TOWARDS CROSS-BORDER COLLABORATION IN DESERT AREAS: LESSONS FOR THE KAROO

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1. Introduction

The Great Karoo is a vast arid region located in the centre of the country, which can be defined as including Namaqualand, the Succulent Karoo, Bushmanland, the Little Karoo, Richtersveld and the Nama Karoo. This region is generally underdeveloped, particularly lacking in manufacturing. The economy is dependent on extensive farming, which has shed a great deal of labour during the last twenty years. At the same time, many of the Karoo towns have shown some developmental potential, in terms of tourism and crafts.

The Karoo has vast developmental potential, in terms of agriculture, agro-processing and tourism. This paper will show that this economic potential has been systematically obscured from view, because of the fact that the Karoo straddles four provinces. In South Africa, all provincial governments are required to draft Provincial Growth and Development Strategies, but there is no systematic way of encouraging inter-provincial co-operation or collaboration. This paper will reflect on the international literature on regionalism, mainly drawn from the experiences of the European Union. This literature holds valuable lessons for under-resourced arid areas, such as the Karoo and even for Australia's Outback. By consciously identifying key international trends and adapting them for regional development, the desert areas of the world can build up their own stock of best practices and shared learning.

This paper will argue that a range of new theoretical themes hold a great deal of promise for the arid areas of the world. We will consider new approaches to *rural development, development, cross-border development,* and *regional learning.* The paper will then consider the Spatial Development Strategies of the four Karoo Provinces, and their divergent approaches to development in the Karoo. Finally, the paper will make recommendations for a more holistic and integrated regional strategy for the Karoo.

2. The Karoo – a desert jewel

The Karoo consists of a vast inland plateau. In prehistoric times, it was an inland sea, which subsequently dried out, leaving behind a treasure-trove of palaeontological finds. Its fossil heritage is immense. This heritage has been captured in texts such as ....

In addition, the Karoo was populated, for thousands of years, by the indigenous "bushmen", or KhoiSan. These nomadic groups left behind a remarkable legacy of rock art and stone tools, as described in books such as *Karoo Rock Engravings* (Parkington, Morris and Rusch 2008).

Since the early 1800s, the Karoo was gradually colonised by Dutch-speaking farmers, who established the sheep and mohair industries, and created a patchwork of more than a hundred towns. Through the 19th Century, these towns developed their own quintessential Karoo architecture, consisting of square white-washed houses with characteristic finishes. Towards the end of the 10th Century, the addition of Victorian architecture to the Karoo towns created a distinctive style of gracious desert architecture. Most Karoo towns also have dramatic and elegant churches, which add distinctive church spires to the Karoo skyline.

Because of low rainfall and associated low productivity, the arid areas are sparsely populated, and in some areas, the population density is less than 1 or 2 person per km2. This has contributed to their political insignificance of the region, as the various provincial and national governments have invariably given more attention to their more populous regions.

Map 1: The Karoo, Kalahari and Namaqualand
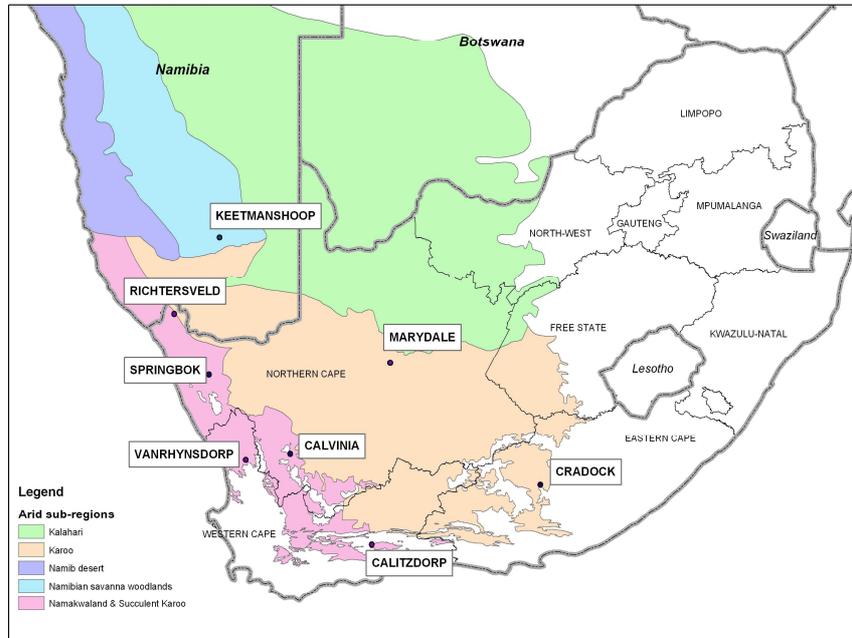
Source: Charles Barker, Department of Geography, University of the Free State

The Karoo has important natural, economic and social assets. Natural assets include spectacular scenery, wide open spaces, spectacular spring flower displays and a diversity of unusual plants and animals. The region is also rich in minerals including titanium and diamonds on the west coast and uranium in the central Karoo Infrastructure in the towns is generally good, and represents a great deal of investment in housing, water, sanitation, roads and other infrastructure. The game industry is becoming an important foreign exchange earner in the area. Agricultural expertise is high, with skilled and experienced commercial farmers, who are often eager to become involved in land reform, agricultural support and other initiatives. Social services are generally good, and include clinics, schools, banks, post offices and retail facilities. Some of the towns have developed significant tourism potential, with niche attractions and activities. There is also a growing phenomenon of "reverse migration", whereby middle class city dwellers are moving to the rural areas, and this brings in new sources of capital, expertise and developmental initiative. There are growing numbers of black and coloured "emergent farmers" on the municipal commonages, who represent a nucleus of new commercial farmers in the future.

But it is not all plain sailing in the Karoo. The area has major and complex developmental challenges. The economy is still largely based on extensive sheep and goat farming. During the last fifty years, extensive stock farms have been consolidated, and due to the economic climate, they have shed a great deal of labour. Many of these unemployed farm workers have drifted to the towns, to join the ranks of the urban unemployed. The recent advent of game

farming has contributed to this trend of human displacement, although opportunities in agri-tourism and eco-tourism have created scope for new and more sophisticated types of employment.

Most of the Karoo towns have grown in size, due to in-migration, and because of the South African social grant system (which encourages people to stay where they are). But the urban economy of the arid areas is very fragile. Typically, the business sector is small, and there is virtually no industrial base. There is an incipient informal sector in most towns, often linked to pension pay-out days.

Although the Karoo towns are fairly well provided with infrastructure, there are worrying aspects of its socio-economic profile. Poverty levels are high, due to high levels of unemployment, and increasing rates of illness (HIV/AIDS and TB). A large proportion of income is derived from social grants, with social consequences that are not fully understood. Large housing schemes and the availability of social grants have attracted many migrants to the small towns. The local economies of small towns are characterised by weak multipliers, because a great deal of purchasing power is spent in the larger centres, or metropolitan areas situated outside these areas. The influx of migrants from the farms to the towns, and the migration from the more densely populated areas in the Eastern Cape towards the Karoo, are creating immense pressures on the existing infrastructure. There is an out-migration of skilled people, due to a lack of local economic opportunities.

