviews.

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## List of Abbreviations and Acronyms

BAT	British American Tobacco
BEE	Black Economic Empowerment
BPO	Business Process Outsourcing
CBD	Central Business District
CBO	Community Based Organisation
CSI	Corporate Social Investment
CWABP	Cape Winelands Area Based Plans
CWDM	Cape Winelands District Municipality
DEAT	Department of Environmental Affairs And Tourism
DLA	Department of Land Affairs
DPLG	Department of Provincial And Local Government
DTI	Department of Trade And Industry
ESKOM	Electricity Supply Commission
GDP	Gross Domestic Product
GDRP	Gross Domestic Regional Product
GVA	Gross Value Add
HCDS	Human Capital Development Strategy
ICT	Information and Communication Technology
IDP	Integrated Development Plan
LED	Local Economic Development
LRAD	Land Redistribution for Agricultural Development
MEDS	Micro Economic Development Strategy
NGO	Non Governmental Agency
NIPF	National Industrial Policy Framework
NSDP	National Spatial Development Perspective
PDI	Previously Disadvantaged Individual
PSDF	Provincial Spatial Development Framework
SAAFST	South African Association of Food Science and Technology
SAWB	South African Wine and Brandy Company
SBA	Small Builders Association
SCS	Social Capital Strategy
SDF	Spatial Development Framework
SDIP	Sustainable Development Implementation Plan
SEDA	Small Enterprise Development Agency
SHSS	Sustainable Human Settlements Strategy
SIP	Strategic Infrastructure Plan
SLAG	Settlement Land Acquisition Grant
SME	Small and Medium Enterprises
SMME	Small Medium and Micro Enterprises
SSS	Scarce Skills Strategy
WCPSDF	Western Cape Provincial Spatial Development Framework

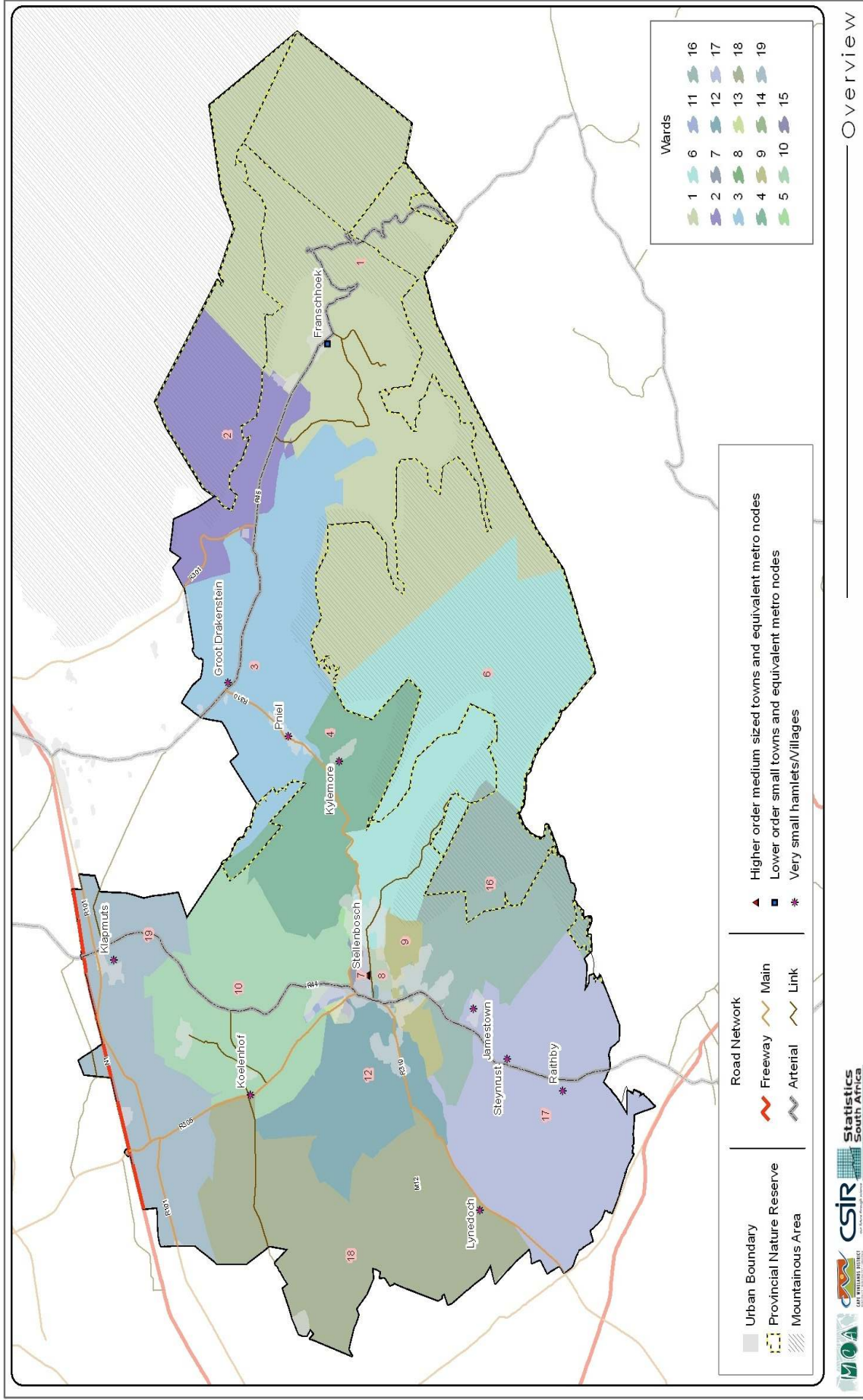
# 1. Introduction

Local economic development can be described as a process by which local government and community-based groups manage their existing resources and enter into new partnership arrangements with the private sector or with each other to create new jobs and stimulate economic activity in a well defined economic zone. It is a process involving the formation of new institutions, the development of alternative industries, the improvement in the capacity of existing employers to produce better products, the identification of new markets, the transfer of knowledge, and the nurturing of new firms and enterprises. (Blakely, E.J.1989). LED is therefore not one specific project or programme; rather it is an approach focussing on strategies which includes the sum total of the individual and collective contributions that build on opportunities and address economic development constraints. The aim is to enhance the area and the community's ability to adapt to and cope with changing economic conditions.

A successful local economy is a prerequisite for the development of Stellenbosch. This LED strategic framework for the Stellenbosch Municipality builds on previous initiatives and reinforces the view that Stellenbosch is a place of potential. Stellenbosch is well endowed with natural beauty, is in close proximity to the economic hub of the Cape Town and has a large pool of retired skilled people. However, this potential will not be realised if large sections of the local community is unemployed, marginalised and poor. The particular focus of this initiative is thus on combining economic growth and poverty reduction at the local scale. This emphasis resonates with the shared and equitable growth thrust of the *Accelerated and Shared Growth Initiative of South Africa (ASGISA)*, and the *Provincial Growth and Development Strategy (PGDS)* while ensuring a broad base of support for LED across all the communities of the Stellenbosch. This report provides an outline of the strategic approach, the proposed interventions and the institutional implications of the strategy for the local authority. It concludes with a proposed way forward which translates the strategy into an implementation and monitoring framework.

Stellenbosch is undoubtedly one of the most scenic and historically recognised places in the world, with its namesake town being the second oldest settlement in the Western Cape. The total population of the Stellenbosch Municipal area is estimated at 135 000 (2006) and growing at an average rate of 2 % per annum; while a significant 25 000 (18%) comprises students and academics. Historically the majority of residents in the Stellenbosch area were predominantly Afrikaans speaking and remain so. Residents with Xhosa as their home language have always formed part of the local population, although they have only been allowed to migrate to the area freely since the 1990s.

**Figure 1** STELLENBOSCH MUNICIPALITY



The Stellenbosch municipal area includes the towns of Stellenbosch (58 000); Franschhoek (9 000) as well as a number of rural hamlets such as Wemmershoek, La Motte, De Novo, Kylemore, Pniel, Johannesdal, Languedoc, Groot Drakenstein, Muldersvlei, Klapmuts, Elsenburg, Raithby, Jamestown, Koelenhof and Vlottenberg (most with a population of less than 5 000)<sup>1</sup>.

The *Eikestad* (City of Oaks) together with Franschhoek and the surrounding award winning wine farms, form the centre of the wine industry in South Africa. It is also celebrated for hosting the world class University of Stellenbosch, with the various faculty buildings forming an integrated part of the town's urban fabric. Stellenbosch has transformed its economy, which was originally based on agricultural activities, to service related niche sectors, such as finance, business, tourism and science and technology<sup>2</sup>. The latter is apparent through the research and innovation in the Stellenbosch Technopark and its close relationship with the University of Stellenbosch.

The small towns, villages, hamlets and their hinterlands are all an integral part of the Stellenbosch economy, where production, marketing and agricultural services are provided. They also render important administrative and social service functions and are strongly interdependent within functional settlement hierarchy within the Cape Winelands. Stellenbosch Main town prevails as the most developed town, not only in the local municipal area, but also within the Cape Winelands. Its services extend well beyond the municipal, district, provincial and even national boundaries.

