

Laingsburg Municipality

Laingsburg Local Economic Development Strategy

Final Document



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MCA

People Place Opportunity

Laingsburg Local Economic Development Strategy

June 2006

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Chapter 1: Background

1.1 Introduction

The Laingsburg Municipality is the smallest of the four municipalities in the Central Karoo District in terms of population size. It is located approximately 200 km from Cape Town. Laingsburg Municipality includes the town of Laingsburg on the banks of Buffelsriver, the settlements of Matjiesfontein and Konstabel as well as surrounding farmland. A large part of Laingsburg town was devastated in the 1981 flood, although not much evidence of the flood remains. Laingsburg town was established in the 1800s as a service centre for rural agriculture and rail. The N1 from Cape Town to Johannesburg bisects the town and helps generate a significant portion of the town's income. Laingsburg town has a fair number of community services including 3 nursery schools, 2 public schools, a 22 bed hospital as well as a multi-purpose centre accommodating a range of national government satellite offices. Matjiesfontein capitalises on its historic railway town character through a well-established hotel.

Despite locational advantages, economic development remains a significant challenge for Laingsburg Municipality. A large portion of economic activity, especially in the transport sector has been redirected to Cape Town and George, as a result of technological advances in communication and road transport. The main town of Laingsburg is structured into predominantly white and coloured areas, characteristic of many apartheid towns of South Africa. Unfortunately, in some parts of the municipality, substance abuse is widespread, for there are 28 households and 9 shebeens in Matjiesfontein. Low population density, distance from markets and an arid climate translate into fewer development opportunities as compared to other parts of the Western Cape. A significant proportion of the local community remains marginalised, with limited employment and wealth creation opportunities. The Local Economic Development Strategy for Laingsburg Municipality must address the need generate economic opportunities, in particular for those marginalised in the community.

1.2 Key Policy Frameworks

There are a number of policy frameworks that have relevance at a local municipal level for Laingsburg.

Accelerated Shared Growth Initiative-South Africa (AsgiSA)

Core objective of National Government is to halve poverty and unemployment by 2014. The accelerated shared growth initiative (AsgiSA) is a national proposal for achieving these key objectives. AsgiSA recognises that in order to achieve the objectives of halving poverty and unemployment, South Africa needs to achieve an average growth rate of 5% between 2004 and 2014. However, in order to achieve the social objective (reduction in poverty and unemployment) a

growth rate of 5% is not enough. Accelerated growth will need to be coupled with improvements to the environment and improved opportunities for labour intensive economic activities. Moreover, the benefits from increased growth need to be shared equitably in order to eliminate inequalities. AsgiSA identifies six constraints and endeavours to balance or match them with six initiatives (see table below).

Table: AsgiSA constraints and associated initiatives

Constraint		Initiative
The relative volatility and level (overvalued) of the currency	————>	Macroeconomic issues
The cost, efficiency and capacity of the national logistics system	————>	Infrastructure programmes
Shortage of suitably skilled labour amplified by the cost effects on labour of apartheid spatial patterns	————>	Sector investment strategies (or industrial strategies)
Barriers to entry, limits to competition and limited new investment opportunities	————>	Skills and education initiatives
Regulatory environment and the burden on small and medium business	————>	Second economy interventions
Deficiencies in state organisation, capacity and leadership	————>	Public administration issues

The key AsgiSA initiatives of relevance at a local level includes the following:

- Infrastructure programmes

Public sector investment is planned to raise about 2% to 8% of GDP. The planned rate of growth of the capital budget is set at between 10% and 15% per year. The purpose of investing in infrastructure is to improve the availability and reliability of infrastructure in order to respond to rapidly growing demand associated with accelerated growth. Key areas of government expenditure are provincial and *local roads, bulk water infrastructure and water supply networks, energy distribution, housing, schools and clinics, business support centres, sports facilities, and multi-purpose government service centres.*

Sector investment strategies (or industrial strategies)

- Sector strategies have been prepared in order to promote private-sector investment. A broader National Industrial Policy Framework will be submitted to cabinet in 2006 in order to provide more guidance to this strategy. Two sectors have been identified as special priority sectors, namely, *business process outsourcing¹* and *tourism*. The third high priority area is

¹ BPO refers to the trend of businesses worldwide to locate back-office activities such as accounts or claims processing or front office activities like call centres in cheaper centres.

agriculture and agroprocessing (including biofuels). According to Asgisa, these sectors have in common that fact that they are labour intensive, are worldwide rapid growing sectors, suited to the RSA context and open to BBBEE and SME development.

- Skills and education initiatives

AsgiSA has short term and medium term interventions to deal with the skills shortage. In the short term, a *scarce skills database* is being developed, *deployment* of experienced professionals and managers to local government to improve capacities, *Umsobomvu Youth Trust initiatives* to support skills development programmes. The medium term strategy focuses on educational interventions focused on the skills needed to implement AsgiSA projects such as *QIDS-UP programmes* (raising literacy and numeracy levels), *Maths and Science programme (Dinaledi)*, *upgrade career guidance programme* and *Further Education and Training colleges*, and *Adult Basic and Education Training programme*. In addition, the *Joint Initiative for Priority Skills Acquisition (JIPSA)* will identify urgent skills needs and solutions to the shortages.

- Second economy interventions

AsgiSA aims to reduce, and ultimately eliminate, the second economy. This will be achieved through two key mechanisms. The first mechanism is to use the *leverage of the first economy*. This will require increased levels of public expenditure (especially investment expenditure) to promote small business and broad-based empowerment. The second mechanism involves ensuring that all *sector strategies* have a component that addresses the second economy.

- Public administration issues

Institutional interventions are costly and therefore have been kept to a minimum. Where possible, existing institutions area being levered into new functions and responsibilities. Existing initiative and organisations that AsgiSA has 'latched' onto include Project Consolidate, social contract from the Growth and Development Summit, and Cabinet Committee for Investment and Employment (responsible for monitoring, implementation and evaluating AsgiSA). A new institution and initiatives include the *Joint Initiative for Priority Skills Acquisition (JIPSA)*, the establishment of a *Regulatory Impact Analysis (RIA)* to reduce the negative unintended consequences of laws and regulations, and *reform of the EIA and planning and land use management system*.

National Spatial Development Plan (NSDP)

The NSDP establishes normative principles to guide all government infrastructure investment and development spending in order to meet the national objectives of economic growth, employment creation, sustainable service delivery, poverty alleviation and correction of historical inequalities. The normative principles should be used as a guide by all spheres of government when making decisions on infrastructure investment and development spending.

A Spatial Narrative

In order to align the normative principles to spatial plans and actions, the NSDP highlights a number of themes. Those of relevance to the Central Karoo context is listed below:

- *Maximising return on investment*

In order to maximise return on investment, it is proposed that government focuses investments in relatively few areas that demonstrate positive agglomeration economies and economic potential.