But the greatest hurdle to development is an institutional one: The Karoo straddles four provinces. These are the Western Cape, the Northern Cape, the Eastern Cape, and the Free State Province. In each of the four provinces, it is the neglected zone, the undeveloped backwater, the regional Cinderella. Development effort has been systematically diverted away, towards the coastlines and the capital cities. The provinces also have different levels of resources available to devote to development in the arid areas. The Western Cape is by far the wealthiest, and it can distribute some of its largesse in the Karoo. The Eastern Cape and Northern Cape are poorer provinces. In the Eastern Cape, the Karoo has to compete with much more poverty-stricken areas. The Northern Cape's approach to fiscal distribution is much more balanced than the other provinces, with the arid areas receiving a significant share of the fiscal pie; but the Northern Cape's overall budget is miniscule in comparison with its neighbours. These factors prevent a unified, co-ordinated approach to the development of the Karoo.

A further problem, for the Karoo, is the Government's National Spatial Development Perspective (NSDP), the official spatial strategy designed by central government and propounded as the only official framework at provincial level. The underlying philosophy of the NSDP is a focus on "areas with economic advantage". The NSDP states:

> "In localities with low demonstrated economic potential, government
> should, beyond the provision of basic services, concentrate primarily on
> human capital development by providing education and training, social
> transfers such as grants and poverty-relief programmes. It should also
> reduce migration costs by providing labour-market intelligence to give
> people better information, opportunities and capabilities, to enable them to
> gravitate - if they choose to - to localities that are more likely to provide
> sustainable employment and economic opportunities.

"In order to overcome the spatial distortions of apartheid, future settlement
and economic development opportunities should be channelled into activity
corridors and nodes that are adjacent to or that link the main growth centres.
Infrastructure investment should primarily support localities that will
become major growth nodes in South Africa and the SADC region to create
regional gateways to the global economy." (Office of the President 2006:6).

This suggests that areas such as the Karoo, which have hitherto been defined as "areas
lacking in economic potential", will continue to be starved of government economic
investment funding and development effort. We believe that the NSDP will unfortunately
become a self-fulfilling prophecy – it will reinforce the process of underdevelopment in
backward areas. This will have the unintended consequence of intensifying poverty in these
areas, or encouraging out-migration to the cities.

There are many examples of the NSDP influencing development decisions within districts.
For example, the West Coast District Regional Economic Development Strategy (REDS)
stipulates:

"Certain locations within the West Coast do not have economic potential
over the next 5-10 years and therefore the priority should be to build the
skills base of populations living in these areas so that their ability to
access economic opportunities in other parts of the WCD and elsewhere
are enhanced" (West Coast District Municipality 2007, Volume 1: 33).

Not surprising, then, that the same document noted that one of the weaknesses facing tourism
was the "Lack of prioritization of the West Coast District by national government re
accessing national support programs and investment" (West Coast District Municipality
2007, Volume 2: 32).

Map 2: Core economic areas (high potential and high poverty), as defined by the NSDP

Source: NSDP (2006:72).

A different approach would be to distribute economic stimulation to more backward areas, in an attempt to create balance spatial development. This is the approach taken by the European Union, through its LEADER programme. Analysts in third world countries have also argued the case for evening out spatial and socio-economic disparities: "Strenuous attempts have to be made for achieving a more equitable distribution, over the whole national space, of productive forces and units and of means of production, employment, consumption and investments, as well as of services such as schools, hospitals, and vocational training" (Mukherji 2006: 328).

South Africa requires a major re-think on the importance of rural development, regional development, and cross-border collaboration. This paper offers some lessons from the international literature, primarily drawn from the experiences of the European Union. These lessons could become part of a shared body of knowledge for all arid areas in the world. It may well be the case that some arid areas, such as the Australian Outback, have evolved these ideas of institutional design and governance practices. If so, it is important that they be documented. For underdeveloped deserts, such as the Karoo, a comparative study of regional development will help to fast-track the creation of a coherent and integrated development strategy.

This paper will provide an overview of new conceptual approaches to rural, regional and cross-border development, which holds great promise for a coherent development approach to backward arid areas, such as the Karoo.

3.   Rethinking rural development

Rural development has always posed a conundrum for modernising societies, because modernity has become largely identified with urban development. It is in the cities that the technological innovations tend to develop, where capital accumulates, and where people congregate. Rural areas are often regarded as the areas where people and capital migrate from, and which consequently run the risk of becoming economic backwaters. Rural areas face several typical challenges (Pezzini 2001: 135):
- Employment opportunities in primary industries, such as agriculture, are generally declining
- Public sector fiscal restraints have meant that rural services are often scaled down, and public sector employment opportunities are limited
- The out-migration of young people, due to inadequate jobs and educational opportunities, has led to a demographic profile based on the very old and the very young, which is often insufficient to support provision of adequate public services
- Most rural areas have difficulty in establishing the necessary critical mass of facilities, producer services and investments to support economic development, so entrepreneurs have difficulty starting up enterprises.

But a range of new economic concepts have highlighted a new importance for rural areas.

A major shift in thinking is the recognition of the new "post-productivist" rural economy. In many rural areas, agriculture is no longer the mainstay of the economy. "Rural is no longer synonymous with agriculture" (Pezzini 2001: 135). Increasingly, new economic opportunities are found in agro-processing, tourism and the relocation of urban industries to

rural "Greenfield" sites where land and services are cheaper. Furthermore, many urbanites are placing increasing emphasis on quality-of-life factors, including proximity to open countryside and natural amenities (Pezzini 2001: 135). The improvement of communications systems, particularly good roads and telecommunications, has meant that many rural areas have overcome geographical distance and are in regular contact with the cities.

Even where agriculture is important, this can managed as part of a restructuring process towards multi-sectoral approaches. Sectors such as agri-tourism can then be promoted. This includes developing green tourism packages, such as farm holidays, nature holidays, theme routes, discovery of natural and cultural heritage, traditional farm foods, and craft work using local skills and materials (Pezzini 2001: 138). Rural policies need to transcend agriculture; and this means that government needs to focus on strategic investments to develop new activities (Pezzini 2001: 137). This, in turn, puts a greater premium on inter-departmental co-operation at national level (Pezzini 2001: 142).

A key advantage enjoyed by many rural areas is its quality of life, such as good quality air, a clean environment, attractive landscapes, and cultural heritage. Even when agriculture – whether crops or livestock – remains an important part of the rural economy, it may transcend the importance of its commodity outputs. Farmers are important providers of ecosystem services (Cowling *et al* 2008). Governments need to develop policies to help farmers preserve their natural endowment, to attract more tourists (Pezzini 2001: 138).

In a globalised world, rural regions need to determine their competitive advantages. Governments need to assist regions to develop endogenous development strategies, by promoting the capacity for self-generated change (Pezzini 2001: 137).

This also means that governments have to develop a greater sensitivity to the impact of government policies on rural areas. Pezzini (2001:142) suggests various forms of "policy proofing", to ensure that all policies consider the rural dimension. "Policy proofing" is performed by a senior interdepartmental group, which examines the potential impact of policies such as housing, transport, telecommunications, water, waste disposal, postal services, education, training, health, agriculture, national parks, and so forth (Pezzini 2001: 143).

4.   Towards regional strategies

A major implication of this line of argument is that viable rural communities may be better served by comprehensive area-targeted programmes than by traditional agricultural production-linked investments and subsidies (Pezzini 2001: 138). In Europe, there is a growing shift from sectoral policies to a territorial policy approach – a view sometimes referred to as "the new regionalism" (Deas and Giordano 2003: 228). This has several key implications, which are explored in the next few sections.

One important corollary is that rural areas cannot be treated as homogenous with uniform problems and opportunities. There is no generic "rural" area, as contrasted with "urban" areas. The distinction between rural and urban is becoming increasingly artificial and obsolete, due to phenomena such as commuting, "reverse migration" and tourism. "The crucial unit of analysis and intervention is not the small municipality but rather the functional

region" (Pezzini 2001: 139). Increasingly, the region is recognised as the appropriate scale for intervention.