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<sup>1</sup> 2006 Population estimate.

## 2. Key Economic Features and Challenges

The key features of Stellenbosch's economy are captured in Figure 2 and include the following characteristics<sup>3</sup>:

- The economy within the municipal boundary is diverse and highly specialised providing goods and services well beyond regional and even national boundaries.
- The total value of economic activity approaches R4bn per annum, at a growth rate of over 4%, representing a quarter of the district's value-add.
- Sectoral figures indicate financial and business services contribute the largest share to the economy followed by manufacturing, together these sectors contribute over half of the economic value.
- Trade and government services together make up another quarter of the economy with a fairly even split.
- Agriculture, transport and communication, community, social and personal services and construction make up the approximately 20% of the economy.
- Sectors experiencing strong growth include finance and business, trade, transport and communication as well as community, social and personal services.
- Stellenbosch's working age population is estimated at 64%.
- Figures in 2001 estimate unemployment rates at 17%.
- More than 60% of the population have not completed secondary education, almost 40% have gained a matriculation, of those 17% have furthered their education.
- Tourists to the Winelands region are almost evenly split between domestic and foreign tourists. Germany, the UK and the Netherlands, and Western Cape and Gauteng are key sources of tourists for international and national tourists respectively.

Stellenbosch is therefore faced with a number of challenges; however, relative to other towns in the province it is well poised for growth and development. A key challenge is fostering a platform for growth in order to participate in a sophisticated regional and competitive globalised economy. However, meeting social and economic needs of sectors of the economy that cannot easily be integrated into a highly skilled, global knowledge economy is an equally important challenge.

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<sup>3</sup> See Reference Report for detailed Economic Sector Analysis

**Figure 2 Stellenbosch Economic Profile<sup>4</sup>**

Municipal Area	900km <sup>2</sup>	%	Sector Contribution	GDPR 2004 Rm	% Contribution 2004 (1995 in brackets)	Avg. Growth Annualised '95 - '04	Avg. Growth Annualised '00 - '04	Growth '03 - '04
<b>Population<sup>5</sup></b>		%						
Est. Total Population (2006).....	135 000		Financial and business services	1, 062	27.1% (22.4%)	5.74%	7.45%	6.31%
Students .....	18 0000	13	Manufacturing	950`	24.2% (26.9%)	2.37%	2.79%	8.68%
Growth rate pa.....		2	Wholesale & retail trade, catering and accommodation	533	13.6% (11.2%)	5.85%	6.24%	10.05%
<b>2001 Town Size Populations</b>			Government services	496	12.6% (15.5%)	1.21%	2.67%	2.41%
• Stellenbosch .....	52 292	40	Agriculture, forestry and fishing	347	8.8% (9.4%)	2.88%	2.10%	2.48%
• Franschhoek .....	8 993	9	Transport and communication	183	4.7% (3.3%)	7.78%	7.10%	6.69%
• Klapmuts .....	3 949	3	Community, social & other personal	195	5.0% (4.8%)	4.07%	3.49%	2.29%
• Jamestown .....	1 451	1	Construction	134	3.4% (5.0%)	- 0.77%	0.05%	- 0.04%
• Kyelemore .....	3 817	3	Electricity &water	10	0.3% (0.5%)	-4.83%	-5.96%	-5.33%
• Pniel.....	2 563	2	Mining	10	0.3% (1.1%)	-11.72%	-2.75%	1.75%
<b>Gross Regional Product</b>			<b>Totals</b>	<b>3,920</b>	<b>100%</b>	<b>3.54%</b>	<b>4.4%</b>	<b>6.03%</b>
<b>Level of Education</b>								
2004 estimate for Stellenbosch .....	R3.9 bill.		No Schooling .....					
Percentage of District GDPR .....		26.5	Grades 1 to 7 .....			5.8%		
Real GDPR growth p.a. 2000-04 .....		4.41	Grades 8 to 11 .....			24.4%		
			Grade 12/Matric .....			31.1%		
			Degree/diploma .....			21.6%		
						17.2%		
<b>Labour and employment (2005)</b>			<b>Tourism<sup>6</sup></b>					
Labour force .....	52 475		Estimated no of foreign visitors to Cape Winelands (Q4 2007)			50.8%		
Labour force participation rate.....		82.9	Estimated no of domestic tourists to Cape Winelands (Q4 2007)			48.6%		
Unemployed .....		17.1	Estimated no of tourists from Africa to Cape Winelands (Q4 2007)			0.9%		

<sup>4</sup> Source: Quantec, own calculations. Note: Tourism related activities are not reflected but are estimated to contribute approximately 15% to GDP

<sup>5</sup> Source: Zietsman 2007 (average of geometric and linear projections using census data)

<sup>6</sup> Western Cape Tourism Barometer Volume 2, issue 1, March 2008

There are number of pressing ***economic development challenges and opportunities*** within Stellenbosch and these include<sup>7</sup>:

- The need to continuously grow the local economy through niche sectors such as services; tourism; agri-processing; wood processing and the informal sector.
- The need to increase participation, in particular of the poor and other (women, youth, disabled, and in terms of geographical exclusion) marginalised groups from mainstream economic activity.
- The critical need for human resource development, both in term of those with limited skills and education as well as ensuring that high level skills are developed, attracted and retained in the area, in order to grow the local economy.
- Dramatically changing the largely racially based land-use pattern and encouraging the location of new economic opportunities where the poor are located and also locating the poor where current economic opportunity exist.
- Mobilising private, public and community resources (institutions, funding and finance) towards growing the local economy.
- Harnessing municipal resources and activities such as procurement, spatial planning, utility service provision, land reform and its sphere of influence to achieve its strategic developmental goals.
- Directing municipal expenditure, both capital and operating, in a manner that creates confidence for the private sector to continue to invest in Stellenbosch and also improving the living standard of all its residents and in particular those marginalised.
- Ensuring that the economic benefits from transformation initiatives such as land reform, property development, etc accrue to the broadest possible number of beneficiaries, in particular those that are poor.

These challenges are interlinked and are addressed through the strategies, programmes and initiatives in the chapter 3 and chapter 4.

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<sup>7</sup> See Reference Report regarding comments received from role players in Stellenbosch.

### **3. Stellenbosch Vision, Mission and Strategic Imperatives**

#### **3.1 Stellenbosch Vision and Mission**

Stellenbosch's Integrated Development Plan sets out the Municipal vision and mission:

- *Vision:* A dynamic, efficient, accountable and caring frontline organisation dedicated to professionalism, excellence, good governance and the pursuit of sustainability in delivering on our Constitutional mandate by fostering social and economic development in viable local economies and creating opportunities for all in the Greater Stellenbosch to improve quality of life in safe, sustainable settlements.
- *Mission:* To serve the Greater Stellenbosch community with integrity and efficiency through the delivery of municipal services, the promotion of managed local economic and social development and the creation of local jobs, the maintenance of safe healthy, sustainable and unique living environment and the active engagement of civil society in the business of the municipality

#### **3.2 Strategic Goals**

The Local Economic Strategy for Stellenbosch should contribute towards achieving the vision and mission for the municipality. This requires also alignment with national developmental parameters which articulates the following strategic goals:

- *Sustainable Economic Growth:* Focus on investment and growth that is based on the niche sectors that enhances the competitive advantage of Stellenbosch. Also, finding mechanisms to retain and circulate income generated within towns and settlements and utilise resources in a manner that does not compromise the ability for future generations to utilize resources (Agenda 21 definition).
- *Job creation:* Creating an environment that encourages the private sector to generate the maximum number of jobs, in particular in a manner that enables meaningful skill development.
- *Skill Development:* Encouraging the private sector to invest in ongoing skill development and to support and facilitate national and provincial skill development, skill transfer and mentoring programmes within Stellenbosch.
- *Poverty Reduction:* Use municipal resources and support national and provincial programmes aimed at reducing poverty within Stellenbosch, in particular within the rural areas and small settlements. Also to increase access to life skills and sustainable jobs.

- *BBBEE*: Advance government programmes aimed at broad based black economic empowerment that increases access and ownership of assets, in particular for historically disadvantaged communities. This also implies inclusiveness in terms of economic participation, skills transfer and capacity building.
- *Spatial Restructuring*: This requires change to the present race-based land use pattern and the associated value (and increase) of property assets. More equitable developments are required that enables historically dormitory settlements to evolve into more integrated and sustainable settlements.
- *Co-operation and Partnerships*: Economic development should involve a wide spectrum of role players (public sector, private sector, NGO's and CBOs); aimed at foster regional wide co-ordination and co-operation through partnerships and build institutional capacity through partnerships.

### 3.3 Areas of Economic Strategy Focus

The overriding question is where best should the municipality and other public agencies focus their efforts to *firstly* achieve ongoing economic growth to enhance Stellenbosch's competitive advantage and *secondly*, to create meaningful opportunities and participation, within the mainstream economy, of those who are poor and marginalised.