- *Investing in people, not places*

In areas of low economic potential but high need, government should maintain the current distribution of fiscal resources, but shift investment into less fixed assets. In other words, only basic levels of infrastructural services should be provided and the additional money should focus on providing skills development, labour-market information and other resources to enable people living in these areas to access economic opportunities within the area and elsewhere.

- *The disjuncture between people and economic opportunities*

A significant number of people are concentrated in economically unsustainable rural and peri-urban settlements. It is difficult, if not impossible, to bring economic opportunities to these areas. However, it cannot be assumed that metropolitan areas and areas of economic potential can create economic opportunities for all. Two policy thrusts are identified to address this disjuncture between people and economic opportunity. Firstly, policies that promote economic growth need to ensure that a wider range of opportunities are unlocked in localities of current economic growth and areas that have economic potential. Secondly, greater emphasis is needed in identifying the comparative advantage of localities that do not appear to have economic potential.

- *The politics of 'big push' versus 'unbalanced development'*

The NSDP proposes a 'big push' (focus on localities that demonstrated economic potential and high levels of social need) and accepts that some level of 'unbalanced development' is likely to continue, but investment in social capital is expected to mitigate the negative effects (in terms of social and economic inequalities) of unbalanced growth.

- *Focusing infrastructure investment on appropriate levels of service*

The investment in economic and social infrastructure will need further targeting. Long-term projections around economic growth suggest that economic activity is likely to remain in current localities and the primary transport routes (road and rail) will require that their capacity be enhanced and upgraded, while other transport infrastructure will require rationalisation and consolidation. Investment in other infrastructure (e.g. energy) should be tailored to the appropriate

level of service for the area.

Development Potential

Five broad areas / sectors of development potential are identified: *innovation and experimentation, production and high value differentiated goods, public service and administration, retail and services, and tourism.*

NSDP Normative Principles:

- Economic growth is a prerequisite for the achievement of other policy objectives
- Government spending on fixed investment should be focused on places of economic growth and potential. This will play a role in attracting private-sector investment, stimulating sustainable economic activities, and creating employment opportunities
- Focus on people, not places in order to address past and current social inequalities. Places of high levels of poverty AND development potential should receive fixed capital investment. In areas of low development potential and high levels of poverty, the development focus should be on providing social transfers, human resource development and labour market intelligence in order to capacitate people to access economic opportunities.
- Future settlement and economic development opportunities should be channelled into activity corridors and nodes adjoining or linked to main growth centres. This will play a role in overcoming spatial distortions of apartheid.

Implications for Local Economic Development

- Invest infrastructure in settlements of high need **and** high economic potential.
- Social capital investment (such as investment in schools, clinics, etc) should be concentrated in settlements of high need and low economic potential.

Western Cape Provincial Growth and Development Strategy

The Western Cape has not yet finalised a Provincial Growth and Development Strategy (PGDS). In terms of progress towards the development of a PGDS, the Provincial Government of the Western Cape (PG:WC) signed 'Framework Agreement on Growth and Development in the Western Cape' in November 2003. A finalised PGDS is expected later this year (2006). A number of commitments have been made by the 'Framework Agreement' in the following areas:

- More jobs, better jobs and decent work for all
- Expanded public works programme
- Jobs impact and monitoring
- The investment, infrastructure and logistical challenge
- Economic participation and enterprise development
- Human resources development
- Governance and local development
- Local economic and social development

- Institutional arrangements for social dialogue and partnership formation

Central Karoo Local Economic Development Strategy

The LED strategy for the Central Karoo District was drafted in consultation with various stakeholders including province and local municipalities; DEAT, PIMSS, PDG, IDT, Dept of Local Government and Housing, Beaufort West Tourism Bureau, and other interested parties. The strategy was finalised by ANNIX Trading in February 2006

The socio-economic analysis revealed that Central Karoo face many challenges. Unemployment has increased significantly over the last decade, not many projects that benefit previously disadvantaged individuals have been initiated, there are a few tourism initiatives in the area but very limited skills development, and the community members do not know how to utilize their comparative advantages.

The vision for LED in the area is: *“A better life for all Central Karoo residents through local economic development.”* The Central Karoo LED Strategy identifies six strategic thrusts and ten strategic objectives to help regenerate its economy and those of the three local municipalities within the district.

To overcome the key challenges facing the district and achieve the vision for LED, four strategic sectors were identified. These economic sectors are Agriculture, Tourism, Transport and Manufacturing/Processing.

The Micro Economic Development Strategy (MEDS)

Points arising from the MEDS study and relevant to Eden includes the following:

- The Western Cape has high exposure to the global economy.
- Services sector is dominant in Western Cape (financial sector in particular).
- Investment in Province is not creating significant employment opportunities, particularly in manufacturing.
- The key challenge for the Western Cape is to foster growth that is labour demanding.

Contribution of key economic sectors to the GDP of Province	
Economic Sector	% contribution to GDP
Financial, insurance, real estate and business service	25.4
Manufacturing	18.1
Wholesale/retail trade and accommodation	14.4
Transport, storage and communication	9.4
General government services	9.2
Agriculture, hunting, forestry and fishing	4.9

Personal services	4.8
Construction	2.9
Electricity, gas and water	1.6
Mining and quarrying	0.2
Taxes less subsidies on products	9.3

Contribution (%) of Sectors to Employment	
Economic Sector	% contribution to employment
Wholesale & Retail trade	21
CSP Services (excl domestic workers)	18
Manufacturing	18
Agriculture	13
Finance	10
Construction	7
Private households	7
Transport and communication	5
Other	1

Sector Potentials:

The period 1999 to 2003 indicate above national average growth in:

- Agriculture
- Services (financial & business services, internal trade & catering)
- Manufacturing growing at half national rate
- Exports have also been growing faster than output.

Productive sectors that hold promise for employment creation includes the following:

- Financial and business services
- Transport and communication
- Property and retail
- Wholesale trade and catering

Key responses suggested include

- Working towards continued growth and increased employment.
- Pursuing SMME and entrepreneurial development
- Human resource/capital development
- Capitalise on opportunities in EPWP and similar policies/strategies
- Aggressively develop new sectors, sub-sectors and niches

Five key areas in terms of potential impact of policy in includes the following:

- Call Centres/BPO
- Oil and Gas industry Services
- Tourism

- ICT
- SMMEs

Provincial government aims to translate the finding of the MEDS study to a municipal level through the formulation of “Die Plek Plan”. ‘Die Plek Plan’ operatives will be the link between Provincial Growth and Development Strategy (PGDWC) and district and local LED strategies.

1.3 Role of Municipalities in Local Economic Development (LED)

Both the constitution and the White Paper on Local Government (1998), highlight the critical role of local government in facilitating LED in order to contribute towards job creation and economic growth at local level.

