



Overstrand

LED STRATEGY



Introduction

Local economic development is a collective mandate of government, business and communities. It is a locally driven process by which the three stakeholder groupings work collectively to stimulate and transform the economy and create new job opportunities. LED is not one specific project or programme; rather it is an approach that includes the sum total of the individual and collective contributions that build on opportunities and/or 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 Overstrand. This LED initiative for the Overstrand Municipality builds on previous initiatives and reinforces the view that Overstrand is a place of potential. It is well endowed with natural beauty, is in close proximity to the economic hub of the Western Cape, Cape Town, and has a large pool of retired skilled people. However, it also shows that this potential will not be realised if the area is racked by divisions, poverty, crime and violence. 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 Overstrand.

This document provides an overview of the Overstrand LED Strategy. The detailed strategy is available on the Council Website. All data is referenced in the larger document. This summary provides an overview of the process followed, the key characteristics of the economic context, 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 plan.

Process

The LED strategy development includes four phases. The process began in October 2005 with Phases 1 (awareness and commitment) and 2 (building local economic information, especially on the dynamics of poverty). In phase 3 the draft strategy was debated by various stakeholder groupings both inside and outside Council. Interventions were prioritised and an implementation plan comprising both quick wins and critical high impact interventions were decided. Internally, management and Councillors are now engaged to ensure the Overstrand Municipality is adequately geared up to deliver on the strategy. Phase 4 entails an LED Summit. This is planned for late 2006 and will provide external stakeholder with an opportunity to publicly commit to the Strategy and the implementation plan. The plan will be monitored by the LED Forums proposed in the process and detailed at the end of the document.

Economic Context

This strategy is premised on the connectivity of Overstrand's economy. The fortune of the area is intricately linked to the economy of Cape Town, to the wider south coast region and the hinterland of the Overberg District. The economy of the Eastern Cape also has a significant impact on the Overstrand economy, with the bulk of in-migration being low-skilled work-seekers from the Eastern Cape. The area's recorded population grew at an annual rate of 7% between 1985 and 2001 with an estimated growth of just under 8% since 2001. This is the third highest in the province and can be attributed in part to the high in-migration into the area. The strategy therefore takes note of developments in these areas and positions Overstrand in its wider economic context and spatial economy.

The local economy has grown at roughly the same rate as the province, namely 3.2% per annum between 1995 and 2004. Key sectors contributing to the Gross Geographical Product of the area are trade & catering, finance &



business services, manufacturing, construction, government services and transport sectors. Within this the trade and catering and transport sectors has been the fastest growing, followed by business services and construction. Government services and manufacturing have been in decline. The sectors employing the largest number of people are the trade and catering, community services, agriculture, government and construction sectors. The biggest job losses have been in the agricultural and manufacturing sectors.

There are two dominant features of the local economy that merit high level attention. First, the future of the Overstrand economy cannot be separated from the region's natural heritage. The physical beauty of the area is its single biggest asset, but the natural resource base may also limit growth if resources are not effectively managed. In Overstrand the economy and its ecology are inseparable.

The second is the highly racialised and geographically concentrated poverty of the area. Economic forces (e.g. the decline in fishing and the seasonality of tourism and agriculture) impact negatively on the semi-skilled and unskilled workforce of Overstrand, while the growth sectors have benefited mainly the wealthy. In migration of poor and unskilled people to the area is associated with rising rates of poverty and inequality. Other than the formal safety nets of grants, the poor depend on informal work (construction) or on the third economy of illegal livelihoods (e.g. perlemoen poaching). Eighty-nine percent of Africans and 78% of Coloured live below the household subsistence level of R1 600 per month, compared to just 10% of whites. One third of whites earned in excess of R6 400 per month, 1% of Coloureds and just 14 Africans.

The Institutional Context

The success of LED hinges on the success on appropriate institutional arrangements and effective governance including: leadership,



Batho Pele, participation, compliance, integrated government, funding, capacity to raise and spend funds, capacity to manage programmes and initiatives in the economic sphere, strategic and development capacity and intergovernmental relations.