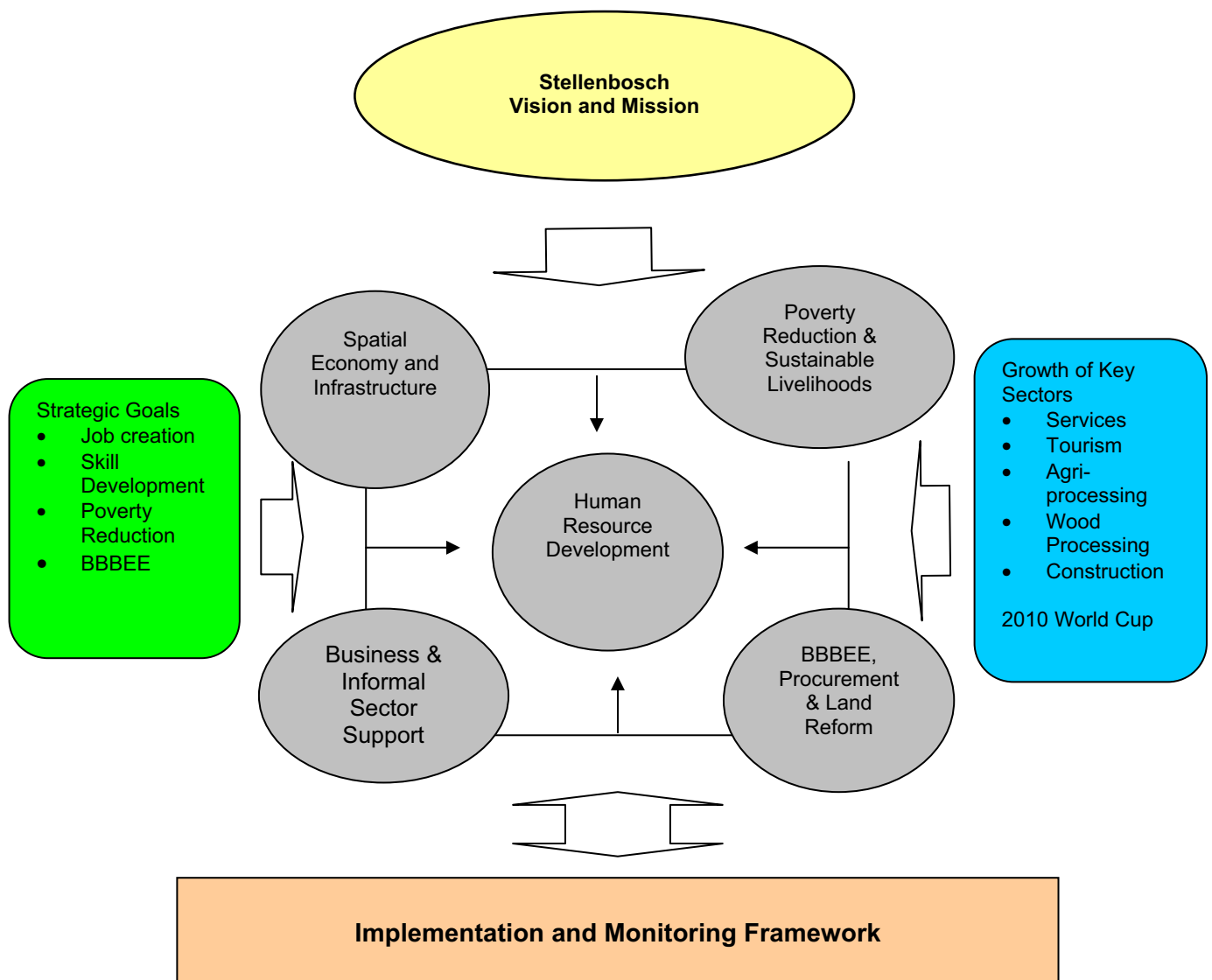
From a methodological perspective, the following focus areas and strategies are proposed (see Figure 3):

- i.) *Firstly*, focusing initiatives towards growth in the *niche sectors* (**Growth of Key Niche Sectors**) with significant growth potential, i.e. services; tourism; agri-processing; wood processing, informal sector and construction. Consideration is also given to the 2010 Soccer World Cup.
- ii.) *Secondly*, focusing on *spatial areas* (**Spatial Economy and Infrastructure**) where growth can best be achieved; where produce can be processed, etc (i.e. CBDs of Stellenbosch and Franschhoek) as well as areas where the greatest needs exist, essentially the poor areas (Kayamandi; Cloeteville; Idas Valley; Pniel; Johannesdal; Kylemore, Languedoc; Klapmuts, etc). The emphasis is on the activities the municipality can engage in to change the space economy (e.g. land use planning; engineering infrastructure, etc).
- iii.) *Thirdly*, education and skills development in relation to the niche sectors identified (**Human Resource Development**)

- iv.) *Fourthly*, support for small businesses, the informal sector and entrepreneurs, including municipality and other public sector procurement (**Small Businesses and Informal Sector Support**).
- v.) *Fifthly*, **Sustainable Livelihoods**, dealing with aspects relating to poverty reduction and social welfare support.
- vi.) *Sixthly*, **BBBEE, Procurement and Land Reform**, addressing issues relating to transformation and economic empowerment within the context and capacity of the municipality.

Each of the identified economic strategy areas are considered in the following chapter 3 in terms of the *key challenges; goals and objectives* and *key strategies*.

**Figure 3** Areas of LED Strategy



## 4. Local Economic Development Strategies

This chapter sets out the various economic strategies aimed at addressing the economic development challenges in Stellenbosch.

### 4.1 Key Economic Sectors with Competitive Advantage

Focus on the key economic sectors with competitive advantage, is central to the Stellenbosch LED Strategy as point of departure. *Focus on the key sectors should be the means by which the Strategic Goals are addressed and also the focal point for the strategies dealing with the spatial economy and infrastructure; sustainable livelihoods; human resource development; small business and the informal sector; BBBEE, Procurement and Land Reform.*

The identified economic growth sectors with competitive advantage as well as those with the potential to retain and generate job opportunities (See Reference Report) include:

- *Services:* Education, Financial, Business, Administrative and Government
- *Tourism:* Wine, Food, Wellness, Historic Homesteads; Adventure and Sport
- *Agri-Processing:* Wines; Grapes, Fruit and Flowers
- *Wood Processing:* Wood, Paper and Furniture Manufacturing
- *Construction:* Residential, Office and Commercial.

#### 4.1.1 Key Challenges

The key issues with regard to the growth of the identified economic sectors includes the following:

- The limited data and information on firms in Stellenbosch. It is vital that the municipality establish a database, in particular of firms active within the identified niche sectors.
- Information is available from the RSC levy database; however, levy was terminated during 2006.
- Although trade data is available on a district level, this has not been captured per municipality.
- Ongoing firm and sector engagement by the municipality is currently lacking and this issue requires to be addressed.
- Linkages with oversight business associations are currently ad hoc and not structured. Consequently, communication and sharing of information between the municipality and businesses are limited.

#### 4.1.2 Goals, Objectives and Approach

The goals and objectives with regard to this strategy include the following:

- To growth and increase the competitiveness of the identified niche sectors and thereby further diversify the local economic base.
- Explore further growth, beneficiation, value addition and employment opportunities within established clusters within Stellenbosch, such as the wine production and processing as well as the tourism-wellness-historic homestead-sport industries.
- To retain existing firms<sup>8</sup> active within these sectors and support the growth of new firms.
- To facilitate job creation and entrepreneurship.
- Increase participation of those unemployed in sectors that have the most growth potential.

#### 4.1.3 Sector Strategies

Development and support of the identified niche sector should be guided by:

- Monitoring the growth and performance of firms active within the specific key sector.
- Identification of the requirements to realise the growth potential of firms within these sectors.
- Identification of the barriers to entry for firms into these sectors.
- Identify the value chain within these sectors, with the objective to further stimulate the growth potential of key firms.
- Enhance the competitive advantages of firms within these sectors, including new and emerging firms.

#### *Ongoing Sector Engagement*

Ongoing engagement with the key sectors and firms active within is central to the Stellenbosch LED strategy, as this should inform and guide all of the strategies identified in the following sections. The National Industrial Policy Framework (NIPF) notes that developing an understanding of a sector should be a robust 'self-discovery' process. This requires ongoing research and engagement with the firms active within the niche sectors as well as evaluating and monitoring the ongoing performance of the sector within a national and international context. Understanding characteristics, growth constraints and prospects of sectors can best be understood through engaging firms; undertaking quantitative and qualitative surveys as well as specialist studies.

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<sup>8</sup> 'Firms' is used in a generic manner referring to formal, informal, large, micro, emerging and survivalist businesses.