The Constitution

Section 152 (1) (c), provides a mandate to local government *to promote social and economic development*. Section 153 (a) states that the developmental duty of a municipality is *to structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community*.

The White Paper on Local Government (1998)

The White Paper says that Local Government is not directly responsible for creating jobs. Rather, “it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities”

Local Economic Development can be defined as a process by which public, private and community role players within a specific area (such as Laingsburg) manage their shared resources in a manner that is sustainable and equitable through an inclusive and participative process. This process should ideally be based on partnership arrangements and could include the formation of new institutions, the development of alternative industries, the improvement in the capacity of existing employers to produce better products, the development of new markets, the sharing of knowledge, as well as the promotion of new firms and businesses.

The ultimate objective of local economic development is to promote economic growth, create jobs and improve the quality of life all residents in a specific area. Municipalities have therefore a critical role in the promotion and facilitation of economic development.

Strategic Facilitation role for Municipalities

DPLG’s (Sept, 2005) Policy Guidelines for Implementing LED in South Africa identifies the following activities that municipalities can undertake:

- Render operational the local socio-economic environment in order to stimulate and facilitate the creation and the development of local economic activities.
- Plug the leaks in the local economy (retaining income in the local economy).
- Development of social capital (encouraging and developing the presence and capacity of all relevant collective stakeholders in the local economy).
- Assist with the development of co-operatives, and other such organisations that enhance the capacity of communities to fend for themselves.
- SMME development (business infrastructure, access to finance etc).
- Identify business clusters and business opportunities and to facilitate the participation of the population in using the opportunities.
- Stimulate the establishment of new businesses or the growth of the existing ones.
- Organise the networks, contacts, links and exchanges with possible national and international economic partners.
- Prepare and implement technically good, viable and sustainable LED components for their Integrated Development Plans (IDPs), in alignment with the Provincial Growth and Development Strategies (PGDs).
- Market the area and provide marketing assistance and support to businesses from the area.

1.3 Laingsburg LED Process

Central Karoo District Municipality embarked on a LED process during 2005 and completed the planning process in February, 2006. Preparation of the Laingsburg LED proceeded after completion of the Central Karoo LED. The District LED Strategy envisions sustainable communities in Central Karoo through local economic development. The Laingsburg Municipality's LED strategy should resonate with that of the district. Key components of the strategy formulation process include the following:

- *Active participation of role players in Laingsburg and Central Karoo:* A LED Technical Task Team was established consisting of officials from Laingsburg as well as from Beaufort West, Prince Albert and Central Karoo District. A number of workshops were held to identify the challenges and formulate appropriate strategies.
- *Audit and Analysis of the Local Economy:* The audit and analysis of the local economy included the assessment and evaluation of available statistical data. This includes the Rapid Review of Designated Vulnerable Areas in the Western Cape Province: Laingsburg (Rapid Review) conducted by CSIR in July 2002, Central Karoo District LED produced by Annix Trading in February 2006, the Central Karoo Economic Regeneration Study produced by Settlement Planning Services for the District Municipality in May 2003 and the Central Karoo District IDPs for 2002 and 2005.

- *Integrated Local Economic Development Strategy and Implementation Framework:* The overall strategy is based upon the analysis of the local economy and the outcomes of the workshops with the LED Technical Task Team. The strategies articulated in this document relate to the challenges identified through desk-top research, visits to the municipality and past LED experience. Each strategy has its own implementation requirements, while an overall process of approving and managing the LED process is proposed.

Chapter 2: Brief Overview of the Laingsburg Economy, Advantages and Challenges

2.1 Key Features of the Laingsburg Economy

The current population of Laingsburg is estimated at 5 913 (Rapid Review, CSIR). However, the Central Karoo Economic Regeneration Study estimates the population of Laingsburg to be almost 6 252, with almost 90% of the population being urban, as opposed to rural. Both studies estimate that the population of Laingsburg Municipality constitutes roughly 10% of the population of the Central Karoo District. Moreover, the municipality contributes about 9.5 % to the Gross Regional Product (GRP) of the district (Central Karoo IDP, 2002). The population is expected to grow by 0.55% per annum over the next 10 years (Central Karoo Economic Regeneration Study, Settlement Planning Services). Approximately 47% of the population falls outside of the prime economically active population segment of 18 to 50 (Rapid Review, CSIR). In addition, 55% of the municipality's population is female. The sector structure of the Laingsburg economy is illustrated in Figure 2.1 below. It provides a summary of the contributions of each sector to the economy of Laingsburg.

Figure 2.1 Sector Structure of the Laingsburg Economy (2002)

		GRP %	Employment %	Significance index	Rank
A	Primary sector				
1	Agriculture	31.1	41.8	72.9	1
2	Mining	0.5	0.4	0.9	
B	Secondary sector				
3	Manufacturing	2.0	7.4	9.4	7
4	Electricity and water	1.0	0.3	1.3	9
5	Construction and repairs	1.6	4.4	6.0	8
C	Tertiary sector				
6	Trade	7.9	23.5	31.4	2
7	Transport	13.8	4.7	18.5	5
8	Tourism	8.6	7.2	15.8	6
9	Finance and insurance	16.8	2.3	19.1	4
10	Community, social and personal services	16.7	8.0	24.7	3
	Total	100	100		

Source: Adapted from Central Karoo IDP, 2002 by Wolfgang Thomas (2006)

N.B. 1 To deduce actual values these percentages can be linked to the estimated total employment in 2002 of 2074 and a GRP of R64 million (less than 0.1% of the Western Cape)

2The "significance index" is the sum of the GRP and the employment percentages.

The main sectors contributing to the local economy in terms of value adding and employment are ranked in order of importance as follows:

- *Agriculture*: At 31.1 % this remains the largest single contributor to the local economy. Its employment contribution (41.8%) is higher than its contribution towards the GRP. A highly productive agricultural sector in the Laingsburg sub-region offers economic opportunities that could be exploited.
- *Trade*: This sector is significant to the economy of Laingsburg through its 23.5% contribution towards employment while only contributing 7.9% to GRP. Recent years have seen a growth in this sector for the larger Central Karoo region.
- *Community, social and personal services*: Although these services contribute a significant 16.7% to the GRP, they only generate 8% employment. Most of these essential community services such as banks, supermarket, schools and fuel filling stations are located in Laingsburg town while Matjiesfontien includes a hotel.
- *Finance and Insurance*: This is a significant contributor to the economy at 16.8% to GRP. However, the industry by nature is not labour intensive and therefore employment contribution is only 2.3%.
- *Transport*: This sector's contribution to GRP is of some significance at 13.8% while the employment contribution is not very substantial at 4.7%. However, due to the location of the town on the N1, there is great potential to further grow in this economic sector.