LED goals

The proposed goals of the Overstrand economic development strategy are to:

- a. Increase economic growth to 6% per annum by 2014
Indicator: GGP, level of consumption of services (water, electricity), value of total and commercial building plans approved
- b. Sustain the natural resource base for future generations
Indicator: Ecological footprint, continued biosphere and blue flag status
- c. Broaden participation in the economy
Indicator: Black land ownership as a percentage of total land ownership, % of contracts awarded to local black economic empowerment (BEE) firms, number of black owned businesses as a % of total business ownership and achievement of the respective sector charter targets
- d. Halve official unemployment by 2014
Indicator: Unemployment statistics, municipal and business figures on the number of additional jobs created.
- e. Halve poverty by 2014
Indicator: Percentage and number of people



living below the household subsistence level, percentage and number of people without adequate shelter and/or basic services.

- f. Build the human capital of the residents of Overstrand, especially the poor, in line with the changing needs of the economy

Indicators: Average level of education, accredited training providers in the municipal area, percentage and number of trainees who have secured employment, analysis of the number of people in unskilled, semi-skilled and highly skilled jobs.

LED Stakeholders

LED is a multi-stakeholder process and careful attention therefore needs to be given to the division of roles and responsibilities. The five primary stakeholders in the LED process in Overstrand include government, labour, communities, not-for profit organisations and business. The varied roles the partners can and should play are outlined.

Strategic interventions

The strategy comprises eight strategic interventions namely to:

- i. Facilitate the development of the priority economic sectors in Overstrand, by utilizing all resources at its disposal including sector development interventions being driven by other spheres of Government.
- ii. Facilitate connectivity between different types of communities, different interests and the various towns in the Overstrand
- iii. Develop the infrastructural capacity of the Overstrand and ensure an enabling spatial framework by utilising inter alia municipality assets
- iv. Develop "and deploy" a marketing strategy for the Overstrand
- v. Create an enabling environment for business development and growth
- vi. Manage the natural resources and state assets with the assistance of other spheres of

government in a manner that ensures the long-term transformation and sustainability of the economy

- vii. Promote the development of the economies of the poor
- viii. Assist with developing the human resource and skills base of the people of Overstrand.

This document details the priorities followed by an overview of the rationale and objectives for each strategic intervention.

Overstrand LED Priorities

Given the size and budget of Overstrand, not all the interventions can be implemented simultaneously. The list of potential interventions generated in the consultative process was therefore prioritised based on impact and ease of implementation to distill those interventions which could unlock growth. The priority interventions clustered into the priorities for each of the primary stakeholders in the process.

The priorities for the local municipality are:

1. Collection of economic information, both statistics and trends
2. Putting in place an enabling policy environment that includes a spatial development framework denoting areas for economic development, a sustainability strategy to protect the natural resources of the area and the reduction of red tape for businesses seeking rezoning or licenses
3. Mobilising resources for the development of infrastructure – services, public transport, tourism sites
4. Creating opportunities and tools to develop small businesses through procurement, a partnership with Red Door and the development of a small business programme for the area
5. To develop a tourism strategy for the Overstrand area and a related destination marketing strategy and improve the Council's institutional capacity of the tourism bureaus



6. Creating platforms for dialogue and partnerships with business, communities and other spheres of government
7. Identifying and releasing land for economic activities such as marine farming, markets, ECD centres and job centres.

Private Sector

The key priorities for the private sector are:

1. Grow the key economic sectors and maximize job creation within this
2. Developing a tourism and destination marketing strategy with the Council and marketing of the area using these as a guideline
3. Developing the skills and capacity of the tourism sector, including partnering with the municipality to develop the tourism bureaus
4. Putting in place skills programmes to develop workers and young people wanting to enter the job market
5. Partnering with government to both maintain the current assets and building new assets, in particular to develop the harbours.