The study included interviewing a few firms within the key niche sectors (see Addendum 1). This is merely for illustrative purpose and further, more detailed research work is required in order to identify:

- Factors contributing to the competitive advantage of firms within the key sectors.
- Products, outputs, value addition and opportunities.
- Their customer base and growth potential of firms.
- Barriers to entry for new firms.
- Main constraints to doing business and growing firms.
- Export of products and potential.
- Their ability to realise the strategic goals (section 2.2).

## **4.2. Human Resource Development**

This includes all aspects of life cycling learning from pre-school; primary and secondary education; tertiary education, skill development and mentorship programmes. Key public institutions serving the Stellenbosch community include Stellenbosch University, Boland FET College and the Sustainability Institute. The university offers the full spectrum of academic programmes, while the FET college offers programmes in office administration; finance, economics and accounting; management, civil building and construction, engineering, electrical infrastructure, ITC, primary agriculture, hospitality and tourism.

### **4.2.1 Key Challenges**

- Dualism exists, in that the schools within the established areas are world class, while some of those serving the townships and the rural areas are marginal in terms of performance.
- Pre-school facilities within townships and rural areas are generally non-existent and are of poor quality.
- Although most of the secondary schools within townships have generally high matric pass rates, most learners don't proceed to tertiary level education.
- Tertiary level education is generally not accessible to local matriculants either due to entry costs and/or transport costs as many training institutions located outside Stellenbosch in areas such as Bellville and Cape Town CBD.
- The SETA programmes are accessible to employers and potential learners. SETA training in the area also does not respond to the real needs of industries.

### **4.2.2 Key Objectives**

- Decrease levels of unemployment in Stellenbosch.
- Recognising and creating opportunities for life-long learning programmes.

- Increase levels of education and skills, in particular of PDIs, to participation in the first economy.
- Increase household assets, incomes and strengthen local buying power through education and training.

#### 4.2.3 Key Strategies

- Establish formal partnership between Stellenbosch Municipality; Stellenbosch University, Boland College, the Sustainability Institute and the TechoPark focussing on skill development within the target niche sectors.
- Ensure local educational institutions (university and college) respond to the skill needs of the local economy.
- Encouraging firms, in particular within the identified niche sectors, to continuously train their labour.
- Encourage individuals and employers to acquire skills and training within the identified niche sectors.

### 4.3 Spatial Economy and Infrastructure

#### *Settlement Pattern*

The settlement pattern of Stellenbosch Municipality consists of a constellation of interconnected main towns, smaller settlements, productive farm and the rural hinterland. These all contribute towards the economic structure and character of the towns and settlements. These settlements include:

#### Main Towns and Smaller Settlements

- Main Towns
  - Stellenbosch (Kayamandi, Cloetesville, Idas Valley)\*
  - Franschhoek (Groendal, Langrig)\*
- Smaller Settlements
  - Klapmuts\*
  - Koelenhof\*
  - Kylemore\*
  - Johannesburg\*
  - Pniel\*
  - Languedoc\*
  - Jamestown\*
  - Raithby\*

- Vlotenberg\*

(\* All these communities are mostly poor)

### *Competitive Place and Sustainable Livelihoods*

. Intervention into the spatial economy requires focusing on:

- *Competitive place*: Ensuring that Stellenbosch has the required level and quality of labour, technology, urban public spaces, infrastructure, etc to ensure that it is able to continuously competes for investment with other towns in the Western Cape and elsewhere.
- *Sustainable Livelihoods*: This requires investment in human capital; social and political capital; economic and financial capital and physical capital, targeting in particular poor communities (see section 6).

#### 4.3.1 Key Challenges

- The current land use pattern in Stellenbosch is a consequence of past racially motivated spatial planning.
- Although property (land and buildings) has experienced exponential growth for more than a decade, the increase of property values within the townships and poor settlements have comparatively been marginal.
- Poor areas remain mainly poverty traps with limited retail, commercial and office investment.
- Opportunities for historically marginalised businesses to investment within established commercial and office developments are limited due barriers such as high costs and availability of premises.
- Investment in bulk utility infrastructure (water, sewerage, storm water, transport, energy) should keep pace with the economic need and growth potential of local businesses as well as residential development.

#### 4.3.2 Key Goals and Objectives

- Improved linkages between established Central Business Districts (CBDs) and townships in major settlements (e.g. Stellenbosch, Franschhoek and Klapmuts).
- Creating economic opportunities in CBDs and in townships.
- Improve viability and efficiency of public transport.
- Develop the economic potential of smaller settlements within the context of clearly defined urban edges without compromising the surrounding agricultural land.
- Ensure sufficient and timeouse provision of utility services ((water; solid waste; sewerage; storm water; power; etc) and pursing recycling and sustainability programmes.

### 4.3.3 Key Strategies

Specific spatial economic strategies that should be pursued include the following:

- Ensuring that planned bulk infrastructural investment in the municipality as identified in the IDP for the Stellenbosch economy; as well as through provincial and national government programmes, respond and support to the economic opportunities identified within the towns and settlements. This will include investment in housing; utility services, public facilities and public spaces; improvement of roads, street signs, house numbers, public transport, etc.
- Further investment in social facilities and services, such as health and education, coupled with measures aimed at poverty alleviation.
- Investment in quality public spaces and required utility services in order to increase the municipality's attractiveness for potential investors and employers
- Vigourously pursuing practices based on increasing self sufficiency and job creation with regard to providing development and managing infrastructure.
- Use urban planning tools such as spatial development frameworks, development control measures, approval of development applications, environmental impact assessments, Integrated Land Use Management Systems, flexible and overlay zonings, etc to pursue spatial economic goals and objectives.
- Development economic linkages between the CBDs of Stellenbosch and Franschhoek and their adjacent townships. This should include measures such focussing on public transport and developing activity streets.
- Encouraging appropriately scaled economic development in the smaller settlements within the context of the clearly defined urban edges and without compromising agricultural land. Amendments of SDFs of hamlets and settlements may be required.
- Actively pursuing measures aimed at land reform as a means to support for emerging farming and improve food security in particular for the poor.
- Ensure economic benefits derived from managing the biosphere reserve accrue also to local communities.
- Reducing measures such as so-called 'red tape', impacting on starting and operating a business in Stellenbosch.
- Ensuring that place marketing is cognisant of business activity in Stellenbosch, Franschhoek and the smaller towns, in order to ensure that all local economic opportunities are appropriately maximised.

## 4.4. Poverty Reduction and Sustainable Livelihoods

Stellenbosch Municipality is proceeding with a comprehensive Poverty Reduction/Alleviation Strategy. The purpose of this subsection is to provide input and some guidelines to this process from a local economic development perspective.

The *Sustainable Livelihoods Approach* has been developed as bases for analysing, understanding and formulating appropriate strategies to manage the complexity impacting on poverty reduction and social development. This approach argues that the extent to which households have access to a portfolio of assets, (such as human-; social and political-; physical; financial-; and natural capital), impacts on their level of poverty. The SL approach emphasises the vulnerability context and the organisational and institutional environment within which poor people draw upon in order to implement a livelihood strategy. Vulnerability relates to potential shocks to people's livelihoods, for example, a dramatic price increase in food, transport and other key services; environmental disasters e.g. flooding; fire, etc; significant fluctuation in the policy environment (e.g. change to the grant system) etc.

### 4.4.1 Key Challenges

Stellenbosch Municipality faces a number of challenges relating to poverty and marginalisation, in particular of communities residing within the townships and rural settlements such as Kayamandi, Cloetesville, Idas Valley, Klapmuts, Pniel, Johannesdal, Kylemore and Languedoc, Groendal, Langrig, Jamestown and Vlottenberg. These challenges include aspects such as:

- Low levels of education, resulting in limited opportunity to partake in the job market and low-income earning capacity.
- Dependency on pension and social welfare grants to sustain households' access to basic needs such as food, clothing and municipal services.
- Limited to no access to loans and other financial services.
- Limited assets with low value that could be used as leverage/collateral for loans and other financial assistance.
- Cycles of poverty, locking families into low levels of literacy, unemployment and continued marginalisation.

### 4.4.2 Key Goals and Objectives

- Improve participation and access to economic activity, in particular those households and individuals at the margins of the Stellenbosch community, 'the poorest of the poor'.

- Meaningful reduction of levels of poverty and marginalisation with the identified communities within Stellenbosch.
- Mobilising public sector resources in a sustained manner that over the short to medium term, gradually improve the quality of life of the poor.

#### 4.4.3 Key Strategies

Central government assistance such as old age pension, child welfare and disability grants are crucial in the war against poverty for many poor households. Ensuring access to these and broadening their effectiveness are essential parts of an overall poverty reduction strategy. In addition, the following should be considered when devising a poverty reduction strategy for Stellenbosch Municipality.