2.2 Laingsburg's Comparative Advantages

The Laingsburg economy is characterised by a wide range of strategic comparative advantages, and these includes the following:

- Well-established agricultural sector

Agriculture remains the dominant economic activity in Laingsburg, consisting mainly of extensive sheep farming. An estimated 80,000 sheep carcasses are produced in the Central Karoo region every year, of which roughly half are processed outside the district. A small amount of wool is produced in Laingsburg municipality. Laingsburg produces fruit and vegetables of exceptional sun ripe quality and the region is known for its seasonal production of apricots, dried yellow peaches, pears, plums, quinces and tomatoes. Over the last decade seed production has also been undertaken in the municipality. An off-shoot of a well-established agricultural sector is agri-processing which involves adding value to the agricultural produce offers exciting economic growth and employment prospects for the future (Rapid Review, CSIR).

- Transport potential

Laingsburg is located on the N1 and experiences the passage of approximately 7000 vehicles per day during off-peak season and about 14000 vehicles per day during peak season (Central Karoo Economic Regeneration Study, SETPLAN). Although the transportation sector in the Central Karoo

is one of the strongest contributors to the regional economy², it is currently dominated by Beaufort West. Wesgro recognises the importance of this sector in the Central Karoo which services the transportation industry very effectively (Central Karoo Economic Regeneration Study, SETPLAN). Local businesses from Laingsburg and Beaufort West could provide the two types of travellers (private vehicles and trucking) through the town with efficient and good quality services. Conversely, the local industry could consider providing direly needed transportation services to the region. An example is the establishment of a sponsored taxi service (Rapid Review, CSIR).

- Primarily urban population

Similar to the demographics in Beaufort West, Laingsburg's population is mostly urban at almost 90% (Central Karoo Economic Regeneration Study, SETPLAN). This is largely the result of an agricultural economy which is not labour intensive. The population holds great potential as human capital if it can be equipped to become a productive resource for the economy. Trained and empowered individuals can seek jobs in other towns and cities if employment opportunities remain scarce in Laingsburg Municipality.

- Existing infrastructure and water provision

Laingsburg and other towns in the Central Karoo are fortunate to have good infrastructure in terms of roads, sanitation, electricity and water-supply. The City Development Index for Laingsburg Municipality is 0.68³, which is high when compared to national averages but low when compared to the CDI of 0.83 for Cape Town. The majority of residents are formally housed in Laingsburg. Furthermore, Laingsburg is the only municipality in the Central Karoo without a foreseeable problem in terms of water provision. This means that industries that rely on water as a resource have a chance at success.

² Contributing over R140 million to the regional economy and comprising 21% of the total GRP of Central Karoo District Municipality.

³ CDI = (Income Index + Infrastructure Index + Education Index + Health Index + Refuse removal Index) / 5.
Source: Measuring the state of development in the province of the Western Cape, Department of the Premier: Western Cape, February 2005.

2.3 Laingsburg's Economic Development Challenges

As with other towns in the Western Cape as well as nationally, Laingsburg has a range of weaknesses and threats. Some of these are common to various South African towns, while others are unique to the municipality's location in Central Karoo and the specific attributes of that region. Economic development challenges are summarised as follows:

- Single dominant economic sector

Agriculture is the most dominant sector in Laingsburg Municipality, both in terms of economic contribution as well as employment. This however means that the economy is imbalanced in that other sectors such as transport and services are under-developed. Economic development strategies for the municipality would need to take cognisance of this fact and build on value-adding the agriculture sector (through agri-processing) over the short term while putting in place efforts to promote other sectors for the medium and long-term.

- Lack of employment opportunities and low self-employment

The unemployment rate of 37 %, according to Census data, is double the provincial average of 19%. This figure is calculated by CSIR as part of their Rapid Review report of 2002 and considers only persons earning an income as employed, therefore reflecting a higher rate of unemployment than Statistics SA. Employment opportunities are limited to those at the garages, hotels and on the farms (Rapid Review, CSIR). Furthermore, farm work is seasonal and low paid and people from the municipality are known to travel as far as Tulbagh in search of additional work in the fruit season. Almost half of those employed are employed either on a seasonal or a part-time basis, indicating that incomes are lower than they would have been in the case of full employment.

Another trend which reinforces unemployment is the low rate of self-employment, which is almost non-existent, indicating a low capacity among the people to utilise available opportunities or generate new ones (Rapid Review, CSIR). It indicates a low level of skills, entrepreneurship and innovativeness among the residents of the municipality.

- Skills shortage

According to the Rapid Review report by CSIR, there exists an almost 20% illiteracy level among the region's population. The overall level of education in the Central Karoo is extremely low with most people only able to do basic reading and writing. Only 25% of the district's population has formal secondary schooling with only a small percentage of the people having any form of tertiary education. Considerable effort is therefore needed to enable the population of the Laingsburg Municipality to participate effectively in the local, regional or national economy.

- Poverty and substance abuse

According to the CSIR Rapid Review, 61% of the households in Laingsburg Municipality receive an income of less than R1 000 per month. The agriculture sector employs the largest number of people but also pays the lowest wages (owing to seasonal and part-time work). Many households in the region therefore live just above or below the minimum living level. There are a large number of recipients of welfare assistance. The high levels of poverty are linked to very high levels of alcohol and drug abuse amongst impoverished residents. High rate of unemployment, low wages and the prevalence of substance abuse depict a context of poverty and despair, for example, according to some local stakeholders, many residents who seem to believe that government grants are enough to live on and see no benefits to working (Rapid Review, CSIR).

- Spatial and racial segregation

The spatial form of Laingsburg is similar to most South African towns. It reflects the typical characteristics and legacy of Apartheid planning, which separated historically privileged groups from marginalised groups through the location and expansion of township development on the outskirts of the town. There is lack of connectivity between the older part of Laingsburg town, which is also predominantly white inhabited and the sub-economic, predominantly coloured suburbs of Bergsig and Goldnerville. In the railway town of Matjiesfontein, the hotel and the residential area are separated by the N1. The residential area is further segregated along racial lines.

2.4 Conclusion and Strategy Development

The brief overview of the comparative advantages and economic development challenges for Laingsburg indicates that the area has the assets, opportunities and potential to deal with its economic and social development challenges. The Laingsburg Local Economic Development Strategy aims to addressing some of these challenges within a context of sustainable development.

Chapter 3: Vision and Objectives

The IDP for Laingsburg Municipality (2005) incorporates the principles of sustainable development and empowerment. It describes itself as a

“participatory planning process to achieve future goals through the integration of sectoral strategies to realise the optimal allocation of scarce resources in an orderly, manageable and sensible manner, for the purpose of sustainable development, equity and empowerment of all residents.”

Laingsburg Municipality does not have an economic development vision statement. The vision for the Central Karoo District Municipality to which the local municipality’s LED should be aligned is as follows:

Sustainable communities in Central Karoo through local economic development.