Community/ NGO sectors

The key priorities for the community/ NGO sector are:

1. Development of the education sector in the area through post-school training opportunities, teacher advancement programmes, exchanges, competitions for school goers.
2. Broadening the bridging club which provides a link between communities
3. Skills development programmes aimed at enhancing local talent and economic opportunities
4. Provision of ECD services
5. Development of Skills and Jobs centres which will offer training and placement service
6. To ensure all resource consumption is guided by a commitment to sustainability through support for conservation programmes.

Implementation plan 2006 – 2008

Sector development

The priority sectors correlate with the provincial and district priorities. Four sectors were high-lighted as top priority sectors requiring intervention and support to unlock economic growth. Firstly the tourism sector, secondly the education and training sector, thirdly the transport sector and finally the fishing and marine sector. Three additional sectors are noted, the first is the business services, retail and trade sector which is already well established and is the driver of the local economy. No interventions were proposed for this sector as outside of the review of the planning processes covered under the enabling business environment interventions. The second sector was the manufacturing sector. Here the focus was on light manufacturing linked to the fishing and craft sectors. Concerns were raised around the development of additional industrial capacity in Overstrand given its environmental beauty. Botriver, situated in the adjacent municipality, Theewaterskloof has a thriving manufacturing base which could be further developed. Finally, the creative industries sector, which is closely associated with the tourism sector and has a manufacturing component, has been identified as a provincial priority with programme interventions driven by Province that Overstrand could benefit from.

A summary of the proposed interventions follows:





	Activity	Objective	Delivery date	Responsibility & stakeholders	Budget	Indicator
1	Tourism sector support	To expand and develop the sector	2006	Province and district and private sector	Province and private	Expanded sector and GGP
	Development of a tourism strategy	Provide a framework to guide future tourism development	2008	Municipality, tourism bureaus, major tourism businesses	Council: R100 000 Private Sector: R100 000	Strategy adopted and guiding development
	Development of Stony Point	Additional attraction Broaden the economic ownership	2008	Municipality, Cassidra,	Council: R100 000 Cassidra: R3 mil	Community partnership and site operational
	Development of additional trails, foot paths and bicycle paths	Diversification of tourism attractions	2007-8	Municipality, tourism bureaus and new tourism companies	Council: R2.5 mil	Publicity on new trails Expansion in no of visitors
	Kogelberg Biosphere	To conserve and manage the biosphere	On-going	Province, municipality and CapeNature	t.b.c.	Resourced and implemented biosphere plan
	Blue Flag Beaches	To retain blue flag status	On-going	Municipality and donors	t.b.c.	Resourced and implemented Blue Flag plan
	Development of a country team base facility	Home base for a team to practice	2010	Province, private sector, donors	t.b.c.	Completion of site
	Creation of 2010 fanpark	Attract tourists to the area	2010	Municipality and private sector	t.b.c.	Fanpark operational
	Partnership with Province in respect of new enterprise development	Transform the ownership profile of the industry	2007	Province and municipality	Province: t.b.c.	No of new HDI enterprises
2	Creative industries sector support	To develop the sector	2006	Province	Province	Expanded sector contribution to GGP
	Partnership with Province linked to their sector programme	To expand the sector	2007-8	Province and municipality	Province	No of new/expanded industries



