

KAROO DEVELOPMENT FOUNDATION

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Concept proposal: The Karoo Crafts Co-operative

The Karoo as Economic Region

The Karoo has enormous economic potential, in terms of tourism, agriculture, alternative energy, mining and even industry. This potential has remained unrecognised, for several reasons:

1. Under the Mbeki government, rural development was systematically downplayed in favour of urban development. The National Spatial Development Perspective encouraged skilled and talented people to move from rural to urban areas. This policy is now likely to be reversed under President Zuma, and a new Department of Rural Development has been created. As a predominantly rural area, the Karoo has suffered from this developmental bias.
2. The government planning system has created dysfunctions due to an excessive focus on administrative jurisdictions. Provincial governments are required to plan only for their own jurisdictions, with little regard for events and plans contemplated by their neighbours. The same is the case for District and Local Municipalities, in terms of their requirement to write Integrated Development Plans. There is a lot of focus on intergovernmental alignment (national-provincial-district-local) as well as intersectoral alignment, but there has been no attention paid to alignment amongst neighbouring jurisdictions. The Karoo straddles four provinces and at least 7 District Municipalities. There has been no co-ordinated development vision for the Karoo.

The Karoo Development Foundation (KDF) has been created to promote collaboration amongst stakeholders in the Karoo. The KDF is creating a public space where issues can be discussed and researched, and new initiatives can be facilitated.



An initiative supported by:

The Arid Areas Programme, www.aridareas.co.za
Centre for Development Support, www.uovs.ac.za/cds
University of the Free State



The need to link the "first economy" and the "second economy" in the Karoo

The Karoo is blessed with a stable economy, good infrastructure, excellent tourism facilities, and sophisticated agricultural skills. Many Karoo towns are architectural gems, and much of the countryside has been converted to game farms and guest farms. The attractions of the Karoo, such as solitude, clean air, starry nights, a safe environment and ecological diversity are increasingly making it a desirable destination for travel and investment.

However, the Karoo also has a marginalised class of unemployed and semi-employed people, with low skills and very little experience of the modern world. Due to pressures in the agricultural economy, many farm workers have been laid off and have moved to the towns, thus contributing to an urban underclass. The problems of poverty are exacerbated by problems of TB, HIV/AIDS, dysfunctional families, and alcohol and drug abuse. It is therefore critically important that the formal economy of the Karoo be made more accessible to people eking out a living on low wages and social grants.

There is no doubt that there are many talented and creative people in the Karoo. Many skilled craftspeople have moved to the Karoo from the cities. They have trained and employed a significant number of previously unemployed people. In addition, many poor people have spontaneously developed their own crafts. The windmill manufacturers of Cradock and Middelburg are a good example of local creativity.

However, many craftspeople face a problem of finding markets for their products. Many people only sell their products in the local towns, which in turn depend on seasonal and unreliable tourist traffic. As a result, it is difficult for craftspeople to produce at scale, and they remain underemployed and very poor.

This project addresses the challenge of promoting the branding, marketing and distribution of Karoo products. This will promote and multiply the linkages between the "first economy" of tourists, tourism operators, product buyers and guest houses, on the one hand, and the "second economy" of vulnerable and emergent craftspeople.

Principles supporting the proposed Karoo Crafts Co-operative

In the quest to create effective marketing channels for crafts, five developmental themes need to be brought into the equation:

- (1) There is a need for integration amongst sectors. In the case of craft manufacture, tourists offer a valuable marketing opportunity. Consequently, crafts (the creative industries) and tourism should be promoted jointly. In addition, issues such as technical training, business training and transport planning will assist craftspeople to market their products amongst tourists and travellers.

- (2) The power of branding needs to be recognised. This includes, in particular, the importance of geographic indicators (GI), related to economic regions. In the case of the Karoo, this would involve the creation of a "Created in the Karoo" brand name. Sub-regions in the Karoo (e.g. the Hantam or Camdeboo) can add their own branding and logos, and individual producers will be encouraged to add their own life stories.
- (3) Related to the question of GI, there is a need for region-wide marketing processes and channels. The issue of regional planning has virtually disappeared from the South African development discourse. The notion of "economic regions" refers to areas which share common economic characteristics, such as climate, economic linkages, clustered industries, cultural bonds, or shared marketing advantages.
- (4) Highways and transport routes along which tourists travel, are important marketing opportunities. They create possibilities of outlets for craft production. Where highways traverse rural regions, this offers the first stage in a marketing strategy to get tourists to "stop and shop". Consequently, rural and urban tourism planning need to be co-ordinated, across provincial and district jurisdictions, particularly where tourists travel through rural areas *en route* from one urban area to another. Tourism, transport and crafts promotion should be promoted in conjunction with one another.
- (5) There is a need for ongoing technical and business mentoring for emergent craftspeople. Such informal linkages can be built within the localities where they live, in addition to more formal support channels (such as SEDA).
- (6) There is a need to integrate the "first economy" and "second economy" in the craft industry, into a seamless and mutually supportive network. The proposed co-operative will include established as well as emergent and resource-poor craftspeople. This will promote collaboration amongst craftspeople on the basis of shared interests.
- (7) There is a need for dedicated regional institutions to promote tourism marketing, which in turn should include craft marketing. Consequently, the Karoo Crafts Co-operative should be created, as a not-for-profit institution.