The above vision statement seeks sustainability at the level of local communities. Sustainability has different facets such as:

- Economic sustainability for the poorest households in Laingsburg;
- Social sustainability in terms of improved social networks and skills; as well as
- Environmental sustainability to preserve the natural assets in the municipality as the basis for tourism, and its farm land for sustainable agriculture and related processing activities.

Four strategic goals have been identified as essential for economic intervention. Any strategy should ensure that these objectives are addressed:

- **Sustainable Economic Growth** as a strategic imperative/goal should focus on growth and investment that is based on the comparative advantages of Laingsburg, addresses the high levels of unemployment and seasonal employment and promotes inclusiveness in the economy.
- **Job creation as** a strategic imperative / goal should focus on initiatives that create meaningful, sustainable and long-term employment within the communities.
- **Human Resource Development** as a strategic imperative / goal should focus on relevant technical and life long skills linked to growth sectors in the economy so as to allow maximum participation by all community groups including disabled people and women and enable self-employment through entrepreneurial skills.
- **Poverty and Substance Abuse Reduction** as a strategic imperative / goal should focus on the various components of poverty including access to basic services, social and economic opportunities as well as educational, health and welfare equity. Effective strategies would help communities in breaking the cycle of poverty and substance abuse.

- ***Integrated Human Settlement*** as a strategic outcome should focus on the current state of spatial segregation along racial lines in order to redress the great distortions in the distribution of resources, access and economic activity.

The following strategies are considered in the next few chapters:

- Diversifying the Economy (Chapter 4)
- Human Resource Development Strategy (Ch 5)
- Poverty and Substance Abuse Reduction Strategy (Ch 6) and
- Integrated Human Settlement (Ch 7)

Each of these is considered in terms of the following:

- *Rationale*: a brief statement of the problem and argument why the strategy is needed.
- *Objectives*: the intention and purpose of the strategy.
- *Elements*: the various components of the strategy to be employed.
- *Strategy*: the specific actions and steps required to address key problems and to achieve the objectives identified.

Chapter 4: Diversifying the Economy

Based on the economic analysis of the region, the municipality should focus on diversifying the economy through agri-processing, transport and related services. These sectors are identified as having the maximum potential for future development and are addressed under the following sub-headings:

- Agriculture and Agri-processing Sector
- Transport and Services Sector

This chapter draws upon information from the CSIR Rapid Review, the Central Karoo Economic Regeneration Study, the Laingsburg IDP and the Central Karoo District LED. Strategy recommendations are a synthesis of project proposals from the above three documents as well as those generated by MCA based on their past experience in LED strategy-formulation and knowledge of the specific regional context.

4.1 Agriculture and Agri-Processing Sector

Rationale

Agriculture is the biggest contributor to the local economy of Laingsburg and also the biggest employer in the sub-region. The Central Karoo Economic Regeneration Study states that agri-processing offers exciting prospects for the future and should be exploited as a sector with real growth potential. Among the wide range of agricultural products currently produced in the region, the following are most prominent for Laingsburg Municipality:

- Livestock farming: Laingsburg is well known for its sheep, goats and ostrich. Currently most of the carcasses are being exported to other centres, limiting processing opportunities. There are a limited number of abattoirs in the vicinity of the municipality's farms.
- Wool and Mohair processing: Although wool production is not a priority in Laingsburg, some wool is sent away for processing. Dorper is the main type of sheep in the area, although merino is also found. The Regeneration Study by SETPLAN recommends that angora would most likely be suited to the area.
- Fruit farming: Many farms produce dried fruit and other fruit produce from a variety of fruits including apricots, yellow peaches, pears and plums. Local farms currently process the fruit in small quantities or sell it in bulk. Value addition to locally produced fruits offers viable economic potential.
- Seed farming: A European company has transferred feedstock and technology to the region in order for the local farmers to supply onions, chard, pumpkin and beetroot seeds on a contract basis to the company. Means of extending this product for local use and supplying

other markets could be explored.

The above snapshot of local products highlights the growth potential for agriculture as well as potential for several opportunities for emerging farmers. It also indicates the need for skilled and entrepreneurial individuals who can take the agriculture sector to the next level of agri-industries. Agricultural products can be used to generate a branded image for the area, which can be further utilised to attract passing tourists. The agricultural sector in Laingsburg therefore needs to be sustained so that more value-adding industries can be generated from it.

Objectives

To develop the agricultural sector in such a way that:

- Current agricultural practices are maintained and further enhanced as this forms the backbone of the local economy.
- Value adding practices in the form of agri-processing are initiated and become sustainable.
- Agri-processing industries involve the large number of economically active unemployed females in the sub-region.
- Synergies are created between the service industry and the agricultural sector, whereby tourists are attracted to local products and utilise other services.

Elements

- Sustain existing agricultural practices
- Explore and establish agri-processing industries
- Provide for urban agriculture and small-scale farming
- Identify and support agri-tourism practices

Strategy

- Sustain existing agricultural practices
 - Establish a communication channel with local farmers' association.
 - Ensure existing farms and smallholdings are provided with basic services and maintain infrastructure.
 - Support initiatives taken by farmers in the region to process farm products and market them effectively in the broader regional and provincial area.
- Promoting agri-processing industries
 - Actively support initiatives aimed at developing agri-processing industries linked to produce from the local area
 - Facilitate the establishment of such industry in conjunction with existing and emerging

farmers.

- Provide incentives to such operations for employing women from the local area.
- Bring in successful entrepreneurs from other towns involved in agri-processing industries.
- Provide start-up operations with basic services and maintain infrastructure.
- Assist through funding and training where possible.
- Examples of project proposals from CSIR Rapid Review (also included in table 4.1); (proposals also applicable to Prince Albert region):
 - Wool and mohair processing (improving the quality of wool, improving the services in this sector and processing of wool and mohair)
 - Promotion of abattoir products (expansion and diversification)
 - Processing and value addition to locally produced fruits (dried products, juice, jam, chutney, sugar fruit and preserves)
 - Value addition to skins and hides, and leather-based crafts (by-products of livestock farming)
 - Manufacture of wood-based products (high employment, skills development)
 - Promotion of indigenous sheep, goats, cattle and pigs (low start-up costs and higher profitability for emerging farmers, availability of land is an issue)
 - Production of specialty cheese, yoghurt and ice cream
 - Grape farming and wine making (producing and marketing a local brand)
- Provide for Urban Agriculture and Small Scale Farming
 - Identify and secure suitable land close to urban areas for urban agriculture and small-scale farming, ideally publicly owned land close to Bergsig and Goldnerville.
 - Facilitate required land use changes and implement policy to protect agricultural land.
 - Promote smallholder agriculture for vital food security of poor households.
 - Promote micro-livestock enterprises (pigeons, rabbits and angora rabbits) using techniques such as livestock banking.
 - Emphasise on soil and water conservation and provide support services such as common property resource management and livestock management.
 - Explore implementation of international success stories in seed growing projects and pastoral development projects.
- Identify and support agri-tourism practices
 - Support initiatives taken by farmers in the region to attract local and foreign tourists by including them on the municipal website.
 - Facilitate interaction between the local farmers and service providers to passing tourists

- such as bed and breakfast establishment and garages.
- Explore game farming as an economically viable sector.