	Activity	Objective	Delivery date	Responsibility & stakeholders	Budget	Indicator
	Partnership with CCDI	To develop the local craft sector	2007	Province, municipality, Hermanus Whale Festival and Gansbaai market tenants	Council: R30 000 Whale Festival: R20 000 & CCDI	Development of local crafts
3	Fishing industry sector support	To diversify and expand the industry	2007	National, Province, private sector and municipality	Province	Expanded sector contribution to GGP
	Development of an aquaculture sector strategy including the identification of land and partnerships between large and small firms	To expand the sector	2007	Municipality	Council: Phase 1 feasibility study: R50 000	Strategy Land-use agreements Partnership agreements
	Development of the harbours	See infrastructure development				
	Partnership with province re sector support	To expand the sector	2007	Municipality, Province, Sector lobbies	Province	MOU
4	Agriculture	To diversify and expand the sector	2007-9	Municipality, Province and farmers	Province	Diversified and expanded sector with greater ownership from HDI
	Develop an agricultural sector strategy indicating potential enhancement areas and opportunities	To provide a framework for investment	2007/8	Province, municipality and farmers	Province	Strategy
	Develop a small scale farmers programme	To facilitate inclusivity and broaden the economic base	2008	Municipality and province	Province	No of small scale farmers who have secured land and support



Connectivity

Connectivity refers to bridging the divisions between places and people. The key interventions include:

	Activity	Objective	Delivery date	Responsibility & stakeholders	Budget	Indicator
5	Provide bus or another public transport connectivity between towns	To facilitate access and mobility between towns	2007	Municipality and Province	Council: R20 000 Further funding t.b.c.	No. of people using public transport and routes available
6	Identify and plan for non-motorised transport routes between towns	See infrastructure intervention for details				
7	Bridging club – an existing civic initiative to bridge the divide between communities	To facilitate inter-community linkages	End of 2006	Bridging club members in civil society	Private	Increased interaction and joint proposals and projects
8	LED linkages between Overstrand and Port St Johns	To provide expert input into LED debate	End 2008	Council	t.b.c	Increased GGP in such areas



Infrastructure development

Nationally government has increased its investment in infrastructure as a strategy to accelerate growth. This provides an opportunity for Overstrand, whose current capacity in respect of water, electricity and waste either exceeds or is nearing capacity. Of particular concern is access to water and waste services. In addition transport connectivity is inadequate. Key interventions proposed include:





	Activity	Objective	Delivery date	Responsibility & stakeholders	Budget	Indicator
9	Develop the harbours and Waterfront areas	To increase the productive and recreational capacity of the current harbour infrastructure to stimulate economic growth	2009	Municipality and Marine and Coast Management	National Dept of Environmental Affairs MCM and private sector	Turnover and number of people using the harbour
10	Water, energy and waste services	To ensure an enabling infrastructure base	2006 - 8	Municipality	Council: R60 mil capital as per IDP	Basic service capacity to meet the demands of growth
11	Provide bicycle paths infrastructure	<ul style="list-style-type: none"> To encourage non-motorised transport To create low-skills job opportunities To market Overstrand as a sustainable energy destination 	2008	Municipality and Province	Province Dept of Transport and EPWP linked to tourism interventions	Kilometers of non-motorised transport paths
12	Support development the road between Gansbaai and Bredasdorp	To facilitate improved movement of goods and people	2007	Province	Province	Road in place
13	Facilitate R43 upgrading and Hermanus by-pass	To reduce the congestion in the town	2008	Province and private sector	Province	By-pass in place
14	Develop Gansbaai market/multi-purpose centre	To provide a site for the development and sale of crafts and related local products	2007	Municipality and private sector	Council: R470 000	Market operating effectively

Marketing

Overstrand has not adequately branded itself in the market either provincially in the Western Cape, nationally or internationally. Where limited advertising has happened it has not presented a cohesive and integrated picture of the area. The lack of agreement on the

brand image, institutional vehicle and strategy has hampered the growth of the tourism sector and economic development and was identified as the priority. Given the size of the municipality this will need to be driven by the private sector with limited support from the municipality.