Rural areas are diverse in nature. "Regions have certain basic resources and characteristics that shape to a large extent their development trajectory and potential geographic location; proximity to markets; topography and climate; natural resource endowments; industrial heritage; and endowment of human, social and physical capital. The point of departure for policy makers should be the identification of possible development strategies *per type of region*" (Pezzini 2001: 139).

The process of regionalisation starts with the acquisition of territorial awareness, in which informal boundaries receive a degree of popular recognition. Thereafter, the development of social and cultural symbols tends to develop a wider sense of territorial identity (Deas and Giordano 2003: 236). Region-building is an economic, cultural and political trend, which can be consciously enhanced by the development of cultural symbols. Deas and Giordano (2003:239, following Lovering (2001)) refers to the "regional service class" – the spokesmen and actors who have promoting regional agendas.

 A regional identity is the identification of a group of people with the social system of a region, its culture, history, traditions and landscape (Smallbone *et al* 2007: 75, following Paasi, 2003 and Raagmaa 2002). Following Paasi (2003), there are four key influences which shape regional identity formation:

- The territorial shape
- The symbolic shape – the system of visible symbols that create a shared feeling between the inhabitants of the region
- The institutional shape (formal institutions such as government, education, firms and NGOs, but also informal relationships)
- The emerging socio-spatial consciousness of the inhabitants, and their identification with institutional practices and symbolisms (Smallbone *et al,* 2007: 76).

Other factors which can shape a region's development is the degree of "institutional thickness", governance structures, the autonomy of local authorities to use resources in a creative way, and the region's branding strategy (Smallbone *et al,* 2007: 78)

The World Bank's report is entitled *The Development Potential of Regional Programs: An Evaluation of Multicountry Operations* (2007). It notes that regional programmes can help address problems and opportunities which countries cannot handle efficiently on their own. This can be done in several ways: By building and sharing knowledge, by co-ordinating large-scale investments, by harmonizing policies, and by integrating services (2007: 3). The multi-jurisdictional nature of such initiatives makes them complex to design and implement, but they can have far-reaching beneficial impacts.

Regional programmes typically have two types of aims. Firstly, they aim to create public goods or conditions for the production of private (marketable) goods that countries cannot create cost-effectively by acting on their own (World Bank 2007: 4): "They provide ways for countries to deal with *regional externalities* that arise when the consequences of actions by one or more countries inescapably spill over national borders, creating benefits (positive externalities) or costs (negative externalities) for neighbours in the region". Secondly, they provide ways of achieving *economies of scale* in the production of public or marketable

goods and services, and thus generate *increased inefficiencies* in the achievement of national goals.

In the UK and elsewhere, a significant factor is that regions are no longer seen as part of a redistributive agenda, to distribute resources from wealthier to poorer regions. Instead, regionalism takes the form of "competitive regionalism" (Norris 2001: 558), where regions are encouraged to coalesce and compete for resources and grants at the national and EU scales (Jonas and Ward 2002: 386).

Good practice regional development policy needs to be sensitive to the specific strengths and weaknesses of the target regions. Such policies need to be based on empirical evidence (Smallbone *et al* 2007: 135), to determine potential competitive advantage. Specific policy measures for regional development might be concentrated on four different aspects: (Smallbone *et al* 2007: 136):

- Developing the supply base (skills, education, innovations, communications)
- Developing the demand-side of regions, by finding new markets
- Developing the institutional framework (development agencies, business associations, political representation)
- Identifying firm-level interdependencies, exchange relations and rationalities that work to local advantage, as well as those that hinder the development of local initiatives.

Significantly, this can be done in areas that are economically underdeveloped: "In less favoured regions, initiatives that seek to build a sense of pride and regional identity may be a helpful tactic, when introducing new policies and in seeking to gain support for them. Moreover, in a cross border context, where border regions artificially divide cultural regions, with common traditions and a common language, developing this regional identity could well benefit from a cross border element" (Smallbone *et al* 2007: 136). This has huge relevance for a remote arid area such as the Karoo; in Australia, the efforts of Desert Knowledge to promote the regional advantages of the Outback illustrates the potential success of such initiatives.

Such policy priorities might be:

- Creating a vision for the region, using symbols accepted by the regional community, to create a regional brand
- Promoting participatory decision-making and informational transparency
- Building local social capital through projects designed to restore a pride of place, community development programmes, and building social capital
- Targeting active labour market programmes towards vulnerable social groups such as young people, under-qualified people or ethnic minorities
- Assisting informal enterprises to upgrade their operations, by means of bridging loans and specialized services
- Providing training to increase human capacity (Smallbone *et al* 2007: 137).

Some regions are now being identified according to their *clustering* characteristics. Companies which are associated with one another , generating knowledge and learning and co-operative relationships (Deas and Giordano 2003: 227). Clustering can create positive

externalities and increasing returns to scale, it can build on geographical ties, relational assets, local tacit knowledge, long-standing social norms, and local conventions of communication and interaction (Smallbone *et al,* 2007: 136).

Increasingly, central governments are recognizing the need to develop tailor-made regional policies (Pezzini 2001: 140). And this means support for bottom-up development initiatives, such as the Canadian Community Futures Programme and the EU LEADER Program (Pezzini 2001: 142).

But it should be noted that the idea of regionalism can differ from one country to another. Regions can vary according to design differences, wider political contexts, and the multi-scalar institutional relationships of different interests. The re-discovery of regionalism is taking on different forms in different settings. In the US, for example, regionalism refers primarily to city-regions and metropolitan areas, whereas Canada has focused on larger geographical entities, many of which extend to the rural hinterlands of metropolitan areas (Deas and Giordano 2003: 226).

The key questions, in each case, would be: "Where are its boundaries? What interest groups are implicated in different models of regional governance? Who drives the process of regional institutional reorganisation? At what spatial scale(s) are the interest groups driving reorganization mobilized?" (Jonas and Ward 2002: 397).

5.   Towards regional governance

This, in turn, means that local and regional governments are becoming more important. The diversity among rural places makes it very difficult to design a national rural development policy that can take into account locally specific needs. This, in turn, implies the decentralisation of functions, with its associated characteristics of fiscal federalism, citizen participation, and building intergovernmental co-ordination of functions (Pezzini 2001: 141). Governments at the lowest levels are receiving new mandates.

This has led to intense debates about "regional governance", as defined as "the multiplicity of state and non-state actors and arenas through which power in and between cities and regions is exercised and the decisions that affect the trajectory of development and redistribution within, across and between cities and their regions" (Jonas and Ward 2002: 381). The term *"governance"* refers to "conscious collective action extending beyond government, and deploying the capacities of businesses, community groups and academic institutions (Smallbone *et al* 2007: 125, following Hart 2003). The growing focus on *partnerships* reflects this increased participation of non-state organisations in policy-making (Smallbone *et al* 2007: 127).

In addition to the promotion of local, regional and supra-national institutions, a new style of institution-building is becoming evident. There is a growing focus on local and regional partnerships, which include governments, NGOs and the private sector (Pezzini 2001: 142). This is presenting new challenges, such as promoting the accountability and inclusiveness of such institutions, and the question of moving from joint strategic planning to the issue of decision-making and implementation.