4.2 Transport and Services Sector

Rationale

Laingsburg is located on the N1, one of the busiest national highways in the country. It experiences the passage of 7000 vehicles per day during off-peak season which increases to 14 000 during peak holiday season. A significant percentage of this traffic consists of large trucks, representing a considerable market for the municipality. There are therefore two distinct components to this sector that will need dedicated strategies: the private vehicle owners and the large truck drivers. Currently this sector is dominated by Beaufort West, which services the transport industry very effectively. The benefits from this market could be derived by the people of Laingsburg through improvisation and innovativeness.

Objectives

To develop a sustainable transport and related services sector in the municipality in a way that:

- Supports and is aligned with the five strategic issues identified in the Central Karoo District's Integrated Transport Plan.
- Distinguishes between the two types of travellers that are passing through the Central Karoo and Cape Town towards Johannesburg: private vehicle owners and truck drivers.
- Promotes the image of Laingsburg as an ideal stop-over for travellers seeking good services.
- Focuses on projects within the municipality that can spread the benefits equitably.
- Creates links with the agriculture sector.

Elements

- Align with regional transport plan
- Cater for the needs of long-distance private travellers
- Capture the transport market in the form of large trucks
- Form creative alliances with the agricultural sector

Strategy

- Align with regional transport plan
 - Assist in the provision of an affordable public transport service to allow residents access to facilities and increase community mobility, for example through a local taxi service
 - To help ensure a well maintained road and rail network

- Promote non-motorised modes of transport such as cycle/pedestrian pathways especially for school children in the area who walk to school (from Bergsig and Goldnerville)
- Become part of an active and visible campaign that eliminates illegal taxi operators in the area
- Address high road fatalities through improved signage, well-maintained roads and a combination of the above strategies
- Cater for the needs of long distance private travellers
 - Ensure that road infrastructure is suitable for private and tour vehicles as well as long distance taxis.
 - Upgrade landscaping along the road to make it a more pleasant driving experience.
 - Create a safe environment through improved parking, restroom facilities and signage.
 - Increase service levels in hotels, restaurants through awareness campaigns so that travellers are offered friendly and efficient services.
 - Request proposals from local public for establishing craft shops/market or coffee shops specifically aimed at servicing private travellers with families.
- Capture the trucks market
 - Ensure that road infrastructure is suitable for large trucks.
 - Mobilise public and private sources to create a safe and attractive environment.
 - Through public awareness campaigns promote excellent and efficient service levels.
 - Promote image of Laingsburg as a place for rest and recovery from travel.
 - Improve existing infrastructure such as the truck shop, petrol pump and build new infrastructure if needed.
 - Provide 24 hour armed patrol to enhance security against current vandalism.
 - Establish linkages with the Beaufort West Red Door Initiative Centre to promote local businesses that wish to service the transport sector.
- Facilitate creative alliances with the local agriculture and tourism sector
 - Explore community operated hospitality and tourism products.
 - Market local produce such as preserved fruit and animal skins at shops catering for passing travellers.
 - Provide marketing information at local petrol pump/shops about the larger region including tourist attractions in Prince Albert and Matjiesfontein. Include booking facilities.
 - Bring in success stories from areas such as Albertinia's aloe product marketing and

- Bredasdorp's Kapula candles.
- Develop the area' brand.

Table 4.1 summarises the range of projects that are proposed in the different documents studied for this chapter.

Agri-business	Transport and services
1. Olive production and processing	1. Long distance taxi stops
2. Floriskaal dam - trout fishing	2. Installation of pedestrian and bicycle pathways
3. Cheese making	3. Truck shop upgrade
4. Fruit and vegetable processing	4. Truck stop and maintenance centre
5. Cold storage facility	5. Vehicle test centre
6. Skin hides and leather based craft production	6. Local taxi services
7. Cold storage facility	7. Pallet, crate and dry rack manufacturing
8. Wood based products	8. Sleeper wood furniture manufacturing

Chapter 5: Human Resource Development

Rationale

Human resource development provides individuals with the tools to participate in market economies and it facilitates economic growth through providing skilled resources, improving productivity and competitiveness. Laingsburg suffers from lack of employment opportunities, as outlined in the section 2.3 on economic development challenges. The success of several of the interventions outlined in the previous chapter relies on effective capacity building among the existing and potential work force. However, individuals who acquire skills may not remain in the region but migrate out to larger towns and cities, thus depleting the municipality of further necessary skills. The municipality needs to accept the likelihood of such a possibility and in addition to encouraging entrepreneurship in the municipality, also work towards an exit strategy, which invests in its people fully aware that they may not stay in the municipality. The NSDP (National Spatial Development Framework) urges government departments to invest in people and not places with limited growth potential since migration within the country is to be accepted as a natural social phenomenon. Resources must therefore not be divested away from skills development and training simply because skilled individuals out-migrate. Through their skills individuals are able to participate effectively in the economy of their chosen towns or cities, thus contributing to the national economy.

It is essential that human resource development strategies are aimed at the complete lifespan of individuals; thus including early childhood development, formal schooling, tertiary education, skills development and adult basic education. Recent research indicates that success in formal school education is to a large extent dependent on early childhood development and early schooling. Laingsburg has three nursery schools, two public schools (one primary and one secondary) and one small private Christian school. The attrition rate at secondary school level is quite high. Children from Bergsig and Goldnerville suburbs often walk 3 to 5 km along the busy N1 to and from school. They are thus exposed to danger from traffic every day.

Objectives

- To ensure that all children have access to high quality early childhood development programmes.
- To ensure that all learners and job seekers have equal access to quality education and training.
- To ensure that learners have safe access to learning facilities.
- To empower residents of Laingsburg to acquire skills that enable them to access and acquire favourable city jobs.

Issues pertaining to Human Resource Development are similar for Prince Albert, Laingsburg

Beaufort West and a comparable approach is therefore proposed.