- *Human capital:* This relates to the human resource development strategy, developing the skills and knowledge base of individuals and the broader community. This should aim at life cycle learning and focus on basic aspects such as adult literacy programmes, apprenticeships and mentorship programmes.
- *Physical capital:* Focus on developing public sector physical infrastructure such as housing, utility services and community facilities, but in a manner that increases the value of property, in particular within the townships and the rural settlements. This also implies ensuring that public facilities and housing meets the highest possible design and quality criteria, within the context of other budgetary requirements.
- *Financial capital:* This involves engaging with financial services providers on increasing assistance to poor households. Also to facilitate and support community-based initiatives such as micro loan schemes; saving cooperatives, etc.
- *Social capital:* This should focus on building the capacity, resources and social networks of NGO's and CBO's in Stellenbosch. Civic-based organisations are well established and actively involved in a wide range of job creation, social welfare and skill development activities within Stellenbosch. The municipality could make grants available to assist these CBOs and CBOs.
- *Natural capital:* This should focus on increasing community access to the agricultural, forestry and other natural resources in the region. This is of particular importance as ownership of productive farmland is highly skewed, excluding the majority of the local population, that only benefit through supplying low-skilled labour. Also accruing more benefits for local communities from sport and recreational activities associated with the local nature reserves.

Livelihood strategies should aim at building and increasing access to the local economic assets and should form an integral part of a poverty reduction strategy for Stellenbosch Municipality.

## **4.5. Business and Informal Sector Support**

Businesses within the formal and informal sectors should be assisted through appropriate support programmes. SMMEs in Stellenbosch are currently provided with business support through the provincial mobile 'Red Door' programme. The nearest permanent service is in Paarl and the City of Cape Town.

### **4.5.1 Key Challenges**

- Businesses owned by PDIs are few, mostly involved in informal activity and largely confined to the townships and smaller settlements.
- Although business support service is provided through a mobile service, this is not sufficiently accessible to potential entrepreneurs, either due to availability or through lack of knowledge of this service.
- Assistance such as financial support, training and mentorship programmes are limited and not easily accessible.
- The location and availability of suitable informal trading areas (both in CBD and residential areas) are not sufficient and inadequate.
- Municipal by-laws constrain informal and home-based business activity.

### **4.5.2 Key Goals and Objectives**

- Increase the number of small businesses within Stellenbosch.
- Increase the economic benefits and role of PDI owned SMMEs businesses within the Stellenbosch economy.
- Retain existing businesses and encouraging expansion and investment of businesses operating within the identified niche sectors.
- Support businesses that generate opportunities for job creation, innovation and increase entrepreneurship.

### **4.5.3 Key Strategies**

- Engage large firms active within the identified niches and formulate programmes to ensure their retention and possible expansion within the area.
- Support emerging SMMEs and work towards a network of decentralised business support facility within Stellenbosch that includes the Red Door facilities; mobile service to the smaller towns; library business corners, etc.

- Ensure that the municipal procurement policy favours local suppliers of services (if the service is available locally and meets the required standards) and that the procurement outcomes are monitored and evaluated regularly.
- Use municipal assets such as public land, to support development of PDI owned small and informal businesses.
- Improve access to finances for start-up capital; training and mentoring (targeting retired businesses persons) for emerging small businesses. Consider training/mentor voucher scheme to upscale training.
- Formulate marketing and investment programme to attracting new investment and business to the area, in particular within the identified niche sectors.
- Build business confidence, through regular interaction between senior municipal officials, councillors and key firms.
- Support business networks that are inclusive of formal and informal; small and large businesses active within the identified niche sectors. This should include preparing and distributing a local business directory, focussing on the identified niche sectors as well as regular business breakfasts co-ordinated by the municipality and sponsored by local firms.
- Review and reduce the impact of municipal by-laws and regulations on the operation of informal businesses, street and home-based businesses.
- Coordinate Corporate Social Investment (CSI) funding and re-orientate towards the municipal and LED goals and objectives.
- Establish a local institutional framework to monitor firm's compliance to BBBEE objectives in terms of the agreed sector charters.
- Diversify product range and services offered (e.g. tourism products-; cultural and others) through small businesses and informal traders.
- Identify suitable land and stands within the Stellenbosch and Franschhoek CBDs for SMMEs and informal traders.
- Allocate additional space for SMME and informal traders along economic activity routes; active trading areas and areas with higher pedestrian traffic zones.
- Undertake a comprehensive research programme on informal trading; including baseline surveys; engage organisations such as Commark, Triple Trust Organisation, SAIE, etc.
- Support linkages with established businesses regarding supply chain for 'bottom of the pyramid' type units of goods and services.

## 4.6. BBEE, Procurement and Land Reform

Broad Based Black Economic Empowerment within the context of Stellenbosch requires, significant participation of historically disadvantaged individuals (HDI's) and communities within mainstream economic activity. The Department of Land Affairs has prepared an *Area Based Land Sector Plan* for the Cape Winelands District (2008), with focus on land reform within the local municipalities, including Stellenbosch Municipality. The objective is not to outline the analysis and outcomes of the latter study, but rather to reflect on some of the key findings.

### 4.6.1 Key Challenges

Key challenges with regard to BBEE, Procurement and Land Reform in Stellenbosch include, amongst others the following:

- Only marginal economic benefits (in particular from farming; wine processing, tourism, development and construction sectors within Stellenbosch) accrue to the majority of residents (mainly HDIs).
- Public and private sector procurement at the top end of the market continues to benefit largely established firms and systems to monitor progress are absent and inadequate.
- Land ownership (in terms of total areas and prime land) is skewed in favour of residents formerly classified as white, marginalising the majority consisting of those previously classified as coloured and black.
- Key challenges facing emerging farmers include aspects such as access to land; marketing of produce; access to water; food security; shelter security; capacity development (skills, technical, administrative; etc); mentorship and international trade issues

### 4.6.2 Key Goals and Objectives

These include the following:

- Creating significant and meaningful economic opportunities or those marginalised over the centuries, the poor rural and township residents and black owned businesses.
- Using public assets in a manner that creates a more equitable society through broad based participation in economic activity and wealth creation.
- Resolve land restitution claims in Stellenbosch (18 lodged) in areas such as Jonkershoek and Pniel.
- Land redistribution within Stellenbosch still needs to go long way, to meet the required target of 30 %. Currently of the estimated 48 163 ha of agricultural land, only 209 ha (4.3 %) has been transferred.

### 4.6.3 Key Strategies

A threefold strategy is required, dealing with:

- BBEE within mainstream business activities; and
- Procurement
- Land Reform.

#### Mainstream Business Activity

Implementation of Broad Based Economic Empowerment (BBEE) should be guided by the requirements of the Broad-Based Black Economic Empowerment Act, Act 53 of 2003, the National Sector Charters as well as the *Codes of Good Practice* issued by the Department of Trade and Industry (DTI) in terms of Section 9 of the BBEE Act. Focus is required on the growth sectors within Stellenbosch, in particular financial and businesses services; education; tourism; agriculture and agri-processing, wood processing; property and construction.

The *Codes of Good Practice* outlines a scorecard comprising the seven elements of broad-based BEE as well as their respective weightings out of 100 as depicted below:

<b>Element</b>	<b>Weighting</b>
Ownership	20%
Management and Control	10%
Employment Equity	10%
Skills development	20%
Preferential Procurement	20%
Enterprise development	10%
Residual	10%
<b>Total</b>	<b>100%</b>

The Codes have the following implications for the public sector:

- The Codes once gazetted, will be binding on all organs of state and public entities.
- This implies government must apply the Codes when entering into decisions affecting the procurement, licensing and concessions, public private partnerships (PPP's) and the sale of state-owned entities.

Different levels of progress have been achieved with various charters and it is proposed that these be contextualised and realised within a *Stellenbosch Economic Empowerment Charter*. Such as Charter will assist local community, CBO, NGO and businesses stakeholders to pro-active engage

each other and seek consensus on what is appropriate for Stellenbosch. It will also assist with coordinating and integrating initiatives, in particular spatially, to facilitate maximum benefit is accrued to broad based marginalised communities, and not only few individuals.

### Procurement

The following action are proposed:

- Dramatically increase support, through measures such as procurement, for black owned SMMME and emerging enterprises.
- Ensure that significant benefits from mega projects envisaged by the public sector and private businesses accrue to black businesses.
- Formulate a municipal procurement monitoring processes to be managed and reported on by Municipal Supply Chain Management.
- Establish processes to monitor private sector procurement practices within Stellenbosch.
- Secure and maximise benefits of projects offered through the EPWP as these have the capacity not only to provide much needed facilities and services within poor communities, but also to create jobs and procurement opportunities for black owned firms and SMMEs. The Department of Public Works has developed an extensive Economic and Social Impact Assessment Model.

### Land Reform

The proposed Land Reform Strategy is threefold and focuses primarily on securing land and providing opportunities for:

- Housing for rural dwellers (close to rural settlements);
- Small scale/subsistence/emerging farming (for example on the urban periphery and municipal commonages) and
- Viable commercial scale land reform projects (for example through joint ventures with established farmers).

Specifics regarding precedent, possible locations, required support and roles of various players are outline in the Cape Winelands Area Based Plan. The recommendations with regard to implementing the Land Reform in Stellenbosch includes:

- Approve the Area Based Plan prepared by Department of Land Affairs.
- Increasing awareness of the need for Land Reform in Stellenbosch
- Establish a local land reform process.