A new phenomenon is the rise of an array of cross-scalar institutions – i.e. institutions which operate at a range of different scales, such as transnational, national, regional, district and local (Deas and Giordano 2003: 225), a phenomenon also known as "glocalisation". This has also been described as the "hollowing out of the national state", with national governments losing functions to supra- and sub-national institutions. But at the same time, the key role of the nation-state remains important, but often as "orchestrators" instead of "drivers" of economic development (Deas and Giordano 2003" 226).

In many countries, regional institutions are being established, and about 3 000 regionally based economic development agencies now exist in Europe (Deas and Giordano 2003: 228). In the United Kingdom, Government Offices of the Regions (GORs) were created in 1994. Each brought together regional branches of central government departments, and this brought the regional question back into the mainstream political agenda. The government then set about a program of regional institution-building, through both the conceding of functions downward (from the center) and the ceding of functions upward (from the local) (Jonas and Ward 2002: 384).

Regional Development Agencies were established in 1999. The RDA Boards were appointed by government, to reflect a variety of interest groups, including the private sector, voluntary sector and local authorities. This system has led to a web of initiatives at the sub-regional and local level which are dependent on a loose network of regional co-ordinators, promoting various strategies, such as employment creation, skills development and local capacity building (Diamond and Liddle 2003: 108, following Robson *et al*, 2000). A great deal of regional governance seems to be built on coalitions and networks of private actors and business interests, which cross local jurisdictions (Jonas and Ward 2002: 381).

There has been a great deal of attention paid to the idea of regional institution-building, often associated with terms like "multi-level governance" and "joined-up policies", to reshuffle state institutions on a regional basis, because that is perceived as "the optimum size and spatial scale for a critical mass of organisations and economic actors to learn, innovate and compete in the new economy" (Jonas and Ward 2002: 381). The role of government is, then, to "create the institutions that foster local leadership and facilitate co-operation among business, government and educational organisations throughout the region" (Rondinelli 1998: 95, in Jonas and Ward 2002: 382).

But such institutions need not be highly formalised. The notion of "governance" captures the flexible and fluid nature of post-modern institutions. The term "governance" reflects the "interaction of a plurality of 'governing' actors who are not all state or even public actors" (Morrison 2006:146, following Papadopoulus 2000:211). Institutions can be conceptualised as formal and informal networks of social interaction, negotiation and contestation, across the public, private and voluntary spheres. And in many cases, such regional governance systems are based on voluntary co-operation (Norris 2001: 559), in which people can best regulate themselves through horizontally linked organisations (Savitch and Vogel (2000:161, in Norris 2001: 559). In this process, the pioneering role of individual actors and institutions should not be underestimated (Morrison 2006: 149). But the complexity of such new regional networks may mean that the developmental outcomes will be unpredictable.

It seems that there can be a continuum of formal regional institutionalisation, from "regional co-operation" at one extreme to "regional government" at the other. Of course, the impact of "co-operation" may not always be very effective, particularly on tough and controversial

issues, and it leaves open the opportunity for endless renegotiation and even withdrawal from agreements (Norris 2001:560)

One key activity for such flexible institutions would be to attempt collaborative planning at the regional scale, to facilitate diverse actions to think and act through the active generation of social, intellectual and political capital (Morrison 2006: 146).

The creation of regional network has implications for other levels of government. Generally, it seems that the role of the national level remains central to the orchestration and re-scaling of state functions in urban areas and regions (Jonas and Ward 2002: 397). But the status and role of local authorities may become uncertain. Their relationship vis-a-vis these regional networks could enhance or detract from their inherited status (Diamond and Liddle 2003: 110). Local governments can play an important role in regional development, particularly in providing and facilitating social and physical infrastructure (Smallbone *et al* 2007: 146). This could include promoting entrepreneur and workers associations, local technical skills, credit co-operatives, strong networks of local banks committed to local lending because of an extensive knowledge of client's trustworthiness and local economic conditions, technology transfer centres, and the marketing of the region.

In the United Kingdom, at least three modes of regional development emerged in different parts of the country: Managerial/strategic (focusing primarily on the co-ordination of service delivery), regional/democratic (advocating formally elected regional govenrment), and democratic/local (focusing on the strengthening of local as opposed to regional government (Diamond and Liddle 2003: 110). This diversity of opinion highlights the fact that, even though many people agree that regional devolution is necessary, there is a lack of consensus on the organisational framework for regional government, as well as its roles and responsibilities.

At the same time, supra-national institutions are also becoming more prominent, with the creation of regional committees and structures.

5.   Towards cross-border development

A further implication of this new regional approach is that many regions transcend artificial administrative boundaries. Borders have emerged as a "new frontier" in international tourism research (Rogerson 2003: 33). Cross-border co-operation can be significant.   It positions regions more strongly in the market, because tourists will often have a regional rather than a specific destination in mind. It enables an ecological biome (e.g. the "Nama Karoo") to be marketed and branded.   It can also allow the rationalization of investments in tourism infrastructure by allowing a sharing of facilities, such as airports. Furthermore, by co-operation amongst governments, different features can be combined from each of the countries to provide complementary tour circuits (Cleverdon 2002: 23).

According to Smallbone *et al,* "Internal cross-border regions emerge as new spaces of social and economic activity, … eventually becoming centres of gravity of economic activity" (2007: 26). Such entities may gradually acquire more autonomy to develop and implement their own policies and to build their own institutions of governance.   The "new regionalization" refers to increasing interconnections between areas, which are located in

neighbouring states. Furthermore, such relationships could local authorities have acquired a central position in the evolution and functioning of cross-border regions.

There is a global tendency for firms to use cross-border alliances to strengthen their position in the market-place (Smallbone 2007: 16), by expanding their operations and broadening their knowledge base. Regional economic co-operation can play an important role in increasing economic and investment activity within a particular region (Smallbone 2007: 17). For very small-scale businesses, the relationships are often based on kinship ties, shared cultural or linguistic background, professional linkages or personal acquaintanceships (Smallbone 2007: 18). Networks between companies can promote innovation.

Economic or functional regions may emerge spontaneously, and may subsequently develop into a system of governance and regulation, which may include communications, industrial organisation relationships, and political co-ordination mechanisms (Smallbone 2007: 21). A cross-border region is characterised by a network of firms which co-operate across borders. Such regions can be situated in highly competitive regions, or in regions characterised by poor levels of competitiveness - the economic "periphery" (Smallbone 2007: 22, drawing on the work of Kratke (2002a and 200b)).

Building cross-border alliances can be a lengthy task. Also, it can take different forms, ranging from co-operation (initial efforts between adjacent jurisdictions to solve common problems), to collaboration (where joint efforts are well established), and integration (where partnerships exist without boundary-related hindrances) (Timothy 1999: 184-5). This process may require a great deal of administrative effort. Nevertheless, "some degree of inter-jurisdictional networking is vital because it has the potential to reduce economic, social and ecological imbalances that occur on opposite sides of a boundary … and will lead to more holistic and efficient planning as all parts of the attraction are considered as one, and the duplication of development projects may be eliminated" (Timothy 1999: 195). Joint efforts could include administrative frameworks, infrastructure development, conservation, human resource development, and shared promotional efforts.

Africa can learn from experience elsewhere. The EU has a special focus on the development of border areas, influenced by the need to establish or consolidate ties on either side of various borders (Pezzini 2001: 140). Increasingly, geographical areas with similar characteristics (such as environmental features and problems) are recognised as cutting across administrative entities. "To adapt to such a scenario of shared authority, territorial dynamics and new economic realities, central administrations have begun to prompt the formation of new structures for territorial governance by encouraging and setting forms of vertical and/or horizontal co-ordination" (Pezzini 2001: 141).