Elements

- Early Childhood and School Development Programmes
- Worker Skills Development and Training Programme

Strategies

- Ensure access to early childhood and school development programmes
 - Develop and support early childhood development programmes through measures such as quality training, securing appropriate facilities, relaxation of restrictive municipal regulations as well as the establishment of supportive funding programmes.
 - Establish a school development and assistance programme inclusive of representatives from the local schools, the Department of Education, other role players in the education sector, the business community as well as the municipality.
 - Support awareness programmes around the importance of schooling, parent involvement and the need to support schools among community members.
 - Mobilise communities to get involved in improving school facilities, e.g. raising funding for computers; lab equipment, school security, replacing windows, repainting, etc.
 - Identify problems with service provision that can be addressed by the municipality, e.g. school access roads, municipal owned sports facilities in close proximity to the schools; lighting around schools; pedestrian routes, bridges etc.
 - Create the necessary mechanisms that will enable business, particularly corporate business to contribute to the development of schools.
 - Provide support programmes that cater for basic needs of learners through targeted programmes such as food schemes, integrated home/community based care programme for HIV/AIDS orphans and children in distress, etc.
 - Support and encourage adult literacy training programmes.
- Worker Skills Development and Training Programme
 - Initiate and support the establishment of a Further Education and Training Trust. Such a trust should include representatives from the education and training sector active in the area, such as the South Cape College, the business community, NGOs and the municipality that can guide the development of a Worker Skills Development strategy.
 - Determine the nature and extent of skills required from the perspective of existing and potential businesses in Laingsburg and the larger Central Karoo region. This should be inclusive of the skills need for Agriculture and agri-processing, tourism and for the transport sector.

- Establish a register of skills of those seeking employment (both unemployed and underemployed).
- Identify and assess the current skills training and human resource development programmes available in Laingsburg, and implement new ones that are required.

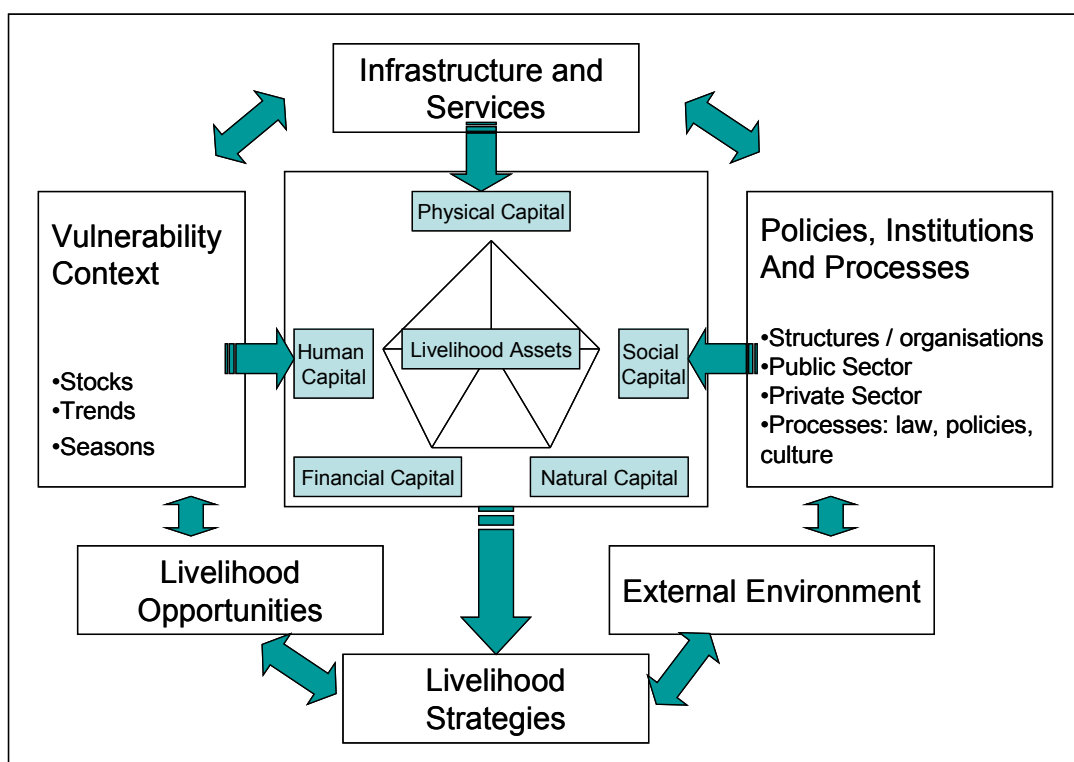
Chapter 6: Poverty and Substance Abuse Reduction Strategy

Rationale

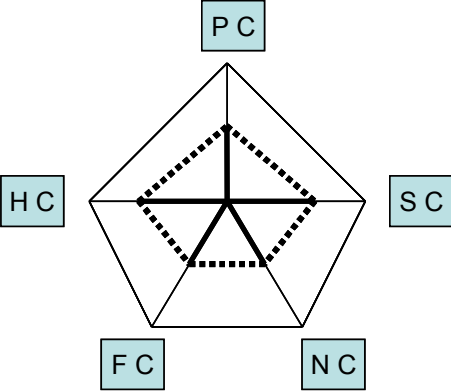
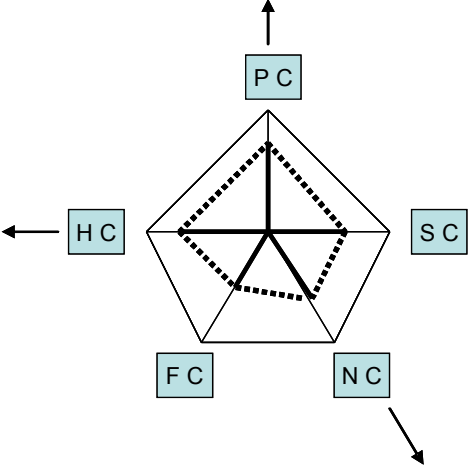
Laingsburg accommodates high numbers of urban poor, staying in the urban centre consisting mainly of women and elderly people who are largely uneducated and unskilled (Rapid Review, CSIR). As indicated in section 2.3, approximately 61% of households in Laingsburg earn less than R1000 per month. Dependency on welfare assistance is also very high. Poverty is linked to a host of factors including inadequate access to basic municipal services, low levels of income, unstable economic assets, absent males, lack of access to shelter, health and education, under and unemployment, and in particular, substance abuse. This sets up a vicious cycle of deprivation and the inability of individuals and households to break out of the poverty trap. Also, the problem of substance abuse requires special attention in Laingsburg and any strategy to deal with poverty needs to include a significant component that addresses this social pathology.

Despite their circumstances, households manage the complexity of their condition through multiple activities which are best understood through the Sustainable Livelihoods Approach. This approach is used to formulate an effective poverty alleviation strategy. According to the sustainable livelihoods approach, households have access to a portfolio of assets, both tangible (such as cash, land, dwellings and livestock) and intangible (claims on others and the government, access rights and skills). Depending on the portfolio held by a household, its capability to make use of opportunities and its composition, each household will devise coping strategies to protect social reproduction and enable recovery. Figure 6.1 captures the various elements that make up the sustainable livelihoods framework. Assets are at the centre of the framework and access to these assets is influenced by policies, organisations and relationships between individuals and organisations.