## **4.7 2010 Soccer World Cup**

The 2010 World Soccer Cup provides an unique opportunity to pursue goals of creating jobs, increasing the rate of economic growth and skill levels, reducing poverty, spatial restructuring and broad based black economic empowerment. Stellenbosch Municipality is in the process of preparing a detail engagement programme for 2010. Hosting of the 2010 World Cup soccer matches in Cape Town would require strategies to respond to the associated opportunities and challenges; not only during the two weeks, but also the period before and after the tournament.

### **4.7.1 Opportunity**

It is anticipated that the hosting of the Soccer World Cup will result in a significant increase in the number of tourist to the Cape Town and associated visitation and tours to the hinterland, of which Stellenbosch is a prime location. Further promotion and place marketing of Stellenbosch and the wider Winelands region therefore becomes important. This will resulting an increase in demand for accommodation, services and associated health, wellness, sport, cultural and historical activities.

### **4.7.2 Challenges**

This includes ensuring that benefits are not only accrued to established businesses, but that black-owned and emerging enterprises also benefit. Hosting of the world cup will also result ina a significant in crease in traffic, demand for parking, demand on utility services during this period.

### **4.7.3 Strategies**

Proposed strategies with regard to the 2010 Soccer World Cup include the following:

- Prepare a special marketing programme, ensuring that domestic tourists are also targeted (in particular middle and lower income groups) visiting Cape Town during the tournament.
- Focus on Art, Cultural and Sport festivals, with significant involvement of historically disadvantaged communities and businesses as a way to harness economic opportunity. Extensive use could be made of public spaces and facilities and the hosting of events overall several days during the World Cup.
- Assist community based establishments offering visitor accommodation, with resources and funding to improve and promote their establishments.

## 5. Implementation and Monitoring Framework

### 5.1 Roles of Key Role-Players

#### 5.1.1 Municipal Role and Activities

There are a number of activities that the Stellenbosch Municipality has direct control over and this should be geared at meeting the LED goals and objectives:

- Its annual budget on capital infrastructure and maintenance: ensuring that expenditure in poor areas are not only motivated by social welfare concerns, but also economic empowerment and asset improvement, thereby creating the confidence for the private investment to respond.
- Undertaking spatial planning and land use management in a manner that change the currently land use market based on enclaves of wealth and islands of poverty.
- Ensuring that all municipal line function departments work in unison towards a common goal of transforming inequalities and areas of poverty in all their daily activities and long-term operations.
- Seeking to optimise public benefit, when considering conditions of approval submitted by private sector developers and investors, in particular developments impacting on the identified niche sectors.
- Ensuring that the municipal procurement practices contribute towards achieving its overall vision, economic goals and objectives.
- Include the broader Stellenbosch community, including business, in ongoing decision making impacting on its economic well-being.

Although Stellenbosch Municipality has staff dedicated to promote and advance local economic development, this is at present limited to 3 persons. It should also be recognised that most resources are located in community and private agencies and organisations outside the municipality. Therefore at best, the role of the municipality in transforming the strategies in implementable programmes and initiatives should be as:

- As policy and strategy strategist, for example through this document.
- Facilitator of activities, once the overall policy and strategy is agreed to.
- Coordinating of activities that are possible multi dimensional and driven by different development agents.
- Initiating co-operative partnerships with the private sector, communities and civil society.
- Endorsing developments that would contribute towards achieving the local economic goals.

- Increasing awareness of the profile, challenges and possible interventions that could be pursued, within the broader Stellenbosch community, but also within the broader local, national and international context.

### 5.1.2 Stakeholder Co-operation, Forum and Task Groups

Firstly, it is proposed that as a first step a *Stellenbosch LED Stakeholder Forum* be established consisting of key role players within the public, private, NGO and CBO sectors. The objective would be to initiate and co-ordinate priority activities to be undertaken by Focused Task Groups. Figure 3 list some of the key public, private, CBO and NGOs organisations active within Stellenbosch. Secondly, establish *Task Groups* for each of the Strategy Focus Areas. The programmes, strategies and initiatives to be pursued by each Task Group are discussed in the the following sub-sections

**Figure 4** List of Public, Private, NGO and CBO Organisations

Public Sector	Education and Training	Private Sector Organisations	Key Firms	NGOs and CBOs
<ul style="list-style-type: none"> <li>• Stellenbosch Municipality (SM)</li> <li>• Cape Winelands District Municipality (CWDM)</li> <li>• WC Department of Economic Development and Tourism (WCDEDT)</li> <li>• WC Dept of Environmental Affairs and Planning (WCDEAP)</li> <li>• Department of Local and Provincial Government</li> <li>• Department of Land Affairs (DLA)</li> <li>• Department of Environmental Affairs and Tourism (DEAT)</li> <li>• Dept. Agriculture</li> <li>• Department of Trade and Industry (DTI)</li> <li>• Department of Social Development</li> <li>• SEDA</li> <li>• SETAs</li> <li>• WESGRO</li> </ul>	<ul style="list-style-type: none"> <li>• Stellenbosch University (SU)</li> <li>• SU Related Parties</li> <li>• Stellenbosch Trust</li> <li>• US Investment Trust</li> <li>• Unistel Group Holdings (Pty)</li> <li>• Unistel Technology (Pty) Ltd</li> <li>• Unistel Consultus (Pty) Ltd</li> <li>• Matiesport (Pty) Ltd</li> <li>• Unistel Medical Laboratories (Pty) Ltd</li> <li>• Sun Space &amp; Information Systems (Pty) Ltd</li> <li>• Aquastel (Pty) Ltd</li> <li>• USB Executive Development Ltd</li> <li>• Stellenbosch Biokinetics</li> <li>• Boland College (BC)</li> <li>• Sustainability Institute</li> </ul>	<ul style="list-style-type: none"> <li>• Stellenbosch Chamber of Business</li> <li>• Cape Wine and Spirit Institute</li> <li>• South African Wine and Brandy Company</li> <li>• SA Association of Food Science and Technology</li> </ul>	<ul style="list-style-type: none"> <li>• Remgro Limited</li> <li>• British American Tobacco</li> <li>• Distell</li> <li>• Retail / Chain Stores</li> <li>• Stellenpark</li> <li>• Simonsberg Cheese</li> <li>• Parmalat</li> <li>• Research Institutions</li> <li>• Transport and Freight services</li> <li>• Medi Clinic Headquarters</li> </ul>	<ul style="list-style-type: none"> <li>• Stellenbosch Welfare and Development Co-ordinating Committee (SWOKK),</li> <li>• Isiko</li> <li>• Youth Outreach</li> <li>• Stellenbosch Moederkerk</li> <li>• Rudnet</li> <li>• Bawsi</li> <li>• Stellenbosch Work Centre</li> <li>• Imbali</li> <li>• Christian Skill Training Centre</li> <li>• Rotary Clubs</li> </ul>

## 5.2 Programmes, Projects and Initiatives

Realisation of the identified strategies will occur through the identification and implementation of projects, programmes and various initiatives. These activities will require participation, involvement and the resources of all the key players in Stellenbosch, including the private sector, NGOs; CBOs; local communities, Stellenbosch Municipality as well relevant provincial and national government departments. The strategic focus areas, proposed champions, role of the municipality and key role players are indicated in Figure 5. Although not shown in Figure 5, it is recommended that the Cape Winelands District Municipality be requested to partner Stellenbosch Municipality with all initiatives. Also not specified, but critical are the relevant private sector firms; NGOs and CBOs. The remainder of section 5.2 captures the proposed detailed programmes, projects and initiatives within each area of strategic concern.

**Figure 5** Strategy Focus Areas and Roles of Key Role Players

<b>Strategy and Task Groups</b>	<b>Proposed Champion/ Leadership</b>	<b>Role of Stellenbosch Municipality</b>	<b>Other Key Role Players</b>
1. <i>Supporting and Growing Key Niche Sectors</i>	Relevant Niche Sector Support Organisations	Secretarial/admin support; Link with Provincial MEDS study and DTI.	WCDEAP; DTI; Stellenbosch Chamber of Business; Department of Agriculture; BMR; WESGRO.
2. <i>Human Resource Development</i>	University of Stellenbosch	Secretarial Services; link with SETA and Department of Labour	Boland College; Sustainability Institute, Key sector SETAs; Department of Labour; Labour Unions.
3. <i>Spatial Economy and Infrastructure Development</i>	SM: Directorate Planning and Environment	Policy formulation; Development management.	WCDEAP.
4. <i>Poverty Reduction and Sustainable Livelihoods</i>	SM: Directorate Social Development	Facilitator; co-ordinator; link with national and provincial departments.	Dplg; Dept. Social Development; Sustainability Institute.
5. <i>Business and Informal Sector Support</i>	SM: Directorate Strategic Services	Provider of services to SMMEs and informal traders; securing support services from private sector WCDEAP.	WC Red Door; SEDA; DTI; local libraries.
6. <i>Broad Based Black Economic Empowerment, Procurement and Land Reform Task Group</i>	Stellenbosch Chamber of Commerce	Secretarial/admin. support; link with DTI on BBBEE codes.	Chambers of Commerce; niche sector support organisations.