	Activity	Objective	Delivery date	Responsibility & stakeholders	Budget	Indicator
15	Marketing	To expand the number of visitors to and spend in O verstrand	2007 and on-going	Tourism bureaus, business chambers, Municipality, District and Cape Town Routes Unlimited	Council: R800 000 plus private sector contributions	Increased tourist numbers
	Get agreement on a brand and strategy and institutional vehicle	To improve the marketing of O verstrand	2007			Brand in place
	Develop place strategies linked to the municipal-wide strategy	To expand the marketing programme benefits	2007			Town strategies in place
	Create capacity to drive the marketing initiative	To manage the marketing programme	2006			Marketing vehicle in place
16	Tourism bureaus coordinated and capacitated and linked to business with an integrated structure	To link the bureaus to a municipal-wide programme and enhance service delivery	2007	Municipality in partnership with private sector	Municipality R600 000 And private sector	Networked and improved tourism bureaus

Enabling business environment

The trade and retail and business services sector are the backbone of the current economy along with tourism. All these businesses require an efficient municipality. In addition, small to

medium businesses constitute the largest group of businesses in the O verstrand. The business development strategy needs to be cognizant of this, and create opportunities appropriately. The two key projects agreed are:

	Activity	Objective	Delivery date	Responsibility & stakeholders	Budget	Indicator
17	Economic information management and dissemination	To collect baseline information and provide the dataset to investors	2007-8	Municipality	Council: R 300 000 excl. salaries	Economic information release
18	Planning review to standardise zoning schemes and reduce red tape	To provide a framework for sustainable development	2007	Municipality	Council: R120 000	Single accessible planning scheme



Resource and asset management

Overstrand economy is reliant on the natural resource heritage of the area. Managing this in a sustainable manner based on bio-regional planning principles and objectives is key to the long-term retention of Overstrand's competitive advantage.

Currently the economy of Overstrand is almost exclusively white owned. There is a need to broaden participation in the economy and to change the patterns and profile of ownership to represent the demographics of the area. State assets in the form of land and buildings offer an exciting opportunity to do this. Key interventions therefore include:

	Activity	Objective	Delivery date	Responsibility & stakeholders	Budget	Indicator
19	Sustainability strategy and programme	To conserve the resource base of the area	2007	Municipality	Council: R 200 000	Programme in place
20	Release key municipal land sites	To restructure apartheid geography and promote black participation and ownership in the economy	2007-8	Municipality	Council: R100 000 plus the land	Release of land to HDI partners





Economies of the poor

Currently the area has a growing poor population. The poor tend to be locked into geographic spaces and are often disconnected from the economic hub because of a lack of transport

Addressing this need is covered under the connectivity and infrastructure interventions. However more is needed to address the needs of the poor and ensure economic growth is shared. Interventions proposed include:

	Activity	Objective	Delivery date	Responsibility & stakeholders	Budget	Indicator
21	Review, refocus and expand the RED Door to identify new opportunities and facilitate BEE access	To enlist the support of RED Door and other enterprise support programmes and to expand their impact on LED	2006 and on-going	Province and Municipality	Province	Revised mandate and programme
22	Create a development fund to research new opportunities for BEE entrepreneurs	To stimulate SMMEs	2007-8	Municipality and private sector	Council: R250 000 private sector: t.b.c.	
21	Review, refocus and expand the RED Door to identify new opportunities and facilitate BEE access	To enlist the support of RED Door and other enterprise support programmes and to expand their impact on LED	2006 and on-going	Province and Municipality	Province	Revised mandate and programme
22	Create a development fund to research new opportunities for BEE entrepreneurs	To stimulate SMMEs	2007-8	Municipality and private sector	Council: R250 000 private sector: t.b.c.	
23	Support cooperatives focusing on small scale agriculture linked to organic products	To broaden the agricultural sector	2006	Province, Municipality and local farmers	Province & Municipality t.b.c.	N o. of beneficiaries and turnover of cooperatives
24	Continue and expand the Local Labour Promotion Project	To reduce municipal debt To provide employment to the unemployed	2006 - 8	Municipality	R2 million p.a.	Reduced debt and short-term jobs created
25	Set up and support a Youth Advisory Centre	To provide centre to guide unemployed youth	2007 - 9	Umsobomvu and Municipality	Umsobomvu R300 000	N o of serviced youth



