



INTEGRATED LOCAL ECONOMIC DEVELOPMENT PLAN

SECOND DRAFT

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13.1 INTRODUCTION

A service provider was appointed on 23 March 2007 to assist the Breede Valley Local Municipality to develop a long term plan for economic growth. This exercise will give BVM the opportunity to evaluate the municipality and the community it serves, on the economic development potential and requirements of the region. This economic development process will give BVM the opportunity to engage in strategic planning on aspects that can be key sources to sustained local economic growth. Local Economic Development (LED) is no longer a series of interventions aimed at facilitating commercial based activities in the 2nd economy only, but rather a tool whereby municipal administrations can assess and plan their long term infrastructure, in pursuit of their economic growth objectives. This will create an efficient and effective system for infrastructure development and at the same time create operational capability to affect the strategic mandates entrusted to BVM by National Government.

BVM will follow an integrated approach where the local economic environment will be assessed in terms of its relationship with those of District, Province and the South Africa as a whole. Furthermore, BVM needs to understand the relationship of the local economy and how it relates with neighbouring municipalities so as to create synergies that will lead to mutual growth and innovation.

13.2 SOCIO ECONOMIC PROFILE

Based on the socio economic profile given in paragraph 1.2.1 it can be seen that BVM has a tremendous task at hand to create the required economic growth and job creation objectives set by Government. To summarise from an economic perspective, BVM has a total population of 152 921 in (2001/06) and an annual population growth rate of 1.3% (2001-2006). The unemployment rate is 17,1%. This in itself presents an opportunity to increase economic growth through the absorption of the current labour force. This in itself will be challenging due to the lack of required skills in the municipal region. The annual growth rate was approximately 2,56% between 1994 and 2004 therefore a concerted effort will be required to attain the National 6% growth objective.

Active economic sectors range from agriculture, forestry, wholesale fishing distribution, retail trade, catering, accommodation and construction. Regional strengths include a fairly diversified economy supported by a natural beauty that lends itself to tourism.

13.3 LED ASSESSMENT

As part of the creation of the first generation IDP, BVM completed an economic assessment during which four industries were identified based on the effect they will have on the market if exploited correctly. These industries also present strong potential for the development of small and micro enterprises based on differentiation and innovation. The industries were analyzed and selected on the basis of the following:

- Direct impact on poverty alleviation and job creation.
- Long term sustainability as well as synergy amongst selected industries.
- Possibilities to develop partnerships with existing firms.
- The promotion of a culture of entrepreneurship.

- Vertical integration and export orientation

The industries identified are:

- Biotechnology (primary extraction and processing of organic compounds)
- Wine industry (empowerment and transformation)
- Olive industry
- Tourism

13.4 STRATEGIC ISSUES

The LED strategy that is under development will deliver the first draft in June 2007. The strategy will define the 10 year economic development vision of the municipality and will include a detailed set of strategic as well as operational activities required to reach BVM's envisaged objectives. The LED strategy will inform the institution (BVM) on how to increase the economic base and how to spread the economic activity in the BVM area of jurisdiction. It will further more address the spatial development challenges that will have major implications on long term planning requirements. It will also address the fragmented approach currently being followed by the various levels of government. Other issues that it will address are:

- Job creation.
- Business development strategies.
- Investment promotion programmes.
- The facilitation of BEE opportunities.
- Economic profiling.
- Economic prioritization.
- Baseline data and spatial frameworks that will influence planning.
- Identifying and analysing key economic sectors.
- Establishment of economic infrastructure requirements.
- Equity outcomes for private sector involvement.
- Municipal capacity requirements.
- Integrating the LED strategy with the IDP.
- Partnership.
- Alignment with other national departments.
- Information sharing.