Figure 6.1 Sustainable Livelihoods Framework



Based on available information and an understanding of the municipality's context, the asset status of the poor in Laingsburg Municipality can be plotted using the above framework. Similarly, the impact of targeted policies on the access to different types of capitals can be depicted visually through the pentagon's size.

Current Situation	Proposed Interventions
	
<ul style="list-style-type: none"> • Access to different types of livelihood capitals is based upon the components of the city development index for Laingsburg. • Access to financial capital is limited (low income levels). • Not very high levels of social and human capitals when compared to those for the province. • Access to natural capital limited since most of the poor are urban dwellers. 	<ul style="list-style-type: none"> • Increase in access to natural capital through agricultural processing; • Increase physical capital in the form of improved infrastructure and quality of dwelling • Increase in human capital through training and skills development. • No direct intervention to increase access to finance capital. • Social capital positively affected through interventions into substance abuse reduction.

The further a group lays from the centre of the pentagon, the more robust its members. The overall area of the pentagon is more important that the absolute magnitude of access to any particular type of capital (Carney, 1998 in Rakodi). Over time, access to all types of capitals will increase if the intervention in enhancing access to a few is successful.

Objectives

- To increase access to various types of capital by the poor
- To engage effectively with all stakeholders involved in poverty reduction
- To build assets for the poor

Issues pertaining to Poverty Reduction are similar for Prince Albert, Laingsburg Beaufort West and a comparable approach is therefore proposed.

Elements

- Financial capital: Improve access to governmental poverty relief programmes
- Physical capital: Provide basic utility services as well as adequate shelter as a means to build assets
- Social capital⁴: Address the high prevalence of substance abuse
- Natural capital
- Human capital (refer Chapter 5: Human Resource Development)

Strategy

- Financial capital: Improve access to governmental poverty relief programmes
 - Ensure that poor communities have easy access to government pension and welfare grants through multi-purpose community centres and mobile pay points and clinics.
 - Ensure awareness of available grants and empower people to access grants through campaigns and assistance from community development workers.
 - Explore creative ways of curtailing the spending of welfare assistance on drugs and alcohol.
- Physical capital: Provide adequate shelter and basic services
 - Provide basic services and housing in areas close to social and economic opportunities, such as public schools, healthcare, places of employment, etc
 - Affordable housing should be provided in well-located areas to ensure that these houses become assets.
 - Improvements to existing houses in the suburbs of Bergsig and Goldnerville to build their asset value. (Refer to chapter 7: Integrated Human Settlement)
 - Use the Extended Public Works Programme (EPWP) to maintain existing infrastructure, extend service networks and provide new housing.
 - Ensure that utility services are affordable, through exploring alternative technologies and

⁴ Social capital refers to the institutions, relationships, and norms that shape the quality and quantity of a society's social interactions... Social capital is not just the sum of the institutions which underpin a society – it is the glue that holds them together. (The World Bank 1999)

distribution methods.

- Social capital: Address the high prevalence of substance abuse
 - Engage local CBOs and international NGOs in conjunction with the provincial Department of Social Services and Poverty Alleviation to extend rehabilitation programmes, life skills training and motivational workshops for affected community members.
 - Draw lessons from international experience and success stories from within South Africa.
 - Foster communication and co-operation between CBOs and NGOs involved in social capital programmes to avoid duplication, to ensure that all communities are reached, and to assist with accessing grants and donor funding.
 - Increase self-reliance for basic food stuffs through small holder farming, livestock banking and urban agriculture programmes.

- Natural capital
 - Increase access to common pool resources such as land, water and other environmental resources.
 - Utilise urban agriculture for residents of Bergsig and Goldnerville to increase self reliance for basic food stuffs.
 - Promote environmental awareness amongst communities, particularly with regard to creating clean and safe environments.

The overarching strategy:

- To increase the flow of resources to the poor,
- Increase the retention (and multipliers) of money and resources within poor communities and
- Invest in the people to break cycles of poverty.

Chapter 7: Integrated Human Settlement

Rationale

The space economy in Laingsburg is a major contributor to poverty and marginalisation. In general the pattern of development still reflects the segregation of communities along racial lines. Sub-economic communities are relegated to the periphery of the urban area, where economic opportunities are limited and access to town centre and community services is costly. Although well provided with infrastructure, the type of housing in the suburbs of Bergsig and Goldnerville does not allow for it to become of asset value to the beneficiaries. Connectivity between Laingsburg (town and farmland) and other towns in the area is also costly. Connectivity between the sub-economic suburbs and public schools poses a daily danger for scholars who travel mostly on foot.

Objectives

To establish a pattern of development that:

- Improves land use integration to enhance the access of poorer communities to economic and social services.
- Creates and ensures that housing becomes assets to the poor.

Elements

- Improve connectivity between townships and more established parts of the town
- Enhance the asset value of low-income housing

Strategy

- Improve connectivity between townships and more established parts of the town
 - Facilitate the integration of low-income housing with older towns through measures such as activity streets and effective urban landscaping.
 - Create pedestrian and cycle pathways from sub-economic suburbs to facilities such as schools and the town centre.
 - Engage with local entrepreneurs to develop an affordable form of subsidised transport between settlements and other towns in the region.
- Enhance the asset value of low-income housing
 - Provide appropriate basic utility services to all households.
 - Prepare an urban design and landscaping programme for the suburbs.
 - Improve the urban environment in existing town ships through well-located activity streets and investment nodes for targeted investment.

- Design and upgrade roads to an appropriate standard for an activity street.
- Generate partnerships with the private sector to invest in commercial and retail developments, utilising funds such as the Neighbourhood Development Partnership Grant.

Chapter 8: Approval and Management of the LED Process

Implementation of the various components of the Laingsburg Local Economic Development Strategy will require the formulation of specific partnership arrangements involving the communities, the public sector, the private sector, and non-government organisations. Each of the LED strategies will require consideration of the various partnership options.

The Laingsburg LED Strategy requires to be discussed within the municipality and then presented to the Mayoral Committee and Council for adoption. The Laingsburg Local Economic Development Strategy (LED) is one of several key components of its IDP. Actions derived from the Laingsburg LED Strategy should be quantified in terms of the capital investment framework and incorporated into the IDP. It proposed that the Laingsburg LED be discussed with various role players as part of the IDP consultation process. Thereafter, the document should then be presented to Council for final approval and implementation

Preparation of the Laingsburg LED Strategy has involved role players from the municipality. Through the auspices of Project Consolidate, funding has been made available to develop this strategy in line with the LED strategy of the Central Karoo District LED strategy. The challenge is now for a wide range of champions to step forward in order to ensure that the strategies identified are implemented as soon as possible.

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