	Activity	Objective	Delivery date	Responsibility & stakeholders	Budget	Indicator
26	Create job centres (could be linked to Red Door and EPWP and LLPP) linked to skills training centres. One such centre being planned is the Mthimkhulu	To provide a place where people can register for work and at the same time access training	2007	Municipality and non-profit organisations	Council: R500 000, Province and NGOs for general programme District and National for Mthimkhulu	Job centres established and no. of people trained and linked to work opportunities

Human resource development

The lack of skills is one of the key constraints to economic growth, in particular the mismatch between the skills of available labour and the demands of the market. However, skills training

to meet the market demand is not enough for long term sustainable human development. The development of children and higher education and training are also needed. Interventions proposed include:

	Activity	Objective	Delivery date	Responsibility & stakeholders	Budget	Indicator
27	Schools development programme in partnership with NGOs	To improve the skills levels of future school leavers	2006 - 8	NGOs	Donors and Provincial Education department	Increased educational levels
28	Early childhood development programme	To provide foundational skills to pre-school children	2008	Municipality, CBOs, NGOs, FBOs and Province	Dept of Social Services	ECD centres and students
29	Volunteer database of mentors, trainers and other resource people	To establish a database of volunteers and provide training for the volunteers	2006	Municipality	Red Door	List of volunteers
30	Work with BEE forum to develop black management development programme	To improve BEE management skills	2008	Municipality, BEE chamber and private sector	Private sector funded	Black managers trained
31	Creation of skills development centres linked to job centres	See job centres (25)				