There are more than 70 cross-border regions in Europe today, operating under the names of "Euroregions" or "working communities" (Perkmann 2003: 153). Notably, the European Union's LEADER programme focuses on transnational co-operation in rural areas. There have been several phases of the first programme, starting with a focus on networking of skills as a regional development tool (1991-1994), to LEADER II, which facilitates the funding of transnational co-operation projects, and subsequently to LEADER+. Funds are made available to enable potential partners to derive a shared definition of co-operation projects, to have preliminary meetings, and to complete feasibility studies. In particular, this assists potential partners to attain a "critical mass" of their product. The programme now funds pilot projects, managed by "Local Action Groups". Such projects will be integrated territorial

rural strategies, based on bottom-up participation.[1] This approach sets a useful example for institutions such as SADC and NEPAD.

Cross-border development is not always easy. Areas on different sides of a border are often subject to different fiscal and regulatory regimes (Pezzini 2001: 141). Increasingly, the solution is seen as "co-operation between communities and the creation of horizontal partnerships between public and private actors over areas sufficiently large to define coherent, common strategies" (Pezzini 2001: 141).

6.   What should Governments do: Creating "framework conditions"

The lesson for policy makers is that they need to build on and support existing enterprise initiatives (Neergaard and Ulhoi 2006). The existence of universal and impartial political institutions together with public policies which enhance social and economic equality creates social capital (Rothstein 2005). The state plays a major role in creating "trustworthy" environments, which allow market players to develop new rules of the game (Radaev 2005).

Governments should assist their rural regions to determine their competitive advantages, and to promote and commercialise their natural and cultural assets through recreation, tourism, and enterprise relocations for quality-of-life reasons (Pezzini 2001: 144). Rural regions should be branced based on local identity and market niches, by linking products to places.

Governments should also finding new ways of providing public services in rural areas, such as service centers, telemedicine, and distance learning, sometimes using new communications technologies (Pezzini 2001: 145).

Another useful service is to promote the flow of information about rural development activities, and their results, especially about "good practice". Promoting monitoring, evaluation and other research activities would be a key aspect of government assistance (Pezzini 2001: 143).

Specific measures to promote cross-border collaboration include (Smallbone *et al* 2007: 160-7):
- Introducing measures to raise awareness of the opportunities presented by cross-border partnerships among enterprises, e.g. by organising study tours and exchange visits
- Establishing cross-border partnership search facilities, to identify suitable partners for firms
- Fostering business-to-business contacts through joint events and distributing information
- Increasing the international networking capacity of business associations
- Establishing cross-border partnership support programmes
- Promoting business support networks in border regions, to provide information, advice and training to small companies
- Planning joint infrastructure (e.g. roads, airports)

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[1]   http://ec.europa.eu/agriculture/rur/leader2/rural-en/biblio/coop/art02.htm.

- Promoting regional branding.

In particular, the EU encourages the creation of packages of co-ordinated measures to develop the economy of lagging rural regions. This includes efforts to promote the quality of the business environment, building social or human capital, or providing relevant infrastructure. Instead of simply paying over subsidies to producers, the new approach involves a focus on creating quasi-public goods and "framework" conditions, which support enterprises indirectly (Pezzini 2001: 141). New approaches would be to promote investment in human and social capital; diversification of economic activity; providing key infrastructure; promoting technological diffusion; and promoting innovation and networks of knowledge and expertise (Pezzini 2001:144).

There also needs to be an increased focus on the appropriate governance structures for entrepreneurship development. This includes the creation of a business support infrastructure to promote new and small enterprises (Smallbone *et al* 2007: 130). South Africa is no exception to this, although the implementation of such business support programmes is still at an early stage.

7.   Regional learning

Smallbone *et al* (2007: 87) note that little is known about organisational learning, involving enterprises or institutions, in a cross-border context. We need to understand the role of knowledge and learning for organisational change and business success. In the context of cross-border co-operation, collaborative know-how and experience are both important for successful inter-organisational learning (2007: 89, following Simonin 1997). "Institutions that encourage alertness to, or awareness of, previously unknown knowledge have a potentially important role … Entrepreneurship development requires a bundle of social capabilities, in terms of institutions and policies, which will support the acquisition and diffusion of information and knowledge that are indispensable for entrepreneurship to develop" (Smallbone *et al* 2007: 150).

To promote cross-border collaboration, a range of new concepts need to be put on the table. A crucial factor is the *"absorptive capacity"* of an organisation or a group of organisations – that is, its ability to recognise the value of new, external knowledge, assimilate it, and apply it to commercial ends (Smallbone *et al*, 2007: 93, following Cohen and Levinthal 1990. Another valuable feature is *relational capital*[2], i.e. the level of mutual trust, respect and friendship that arises out of close interactions between alliance partners (Smallbone *et al,* 2007: 94, following Kale *et al* 2000). This, in turn, is influenced by the quantity and quality of knowledge transfer between partners, and the partners' willingness to be transparent to each other (Inkpen 2000; Janowicz and Noorderhaven 2002). The development of trust can lower transaction costs, facilitate inter-organisational relationships (Doney *et al*, 1998). A common history, common experiences, and shared codes of conduct may foster spatially clustered business systems (Humphrey and Schmitz 1998). Informal institutions (such as conventions and social and moral norms) promote trust (Raiser 1997).

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[2]   "Relational capital" can be distinguished from "social capital". The latter tends to refer to organisational life (e.g. within a family or NGO), whereas "relational capital" highlights the relationships and networks between organisations. But the two concepts do tend to overlap.

8.   The Karoo as an incipient developmental region

Internationally, development planners realize that problems and economic development transcend artificial political boundaries. Natural resource management, regional business clusters, tourism and infrastructure development often have to be synchronized amongst provinces or nations. But with the exception of transfrontier game parks, this kind of thinking has hardly surfaced in South Africa.

There are three official guidelines for development planning in South Africa. The first is the National Spatial Development Perspective (NSDP), which guides spatial planning throughout the country. The NSDP prioritises "areas with economic potential. From the standpoint of the NSDP, the government must ensure that people are equipped to take up new opportunities and "see to it that there is adequate investment in areas of economic expansion". This approach implies, explicitly, that urbanisation and concentration of people will be encouraged and reinforced (Western Cape 2006:43).

The second guideline is the official requirement that provincial governments draft Provincial Growth and Development Strategies. These approaches will be discussed in more detail below. The third guideline is the requirement that all district and local municipalities need to compile "Integrated Development Plans". These plans are "integrated", in the sense that they provide a high-level guideline for the entire jurisdiction of municipalities (including rural and urban areas), as well as a whole range of sectoral priorities.

One problem with this planning system is that there is no requirement, incentive or even suggestion that provincial governments collaborate with one another – even in cases where their are evident similarities in their provincial economies or ecological biomes. The idea of inter-jurisdictional collaboration has developed little further than an exhortation for municipalities to collaborate with one another – but there is, as yet, no hint that this could or should cross provincial boundaries:

> "While the focus in this document is on districts and metros, the conception of a region as comprising a wider set of economic connections and institutional obligations recognises that regions could be defined in a way that may embody *a number of districts and metros* such as in the case of the Gauteng Global City Region or a coherent region may exist *within a district or metropolitan area*" (Mohamed 2006:3, italics added).

In this section, the provincial Strategies of the four Karoo provinces are examined. In terms of national requirements, all South Africa's nine provinces are required to draft a Provincial Growth and Development Strategy (PGDS). The four Karoo provinces are the Western Cape, situated at the tip of Africa; the Eastern Cape, on the Indian Ocean; the Western Cape, on the Atlantic Coast, and the land-locked Free State. These strategies were all compiled between 2004 and 2006, and are therefore fairly recent documents which are intended to guide provincial spatial development.