### 5.2.1 Supporting and Growing Key Niche Sectors

<b>Niche Sectors</b>	<b>Challenges</b>	<b>Advantages, Trends and Opportunities</b>	<b>Programmes and Initiatives</b>
<p><b>Services Sector: Education, Financial, Business, Administrative and Government</b></p>	<p>It is a rapidly evolving and highly competitive sector. It is a high-skill labour demand with limited opportunities for un- and semi-skilled labour (therefore limited potential to reduce local levels of unemployment).</p>	<p>A well-established financial and business service sector. Proximity to large metropolitan market and related services. Growth within the service sector is robust, requiring skilled labour operating with higher levels of capital. The potential exist to diversify product range and services offered. Growth potential exist with business process outsourcing and expansion of professional services offered.</p>	<p>i.) Encourage further local investment in ICT e.g. Internet access and broadband.            ii.) Support and expand service sector businesses such as BPO and professional services.            iii.) Support investment in Stellenbosch University as a world-class institution (e.g. through associated municipal public facilities and amenities)            iv.) Re-evaluate the use of the Stellenbosch Science Techno Park. Stellenbosch Municipality has also engaged the Cooperative Framework on Innovation Systems -COFISA (between Finland and South Africa). The main objective is to enhance the effectiveness of the South African National System of Innovation (SANSI) in order to contribute towards economic growth and poverty alleviation. Possible opportunities are presented through engagement with COFISA and the Stellenbosch Techno Park</p>
<p><b>Tourism: Wine, Food, Wellness, Historic Homesteads; Adventure and Sport</b></p>	<p>The seasonality of the industry. Relatively high land prices, in particular for new market entrants at prime locations. Limited skills, experience and networks of emerging entrepreneurs. Well-established market and networks with tendency to restrict participation of new and emerging operators</p>	<p>Well-established cultural tourism; health and wellness tourism; eco and adventure tourism and academic/conference tourism markets. Physical features and location close to metro contribute towards Stellenbosch's desirability for eco/adventure tourism, includes road and mountain bike trails, hiking, water sports, etc. Increasing trend to combine business with health or eco/adventure tourism. Corporate wellness is a growing market in the industry. The area provides the full spectrum of health</p>	<p>v.) Improve tourism and scenic (e.g. wine) routes (e.g. signage, viewpoints, parking, trading stalls and ablution facilities).            vi.) Facilitate the construction of larger conference venues within Stellenbosch (500-1000 seater -consider PPP<sup>9</sup> for conference centre).            vii.) Identify land and opportunities for eco- and adventure tourism.            viii.) Create an enabling environment for PDI-owned businesses experiencing barriers to</p>

<sup>9</sup> PPP – Public Private Partnership.

		<p>care activities (health, skin care, massage, etc).</p> <p>Increasing demand for corporate gifts and unique cultural products and these stimulate production of local goods.</p> <p>International students attending Stellenbosch University contribute significant to the GRDP.</p>	<p>enter establish markets.</p> <p>ix.) Facilitate linkage and networks between established and emerging tourism operators.</p> <p>x.) Encourage partnerships between the municipality, community, and private sector in order to increase opportunities, in particular for new market entrants.</p> <p>xi.) Identify land and associate infrastructure requirements to support the development of new tourism opportunities.</p> <p>xii.) Facilitate training/learnerships programmes, in particular for new market entrants (both businesses and employees).</p> <p>xiii.) Quantify demand for cultural gifts/products and increase local production and value addition.</p> <p>xiv.) Support development of industry networks, including current and importantly, emerging operators.</p>
<p><b>Agri-Processing: Wines; Grapes, Fruit and Flowers</b></p>	<p>Limited land availability. Agricultural land is also targeted for more profitable urban and related uses. The cost of agricultural land for new market entrants is very high.</p> <p>Emerging farmers have limited business skill, while government support programmes are ineffective.</p> <p>Markets are highly competitive and volatile and require high capital investments.</p>	<p>This niche sector offer labour intensive job creation opportunities.</p> <p>There is an increased market demand for organic produce (vegetables, olives (international) and olive oil (local) and fruit.</p> <p>Significant portions of rural land are public owned (municipal and central government).</p>	<p>xv.) Identify and secure land suitable for organic farming for emerging farmers</p> <p>xvi.) Facilitate partnerships between emerging farmers and companies to manage and develop new markets and exploit supply chain opportunities.</p> <p>xvii.) Municipality could play a facilitative role in linking emerging farmers to private sector; also facilitating training/skills transfer.</p>
<p><b>Wood Processing and Furniture Manufacturing</b></p>	<p>There is a decreasing supply of timber due to the forest exit strategy in the Western Cape.</p> <p>There is a shortage of skilled labour in the furniture manufacturing (in particular furniture design).</p> <p>Emerging entrepreneurs lack generic business skills</p>	<p>Potential for labour intensive activities along the entire value chain.</p> <p>Sectoral support is available through the WC Provincial Process (e.g Provincial Furniture Steering Committee).</p> <p>The proximity to raw material (timber forest).</p> <p>Continued growth in housing construction and associated demand for timber.</p>	<p>xviii.) Identify suitable light industrial premises for furniture manufacturing satellite campus (FurnTech). Municipality could join furniture SPV as founding partner.</p> <p>xix.) Intensify support for local furniture entrepreneurial development.</p> <p>xx.) Secure long-term local supply of timber; re-assess strategy to decrease pine plantations</p>

	<p>Rising input prices (e.g. due to increasing timber demand from construction sector)</p>	<p>Increasing demand for compact multi-purpose furniture e.g affordable housing market. FurnTech has expressed an interest to establish an incubation facility in Stellenbosch to assisting with training, design and mentorship. A site is required for this important skill training facility</p>	<p>in Cape Winelands</p>
<p><b>Construction</b></p>	<p>Perception that information regarding monitoring of municipal supply chain tenders relating to construction (and other activities) is not availability/transparent. Lack of skilled labour. Networks excluding emerging contractors.</p>	<p>Construction is labour intensive and generally provides for on-job training. It is a growing sector, in spite of slow down in residential and related property developments. It provides for opportunities for low skilled labour employment and participation of small contractors.</p>	<p>i.) Increase scale, intensity and quality of training within construction sector. Encourage local industry role players to intensify training initiatives.</p> <p>ii.) Reform/enforce transparent supply chain managements and tender awards results are more transparent and available.</p> <p>iii.) Municipality to facilitate linkages between training institutions and private sector developers and contractors.</p> <p>iv.) Ensure that the sustainability of PDI and small contractors are not undermined by the municipality accepting below market price tenders or work below minimum quality standards. The risk of this can be reduced by the municipality first estimating costs before proceeding to tender stage.</p>

### 5.2.2 Human Resource Development

<b>Programmes, Projects and Initiatives</b>	<b>Municipal Directorate/Unit Responsibility</b>	<b>Delivery Date</b>	<b>Budget</b>	<b>Indicator(s)</b>	<b>Prioritisation (Term)</b>
i.) Establish partnership between Stellenbosch Municipality; Stellenbosch University, Boland College, the Sustainability Institute and the Tech to assist with data collection and management aimed at skill development within the target niche sectors.	LED Unit			Establishment of Ad Hoc Task Team	Short Term
ii.) Promote and support programmes aimed at generating entrepreneurship and supporting new businesses.	LED Unit			Number of businesses assisted	Short Term
iii.) Evaluate and co-ordinate bursary funds (including Stellenbosch Municipal Bursary) for students wanting to pursue tertiary education.	LED Unit			Establish co-ordinating Task Team	Medium Term
iv.) Undertake joint initiatives with other government departments such as the Human Resource Development Strategy for South Africa; JIPSA; AsgISA; WC MEDS; the Human Capital Development Strategy for the Western Cape; the WC Provincial Econ Review and Outlook; etc.	LED Unit			Establishment of Joint HR Task Team	Short Term
v.) Establish a database of those with post matric qualification and basic skills (in particular PDI individuals) in Stellenbosch; the skill needs of local businesses as well as the current mismatch. Engage and evaluate the training potential of firms active within the identified niche sectors.	LED Unit			Establishment of data base and existing training programmes	Medium Term
vi.) Address HIV/AIDS and other health issues impacting on the productivity of labour.	Social Development Services			Health indicators and monitoring	Medium Term