The Karoo Crafts Co-operative Model

The vision for the KCC is:

A distribution co-operative, based on excellent managerial and technical skills, creating a network of craft outlets throughout the Karoo, which would stock the products of established and emergent craftspeople, to assist the latter to become an integral part of the tourism economy of the Karoo.

1. The KCC will be a not-for-profit company registered by the Karoo Development Foundation. It will be managed by a small team of skilled and experienced craft manufacturers and traders, living in the Karoo.
2. The KCC will develop its own branding and logo. The KCC brand can be used alongside more specific regional brands (such as Camdeboo or Hantam), or brands developed by particular producers. The producers would be encouraged to add information about their product and themselves on labels attached to the products.
3. The KCC will undertake research to compile a catalogue of Karoo crafts. This will be published as a booklet as well as in CD format. The catalogue will constantly be updated. In doing this research, the KCC will liaise with KCC Champions based in all the Karoo towns. The catalogue will be complemented by a website as well as CDs.
4. The KCC will encourage entrepreneurs in the Karoo towns to set up stalls selling Karoo products. The stalls can be located within existing shops or petrol filling stations, or they can be free-standing shops.
5. The KCC stallholders will need to purchase the stock from the producers. This will create some cash flow for the producers.
6. Products distributed by the KCC will carry the KCC logo. The entrepreneurs will need sufficient capital resources to purchase crafts from all over the Karoo. Retailers will decide on their own pricing strategies.
7. Tourists will be encouraged to visit the workplaces of crafts producers.
8. The KCC will evaluate the market-readiness of all craft products. For this purpose, a technical panel of advisors will be created. All products deemed unsuitable will receive free advice on how such products could be tailored more effectively to the tourist market. The KCC will therefore provide technical support to craftspeople.
9. The KCC will also endeavour to create mentoring relationships between emerging craftspeople and established producers. This will particularly focus on the commercial and financial aspects of enterprises.
10. The KCC will identify training needs and opportunities, and will liaise with training funders and service providers to access training. A funding application in this regard has already been submitted to the Department of Labour.
11. Where possible, producers will be encouraged to undergo an orientation course on branding and marketing. The course has already been developed by Dr Daan Toerien, a Research Associate

of the Centre for Development Support at the University of the Free State.

12. The KCC system can apply for additional donor funding from corporate or philanthropic organisations, to strengthen the empowerment aspects of the enterprise. This could include government agencies such as the DTI, IDC, Departments of Arts and Culture, and provincial tourism organisations.
13. In the short-term, the KCC will focus on towns located on the six Karoo Highways, which are likely to have the maximum tourism traffic. These highways link the main cities (Cape Town, Port Elizabeth, Bloemfontein, Kimberley and Johannesburg). The focus on the Karoo Highways will be fast-tracked for the 2010 FIFA World Cup. The marketing of the KCC would, in the first two years, advertise the fact that the Karoo Highways offer interesting places to stop and shop. At a later stage, the KCC brand can be extended to towns that are "off the beaten track".
14. The Co-operative will derive its revenue from the following sources:
 - a. Stall-holders will pay a franchise fee (estimated R2 000) per annum
 - b. Producers will pay a marketing fee (estimated R300 per annum) for each type of commodity produced. This means that emergent producers, who only produce one type of commodity, will pay a very limited marketing fee. More established or diversified producers will pay a larger marketing fee.
 - c. The Co-operative will apply for donor funding from government and corporate sources, to cover key expenses, such as printing, signage, and crafts training.

Targets, Goals, Outputs and Impacts

The most immediate targets and outputs are:

1. To create the KCC brand and logo.
2. To refine the economic model of the KCC.
3. To set up a management team and technical advisory panel.
4. To create a KCC Catalogue of products.
5. To add as many craftspeople as possible to the KCC Catalogue. This will include established as well as emergent craftspeople.
6. To create a KCC website.
7. To create a KCC brochure, marketing the Karoo Highways as desirable places to travel, stop and shop.
8. To identify potential KCC stall-holders in the Karoo towns, and to provide them with KCC branding materials (signage and flags).

As the project proceeds, progress needs to be monitored, according to several indicators:

1. The number of stall-holders in the various Karoo towns
2. The number of producers on the Catalogue
3. The number of hits on the website
4. Regular feedback from KCC stallholders and KCC producers.
5. The number of KCC producers accessing training opportunities.

The impacts of the project will be evaluated according to several indicators:

1. The improvement in the quality of products, based on the advice of the technical panel
2. The improvement in the profitability of producers' enterprises, as measured by the feedback received
3. The improvement of the profitability of KCC stalls, based on feedback received
4. The number of size of orders placed by bulk purchasers located outside the Karoo.