9.1   Western Cape

The Western Cape is one of South Africa's most prosperous provinces. The Provincial Growth and Development Strategy of the Western Cape is also the most lengthy and theoretically informed of the four strategies under review. We therefore provide a

disproportionately lengthy summary of its recommendations. This document contains several interesting new approaches, and is one of the more innovative provincial strategies. Its implications for the Karoo therefore deserve to be investigated in some detail.

IKapa Elihlumayo ("the Growing Cape"), as the Western Cape's Provincial Growth and Development Strategy is called, provides the framework for the future development of the Western Cape. The Mission statement focuses on building social capital, building human capital and enhanced economic participation and growth in partnership with all stakeholders. It recognises that these objectives can only be achieved through good governance and integrated governance with sustainable use of resources and the environment. While certain criticisms are made of the arguments in the Strategy, they are extremely useful to begin a broader debate about development in the Karoo.

The PGDS recognises that the provincial government is a very important developmental player, due to its function of public expenditure in the health, welfare and education sectors, and because it is able to identify regional development nodes or concentration points (Western Cape 2006: 11). As such, therefore, it can play a major role in redefining the spatial economy of the province, including "the organisation of demographics and human settlements, the economic, social and environmental trends and the juxtaposition or relative location of residential, industrial/retail and recreational areas" (Western Cape 2006:21).

The PGDS observes that 90% of the Western Cape's population is urban. "Almost everyone lives in a city or town, whether in a rural or urban setting". According to the PGDS, "Even in the Province's most highly impoverished Karoo District, more than half of the population is urbanised [living in rural towns], making poverty a characteristic of the economically marginalised hinterland rather than of rurality" (Western Cape 2006: 28). For the PGDS, the key spatial entities are cities and towns, not farmland, because of the low population density of its agricultural areas.

There are curious tensions in the Western Cape PGDS, reflecting a fundamental ambivalence towards the Karoo. Even though the Karoo District is acknowledged to be the poorest district, it maintains that "the cities are where the poor live and the rural areas are home to many of the wealthy" (Western Cape 2006:28). This statement underplays the fact that the Karoo towns have many extremely poor people, while Western Cape cities have extremely wealthy neighbourhoods and phenomenally expensive land values. However, it does reflect the fact that there have been high rates of out-migration of poor people from the rural towns to the cities.

Implicitly, the PGDS is aware of the dangers of uncontrolled expansion of the urban centres on the coast. Environmental management of the cities faces the problem of unrestrained urban sprawl and global climate change, particularly in respect of water and energy use, and biodiversity protection. Spatial patterns of development associated with overconsumption and social exclusion have driven a pattern of unsustainable development (Western Cape 2006:31). Four out of five Western Cape residents live in the Cape Town Functional Region (Western Cape 2006: 42). Significantly, however, "spatially balanced economic growth" is not listed as a key goal. The PGDS does set out to "reconfigure spatial relations and [to implement] spatial priorities to enhance regional performance" (Western Cape 2006:36). But the significance of this for the Karoo remains unclear.

The ambivalence in the PGDS is expressed in other ways. For example, there are at least four somewhat contradictory statements regarding population trends in the Karoo (Western Cape 2006:37):

- "Out-migration in the Karoo and Central Karoo are rated 27th and 34th respectively out of 34 municipalities experiencing the highest out-migration of population between 2001-6 in the country"

- "*Except for shifts towards towns*, most localities outside of metro areas experienced net decline in population due to out-migration, declining fertility and increasing HIV/AIDS" (italics added) . The import of this confusing statement is not clear. Does this mean that the towns do not experience a net decline in population? Is the migration towards these towns cancelled out by out-migration and increased mortality?

- "All Western Cape district and metro municipalities experienced a net in-migration of people with focused migration towards either the strong metro area or secondary Southern Cape node". It suggests that the Karoo's high rate of out-migration, referred to above, is actually matched by in-migration. This may well be the case, as there is a high rate of migration of black and coloured people into the Western Cape from the poorer Eastern Cape and Northern Cape (Eigelaar-Meets and Bekker n.d.). In fact, the population of the Central Karoo District Municipality actually *increased* by 1.85% between 2001-2006 (Western Cape 2006a:3). But this phenomenon of in-migration does not receive any attention in the PGDS.

- According to the PGDS, "The geographically large hinterland is characterised by a number of functional areas with a low population living in small towns and rural areas. It comprises economically declining settlements in the interior, subject to a process of de-urbanisation. Many of these dry settlements are in ecologically fragile parts of the Karoo" (Western Cape 2006: 42). It is not clear what "de-urbanisation" means in this context. Does it refer to a *process of out-migration from the towns*, or a phenomenon of *net* out-migration from the Karoo region? Do Karoo towns experience an influx as well as an efflux? The fact that the PGDS is unclear on this issue is not surprising, because there simply has not been much research showing which people are moving out of the Karoo, and which people are moving in. The Censuses do not reveal migration patterns; it only records absolute population levels.

Reading the PGDS, it is simply not clear whether the Karoo area experiences a net out-migration, or whether there are population flows from the farms to the Karoo towns, and from other provinces to the Karoo, and whether this in-migration to Karoo towns is greater than the migration away from Karoo towns. How can we explain this rhetorical vacillation? Why is there this eagerness to over-emphasise out-migration from the Karoo, and to under-emphasise in-migration? The underlying rationale for this bias is that the Western Cape planners want to superimpose a view of the Karoo as an area with extremely limited developmental potential – an area where people want to migrate *from*. This bias is directly influenced by the NSDP. Provincial planners are, in effect, required to argue that certain areas are "without economic potential", and that migration from these areas should be encouraged. In fact, what these comments ignore, is that small towns in the Karoo are in fact

growing rapidly, due to in-migration of farm workers and Xhosa-speaking people from the Eastern Cape.

This has some political significance. If the Karoo towns can be shown to have an increasing number of poor people, then this would enhance its claim for public resources. On the other hand, if the general direction of migration is away from Karoo towns, then it would suggest that public investment should rather be focused on the coastal city areas. A third possibility is that at least some Karoo towns are experiencing an in-migration of wealthy people from the cities (a phenomenon known as "reverse migration"), which would suggest that its economic base may be expanding. This possibility is not mentioned in the PGDS at all.

The PGDS identifies several well-resourced "leader towns", which show exceptionally high growth potential, relatively high levels of human need, and which can play a critical supportive role to develop the surrounding towns and settlements (Western Cape 2006:38). The only Karoo town identified as a "leader town" is Beaufort West. This suggests that, with the exception of Beaufort West, the Karoo is regarded as an economic backwater.

The logic of the PGDS is challenged by some interesting facts. The economy of the Central Karoo District grew by 4.2% per annum between 1995 and 2004, making it one of the Western Cape's fastest growing economies, albeit from a very low base (Western Cape 2006a:3). Interestingly, two other Karoo towns out-performed Beaufort West. Between 1995 and 2004, Prince Albert's annual growth rate was 7.8% per annum, while Laingsburg's was 4.8%. Beaufort West achieved a growth rate of 3% over this period (Western Cape 2006a:4). The same discrepancy between a provincial strategy and the statistical growth rates of Karoo towns will be found in the Free State Strategy.