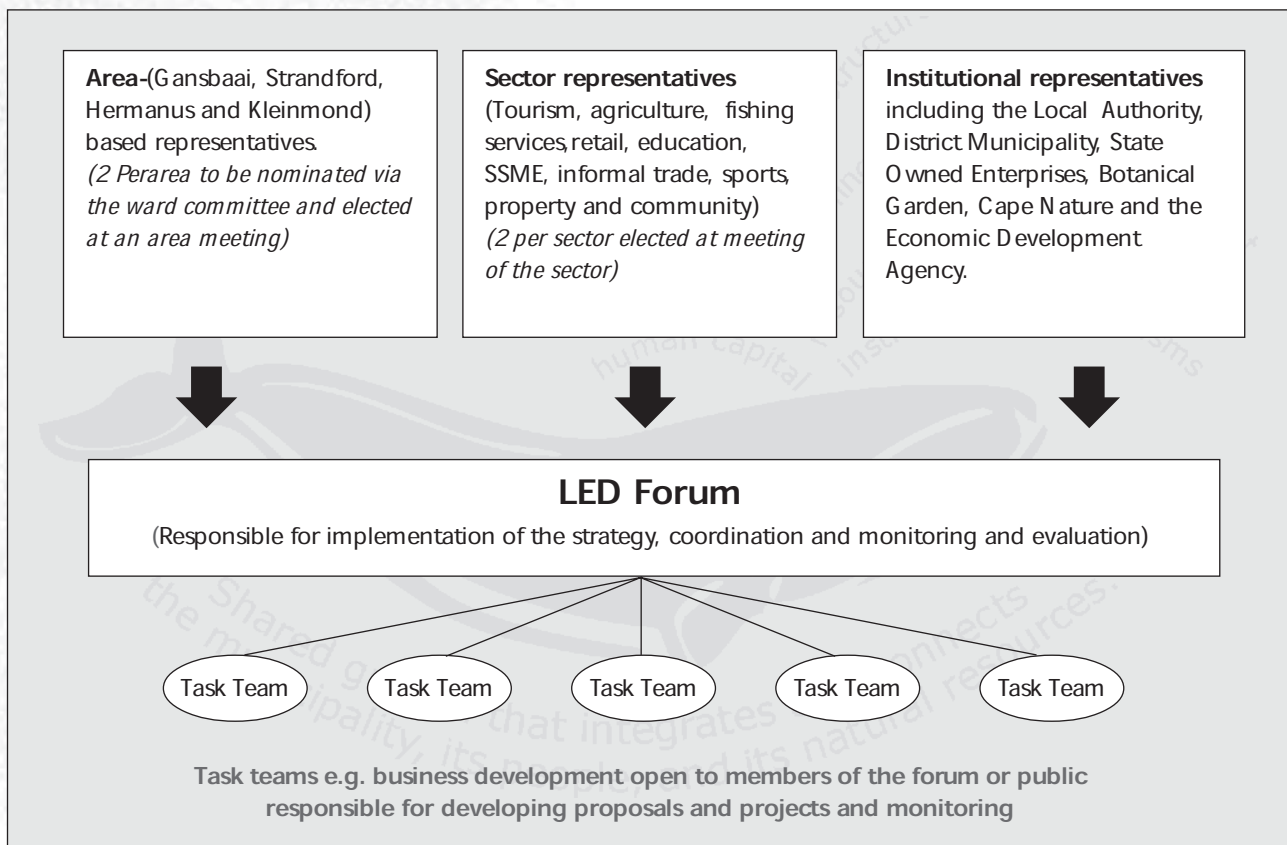
Institutional arrangements

To implement the eight point strategy the Municipality cannot continue with business as usual. It requires a new approach and a commitment to placing economic development at the heart of the municipal programme.

Noting the risks that might impact on future action, the consultative meetings proposed the following way forward:

1. Area based LED forums
2. An annual business leaders forum hosted by the Mayor and Municipal Manager
3. Additional LED capacity in the Municipality.
4. An Economic Development Agency to facilitate local project implementation and raise funds.

LED Forum



The consultative meetings proposed area based LED forums as outlined in the diagram above with the following specific proposals in respect of each area:

- **Gansbaai** - LED to be driven through the Gansbaai initiative which will be expanded to incorporate all stakeholders. The area manager, Mr Kat Myburgh, was tasked with ensuring the additional sectors are invited to the next meeting.
- **Stanford** - proposal that LED initiative be driven through the Stanford Village Forum, which needs to be expanded to include community representatives. However this needs to be discussed at the next meeting before being finalised.
- **Kleinmond** - new forum needed to drive LED which brings together all stakeholders. The area manager, Cecile Jonkheid was



tasked with setting up the forum along with Mr Rob Fryer and Mr John Knight.

- **Hermanus** – As no-one was allocated responsibility for this it is proposed that the Director for Economic Development and Planning, Mr Soli Madikane and Mr Pierre de Villiers be tasked with setting up an appropriate structure and ensuring OBAT plays a key role in this.

Within these area based forums a typical process would include the development of an idea for presentation at a meeting, soliciting feedback, revising the proposal and developing the detailed business plan, lobbying for funding and then formalizing the project as part of the LED plan for the next period.

In addition an annual business leaders forum was proposed at which the Municipality and local businesses could present their ideas, plans and challenges and hopefully win the support and investment of business leaders with investment in the area.

Communication was highlighted as key to the on-going success of the institutional arrange-

ments. A detailed communication strategy is included as Annexure 9 in Part B of the detailed strategy. This function will be driven from the Mayors office with support from the Economic Development Directorate as needed.

Finally, the need for an Economic Development Agency which could facilitate several of the projects identified was highlighted. The purpose of the Agency would be to mobilise funding from sources outside the municipality and drive key projects in partnership with the private and not-for-profit sectors.

Conclusion

This strategy provides the framework for a more detailed implementation plan in which a few lead multi-stakeholder projects need to be identified to set the tone and begin the process of turning around the local economy through creating sustainable jobs. Within each stakeholder grouping there needs to be a champion to drive the LED programme. In the municipality this will be the LED directorate active support from the Mayor, Council and more particularly the Economic Development Portfolio Holder. The municipalities' plan will be woven into the IDP.