### 5.2.3 Spatial Economy and Infrastructure Development

<b>Programmes, Projects and Initiatives</b>	<b>Municipal Directorate Responsibility</b>	<b>Delivery Date</b>	<b>Budget</b>	<b>Indicator(s)</b>	<b>Prioritisation (Term)</b>
i.) Investment in basic services; social, welfare, health and education facilities as well as housing in poor areas, in a manner that ensures job creation and supporting economic growth.	Planning and Environment			Commercial, retail and other economic activities in poor areas	Medium Term
ii.) Develop activity streets and nodes within townships and smaller settlements with associated public spaces and public transport.	Planning and Environment			Commercial, retail and other economic activities in poor areas	Medium Term
iii.) Secure public and private land for land reform, in particular as commonage.	Planning and Environment			Land banking and commonage title deed restrictions	Medium Term
iv.) Economic impact assessment should be prepared for all municipal infrastructure projects.	LED Unit			Project conditional to Econ. Impact Assess.	Short Term
v.) Initiate municipal wide recycling programme, using local labour intensely as well as securing alternative and sustainable energy sources.	Civil Engineering Services and LED Unit			Operationalised Recycling Programme	Medium Term
vi.) Review programmes in Biosphere to ensure significant benefits accrue to locals.	Planning and Environment			Biosphere Economic Impact Assessment	Short Term
vii.) Review (and reduce) bylaws and regulations hindering the operation of small and informal businesses.	Planning and Environment			Bylaw Review and Amendments	Short Term
viii.) Review municipal wide marketing/tourism plan to ensure economic benefits are also directed at small towns and settlements.	LED/Tourism Unit			Review Municipal Marketing/ Tourism Plan	Short Term

#### 5.2.4 Poverty Reduction and Sustainable Livelihoods Programmes, Projects and Initiatives

<b>Programmes, Projects and Initiatives</b>	<b>Municipal Directorate Responsibility</b>	<b>Delivery Date</b>	<b>Budget</b>	<b>Indicator(s)</b>	<b>Prioritisation (Term)</b>
i.) Ensure communities have adequate knowledge and access to central grant support programmes, in particular poverty stricken households. The municipality could for example assist by providing support (financial or infrastructure) to CBOs and NGOs providing advisory services to local communities.	Social Development Services			Assess and monitor number of persons accessing grants	Short Term
ii.) Identify and facilitate adult literacy, training, apprenticeship and mentorship programmes to increase household livelihoods and poverty reduction capabilities	LED Unit and Social Development			Monitor and assess Literacy, Training, etc Programmes	Medium Terms
iii.) Engage with programmes aimed at providing affordable public facilities and housing to ensure that the end products contribute (and not reduces) the overall economic assets of households and the broader community.	Planning and Environment			Renewal of Townships to Sustainable Settlements	Medium Term
iv.) Identify and facilitate engagements between financial institutions in Stellenbosch and entrepreneurs starting and growing emerging businesses.	LED Unit and Financial Services			Extent and Accessibility of Micro Finance	Medium Term
v.) Support NGOs and CBOs financially and administratively actively involved in programmes addressing issues pertaining to unemployment, poverty and marginalisation.	LED Unit and Financial Services			Extent of assistance provided to poor communities	Short Term
vi.) Design and initiate programmes aimed to increase community benefits derived natural resources in Stellenbosch, such as the farmland, nature reserves and productive forests.	Planning and Environment and LED Unit			Economic Impact Assessment of Natural Resource Utilisation for Poor Communities	Short Term

### 5.2.5 BBBEE, Procurement and Land Reform

<b>Programmes, Projects and Initiatives</b>	<b>Municipal Directorate Responsibility</b>	<b>Delivery Date</b>	<b>Budget</b>	<b>Indicator(s)</b>	<b>Prioritisation (Term)</b>
Mainstream business activity					
i.) Initiate Stellenbosch Economic Empowerment Charter (ownership; management; training; procurement, etc)	Municipal Manager and Corporate Services; Financial Services			Adoption of Stellenbosch Economic Charter	Short Term
Procurement					
ii.) Assess and monitor municipal procurement for black owned SMMEs and emerging enterprises	Supply Chain Management, Financial Services and LED Unit			Report on Impact of Municipal Procurement	Short Term
iii.) Prepare and implement BBBEE guidelines for mega projects requiring municipal approvals.	Planning and Environment; Corporate Services			Mega Projects BBBEE guidelines	Short Term
iv.) Evaluate impact and recommend improvements to EPWP initiatives in Stellenbosch.	Civil Engineering Services and LED Unit.			Economic Impact of EPWP on Poor Communities	Short Term
Land Reform.					
v.) Approve the Area Based Plan prepared by Department of Land Affairs	Planning and Environment; LED Unit.			Approval of Dept LA ABP	Short Term
vi.) Increasing awareness of the need for Land Reform in Stellenbosch	Municipal Manager			Increased Land Reform Awareness	Short Term
vii.) Establish a local land reform process	Municipal Manager			Stellenbosch Land Reform Process	Short Term

### 5.2.6 2010 Soccer World Cup

<b>Programmes, Projects and Initiatives</b>	<b>Municipal Directorate Responsibility</b>	<b>Delivery Date</b>	<b>Budget</b>	<b>Indicator(s)</b>	<b>Prioritisation (Term)</b>
i.) Prepare Stellenbosch 2010 Marketing Programme	LED Unit			2010 Marketing Programme	Short Term
ii.) Prepare business plans for Art, Cultural and Sport Festivals	LED Unit			Festival Business Plans	Short Term
iii.) Assist Community Based Establishments offering accommodation.	LED Unit			Number of households assisted	Medium Term

### **5.3 Information, Communication and Marketing**

Its important that the Stellenbosch community has a common understanding of the areas economic profile and this is clearly communicated and marketed to all role players; including the private sector; government and civil society.

This requires ongoing research and profiling facts regarding economic activity; challenges and initiatives to deal with this. Different type of information is required when aiming to attract tourist; potential business investors; informing and mobilising residents or lobbying government for more support. For example, Stellenbosch as a tourist location is world-renowned as a leisure and wine production destination; but also as centre for excellence in research in space technology. Also, place marketing requires focus on the quality of life and education the area offers for potential manager of firms, in particular of footloose industries.

A recommendation in this regard is to produce and publish Facts Sheets on the Stellenbosch economy as well as on aspects of the Strategy Focus Areas, on a regular bases. This should profile the local economy and could be undertaken in collaboration with Stellenbosch University and Boland College and include measures such as focussing student project on critical areas of research needed. Key firms and supporting agencies within the private sector could also be approached to support this initiative.

### **5.4 Monitoring and Evaluation**

A detailed monitoring and evaluation framework will need to be prepared for each of the Task Teams once established and priority programmes have been agreed to. Ultimately progress should be measured in terms of the degree to which the municipal vision, mission and LED strategic goals have been realised:

- The degree to which an economic environment has been created that is conducive sustained growth and job creation.
- The extent to which new businesses/firms, in particular small businesses owned by PDIs, have been stimulated.
- Progress achieved with broad based black economic empowerment.
- Meaningful business development within townships and smaller settlements.
- An increase in the quantity and quality of education and skills of residents in Stellenbosch, in particular of PDI individuals.
- An increase in economic diversification within the identified niche sectors within Stellenbosch.

- Significant reduction in poverty and marginalisation, in particular in townships, rural settlements and hamlets.
- Considerable change in the spatial land pattern, and the prevalence of integrated and sustainable settlements.
- Co-operation and joint initiatives, involving the public, private, NGO and CBOs.

The Cape Winelands District Municipality has embarked on a process to monitor economic development processes and this provides the opportunity for Stellenbosch to inform a broader monitoring and evaluation process.

## 6. Conclusion and Recommendations

Stellenbosch Municipality's vision aims to foster social and economic development; establish a viable local economy and create opportunities in order to improve the quality of life of all its residents within safe and sustainable settlements. Its mission includes management of the local economy to stimulate job creation and to ensure active engagement of civil society in the business of the municipality.

This document sets out the Strategies, Programmes and Initiatives that should be pursued by role players within Stellenbosch. The Strategy Focus Areas include focussing on key niche sectors with growth potential; the spatial economy and infrastructure; poverty reduction and sustainable livelihoods; human resource development and business development and informal sector support; BBBEE, procurement and land reform. The implementation and monitoring framework focuses on the municipal role and activities; stakeholder cooperation and partnerships; information, communication and marketing; as well as the need to ensure ongoing evaluation and assessment. This is important as it measures the outcomes of the strategies in creating jobs, improving the quality of life of residents and creating sustainable settlements.

Finally it should be recognised that the pursue of the strategies require a medium to long-term sustained commitment as there are no quick fixes to the problems of unemployment, marginalisation and poverty. The following is therefore recommended to take this process forward:

- i.) Council consideration and adoption of the Stellenbosch LED Strategy.
- ii.) Establishment of the Stellenbosch LED Forum
- iii.) Establishment of six identified Task Groups, including making funding available to enable the municipality assist with administrative and logistic support for the Task Teams and deciding on priority programmes, project and initiatives to be pursued.
- iv.) Initiating the programmes, projects and initiatives, many of which are not directly reliant on the establishment of the LED Forum or Task Groups.

Ultimately success should be measured in terms of the degree the strategic goals of sustainable economic growth; job creation; skill development; poverty reduction; broad based black economic empowerment and spatial restructuring are realised.

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