The PGDS suggests that "The Province's development strategy must reflect and capitalise on its *largely urban character* of settlement while making sure that *natural and rural areas are protected and effectively integrated* into the larger provincial spatial economy". (Western Cape 2006:41). But with regards to the Karoo, this goal of integrating rural with urban areas remains weakly conceptualized. There are no clear statements regarding the interaction of rural areas and towns or cities – with the exception of the migration patterns noted earlier. But it is never clear whether such city-ward migration patterns should be encouraged, tolerated or discouraged. On balance, it appears that the PGDS seems to believe that these city-directed migration patterns should be accepted fatalistically.

The PGDS has a strong focus on *equity*: "Equity, empowerment and environmental concerns are not just given equal weight to economic imperatives, but they are seen as a necessary part of the economic imperative … Equity will be ensured by securing basic human rights, ensuring access to a minimum standard of basic and social services, protecting the public good (e.g. safe communities and public space) and enhancing access to economic opportunities and assets" (Western Cape 2006:29). Given this focus, the issue of *spatial* equity and balance assumes some importance. But its understanding of equity appears to be understood primarily at an *inter-personal or inter-class level* (equity between rich and poor), rather than distributing economic growth equitably *throughout the province.*

The PGDS has a clear spatial bias. It states that Cape Town and the Cape Town Functional Area "are the clear priority for economic investment together with development opportunities in the Saldanha-Vredenburg and Southern Cape regional motors and the development and transport corridors that link them" (Western Cape 2006:43). This implies that development

will become even *further* concentrated in spatial areas of current economic advantage in future. This suggests that public investment will enforce current unbalanced growth. This has major consequences for areas that are regarded as lacking in economic potential.

Following the lead of the NSDP, the Western Cape Strategy refers to areas with "no economic potential" (Western Cape 2006:43).   By implication, these are the towns which are *not* leader towns, as well as the agricultural areas. In these areas, people should not be offered "false incentives" (e.g. housing) to remain in declining areas with no economic potential. The PGDS makes it quite clear: "Infrastructure investments will only be approved by Cabinet as *iKapa Elihlumayo* lead interventions if they are shown to be financially and environmentally sustainable, and *situated in appropriate locations (areas of growth potential)*" (Western Cape 2006:88).   It therefore becomes extremely important how "economic potential" is defined and understood.

Presumably, the migrants who leave these towns will move to the coastal settlements, to add to the already intense population pressure, the vast and socially dislocated dormitory townships, and the already formidable ranks of the urban unemployed. It is presumably these urban communities which are referred to as the "blighted communities" (Western Cape 2006: 70), who will need all kinds of interventions to "foster social tolerance and build powerful local place-based identities".

In terms of the structure of the regional spatial economy, the strategy refers to the challenge of the "declining rural hinterland", and "settlement investment in leader towns" (Western Cape 2006: 46). As far as the Karoo is concerned, this means that Beaufort West (defined as the only leader town in the Karoo) will receive infrastructural investment, whereas the rural areas and other towns will not.

The planners state that "*iKapa Elihlumayo* does not advocate prioritizing metropolitan development at the expense of the hinterland or the city at the expense of the districts" (Western Cape 2006:45). The Strategy also states that it "promotes focusing infrastructure investment and developmental spend *on areas of growth potential* which span the length and breadth of the Province". At first glance, this gives the impression of equitable development – but a careful reading shows that it actually only refers to areas of growth potential. But the Plan then refers to "areas of low or limited economic potential", where "Government must still support and guide investment activity to improve and/or maintain the quality of life… through *basic service provision and human capital development* while enhancing the places that make the biggest contribution to tax incomes, job creation and poverty alleviation". In effect, innovative investments will take place in areas that already have economic potential, and this will encourage people to leave the areas of low potential.

Spatially, the development strategy promotes the growth opportunities in the Cape Town Functional Region, facilitating the emergence of a strong integrated secondary urban system around George, Knysna and Plettenberg Bay, controlling the strip development along the southern and west coasts, and *managing depopulation of the hinterland*. The continued depopulation of the hinterland is apparently accepted as a given.

The PGDS suggests that, in these remote settlements, environmental protection, sustainable agriculture and ecotourism are "more readily achieved without large-scale infrastructural investments, but there is an imperative to secure adequate investment in the people who live there" (Western Cape 2006:43).   This statement curiously implies that environmental

protection, agriculture and ecotourism may be important, but that they will function *better* without infrastructural investments. The PGDS appears to suggest that towns in arid areas are relatively lacking in potential, and that infrastructural expenditure should not be directed there. In fact, a counter-argument can be made: These goals may well require significant infrastructure, particularly in terms of road maintenance.

Instead, according to the PGDS, "investment in people" should take place, presumably in terms of education, skills training and health. However, the practical result may well be that such "investment in people" encourages residents to leave, particularly because there is no commensurate investment in infrastructure. In effect, then, such a policy would intensify "de-urbanisation" and out-migration, and thus would reinforce the unbalanced spatial distribution of the province. It is not clear whether the PGDS has considered this possible series of consequences; or in fact, whether it may not actually believe that it should be promoted or encouraged.

The PGDS remains highly ambiguous about the developmental potential of the Karoo and Little Karoo. It does not recognise some of the advantages of these towns, which may have a bearing on the province's developmental challenges. There are potential and latent advantages in these towns, which would accord with some of the developmental principles in the PGDS. The list of Strategic Outcomes in the PGDS makes no mention of spatial balance or spatially equitable growth as a desirable policy outcome (Western Cape 2006: 78).

Nevertheless, it is significant that some of the strategic outcomes which are mentioned, may indeed be promoted if a small towns focus were to be adopted. For example, the PGDS mentions the following broad aims:

- "Broadening economic participation through targeted skills development and higher rates of human, infrastructural and financial investment"

- "Effective public and non-motorised transport that provide access to all citizens of the Province, especially the poor and those disconnected from opportunities"

- "Liveable communities that foster/nurture the well-being of all residents (consistent with the ideals of sustainable human settlements"

- "Resilient and creative communities that are interconnected through webs of social solidarity (bridging social capital)"

- The "path-breaking action of integrated transport", which is the "core action required in the short-term to fundamentally shift the development path of the Western Cape" (Western Cape 2006: 82)

- The "path-shaping interventions", listing six ASGISA infrastructure and skills-led growth opportunities, includes tourism and creative industries. (Western Cape 2006:82).

All these goals could be promoted by maximising the potential contribution of small towns to these strategic outcomes is not explored. But sadly, this is never explored in the PGDS. It is well known that training in tourism and agriculture may have a significant employment impact on small towns. Transport issues in small towns are usually less problematic, and

town centres usually offer easy access to residents. Small towns have much better prospects to be liveable communities than large slums where migrant, uprooted, destitute and unemployed people congregate. Small towns have established social institutions (churches, sports clubs, cultural societies, and choirs, for example) that provide a social foundation to those communities. And the significant tourism potential of "South Africa's outback" has not been examined at all. This can have a major significance for scenic towns such as Prince Albert, Beaufort West, Murraysburg and Merweville. The focus on transport may have significant implications for those Karoo towns situated on the main northern railway line and national north-south highway – in particular, Beaufort West, Laingsburg and even Leeu-Gamka. These towns could become light industrial nodes, with easy access to rail transport. This would enhance the "linkages to global, regional and national economies", and "urban and rural efficiency", which are also contemplated as part of the integrated transport rationale (Western Cape 2006:84).

Yet the Strategy shows some awareness that all is not well with the dominant spatial priorities. It refers to the "increasing economic dominance of the CTFR [Cape Town Functional Region], and the problem of managing urban-rural tensions" (Western Cape 2006:62) – a problem which is not further analysed. Enigmatically, the PGDS refers to the problem of "urban spatial concentration of economic growth potential", as if there is an inkling that such spatial concentration should be diluted (Western Cape 2006:63). However, this insight is never developed further in the Strategy.

As far as the challenges faced by the cities, the PGDS mentions some key challenges (Western Cape 2006:43): The ecological and climate imperatives, the imperatives of public transport and bulk infrastructure, and urban restructuring and spatial integration. These imperatives understate the challenges of the large urban areas. They already have a heavy ecological footprint (in terms of urban sprawl, destruction of indigenous *fynbos* and water use); and they require major investments in terms of public transport. The PGDS maintains that "there is an urgent need to tackle major problems of urbanisation and human settlement". However, these are not seen as problems of urban concentration *per se,* but problems "in the light of their relationship to deprivation and social exclusion" (Western Cape 2006: 44). Once again, the underlying assumption is that migration from the arid hinterland to the cities should be tolerated, and even encouraged.

The PGDS refers to the "need to tackle major problems of urbanisation", but it appears to accept urbanisation as a continued and irreversible trend – the only way to tackle it is therefore to address the problems on the receiving end. As the Strategy later notes, fatalistically: "Where the sectors of the economy are strong and growing, the region will flourish and visa versa: Where sectors decline, unemployment and out-migration increase, leaving the least mobile and vulnerable behind" (Western Cape 2006: 60). Apparently, then, the Karoo towns (with the exception of Beaufort West), will become populated by the unemployable and those who are too poor to move.

Ultimately, the Strategy is not clear on whether the out-migration from Karoo towns (which apparently lack economic potential) should be considered fatalistically, as a normal (albeit regrettable) fact of life, which should be managed as best as possible; or as an opportunity for getting people to move from an economic backwater to the areas of economic advantage. There is also a third possibility, which is definitely not contemplated in the PGDS - that the out-migration of people from the Karoo should be seen as a problem to be reversed, by

boosting the economies of these towns, and by enhancing their status as agricultural and retail service delivery centres.

Nevertheless, there are tantalizing hints in the PGDS, that the outlook for the Karoo is not totally bleak. The PGDS proposes that one of the tasks of the Premier's Co-ordinating Forum (PCF) is "regional strategic financial technical support for the three major subregions (Cape Town Functional Region, the Coastal Region and the Hinterland). This is the first mention in the PGDS (on page 96) of the "Hinterland" as a coherent spatial entity. It is defined as "low density agricultural and protected natural areas and small towns". It is not clear what "low density" actually means – it may exclude the wine- and wheat-growing regions of the Boland and the Swartland, which are more intensely cultivated, with higher levels of agricultural employment, than is the Karoo. Yet this is the first suggestion that the Hinterland requires or deserves any strategic financial or technical support; the rest of the PGDS tends to favour the CTFR and the Coastal Region. But there is also no suggestion in the PGDS as to what issues should be tackled by such financial and technical support to the Hinterland – this presumably remains to be debated in future.

It is interesting to note that, in practice, the Western Cape has put the most far-reaching Karoo initiatives in place, when compared to the other Karoo provinces. Projects such as the Beaufort West hydroponics project, the Red Door small business support system, the "Library Corners" which assist small businesses, land reform, environmental planning, and support for emergent farmers, show that the logic of the NSDP is not followed consistently in practice. In fact, the Western Cape Tourism Strategy has been overhauled to include a stronger focus on the Karoo. These initiatives suggest that the NSDP is implicitly considered to be fairly irrelevant to development of the Karoo.

9.2   Eastern Cape

The PGDP's vision is " to make the Eastern Cape a compelling place to live, work and invest in" (Eastern Cape n.d).[3]

The Eastern Cape PGDP targets manufacture, agriculture (including agro-processing) and tourism (including ecotourism) as key components of their growth strategy. Implicitly, these priorities have great significance for the Karoo, although this is not elaborated on. Agriculture and tourism have major significance for the Karoo. Agricultural value-added grew by a massive 60% in the province, between 1998 and 2001, which suggests that a focus on agriculture and agro-processing is not misplaced. However, the main focus is placed on agriculture in the eastern part of the province, where there are thousands of resource-poor small-scale black farmers operating at a level below their full potential, and where poverty is rife. Tourism also a potentially key sector, but again, the PGDP places its major emphasis on the Wild Coast and the rich Xhosa heritage of the eastern parts of the province.

The PGDP is explicitly focused on reducing poverty, and since the most widespread poverty is found in the eastern parts of the province (the former homelands), this area receives the most attention in the PGDP. It aims to boost the "second economy" and to link it with the "first economy". The PGDP's comments on "agrarian transformation" and promoting tourism

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[3]   The Eastern Cape Provincial Growth and Development Strategy does not have page numbers.

are potentially relevant to the Karoo, but the linkages are not explicitly drawn. In fact, very little mention is made of the arid hinterland as such.

The Provincial Growth and Development Plan (PGDP) also follows the National Spatial Development Perspective (NSDP) in arguing that "resources should be invested optimally and areas of development potential are promoted in a sustainable manner". Ultimately, the PSDP will identify key nodes and zones of potential where development should be encouraged. Public investment will be used to "crowd in" private sector investment in areas of high potential. The current PSDP lists nine key towns in the Cacadu District, but because the Plan is currently being revised - according to the philosophy of the NSDP – no more detail is provided.

But in general, the PGDP regards the Karoo area in the western part of the province is described as a "developed commercial farming sector", which contrasts with the "floundering subsistence agricultural sector" in the eastern parts. Significantly, Cacadu District, which includes the Eastern Cape Karoo, has the *lowest* percentage of unemployed people of all the districts, with an unemployment rate of 35.4% - compared to all the other DMs with unemployment rates of over 50%. In contrast to the Western Cape Karoo in the Western Cape, which is regarded as an economic backwater, the Eastern Cape Karoo is regarded as an area of privilege.

This relative advantage of the Eastern Cape Karoo is shown by its poverty levels, in comparison with the rest of the province. Poverty levels are generally high in the Eastern Cape Province, with a staggering 42% of the population having no education whatsoever. Cacadu is one of the few districts which has shown a decline between 1996 and 2001, in the number of people reporting no schooling. About 47% of people in Cacadu District live in poverty (2001 figures), which is high, but it is also significantly lower than the 82% in OR Tambo District or 80% in Alfred Nzo District. Cacadu District also has the lowest prevalence rate of HIV/AIDS (at 16%, compared to 26% in Alfred Nzo District). Household water provision in Cacadu District is at a fairly high level (74% of households have piped water, compared to only 36% in the Amatole District. Levels of sanitation are also high (51% of the population have flush toilets, compared to only 2% in Alfred Nzo District). A large proportion (71%) of households have electricity, compared to only 23% in Alfred Nzo District. Cacadu DM has the highest percentage of brick housing (70% of households), compared to 15% in Alfred Nzo District. Cacadu also has a fairly high level of household telephone connections (13%).

Given that the Karoo is regarded, in effect, as a fairly privileged area, the Eastern Cape has not put concerted effort into development in this region. Karoo economic development initiatives are taking place tend to be driven either by national level (such as the Small Enterprise Development Agency programme), or by international donors (such as the Thina Sinako Fund for small business). The key focus remains on the underdeveloped eastern hinterland of the province.

9.3   Northern Cape

The *Provincial Growth and Development Strategy 2004-201* (Northern Cape n.d.) does not break down data to district level. But it contains many recommendations that are relevant to the three key districts in the arid areas: Pixley ka Seme District (headquarters in De Aar),

Siyanda District (headquarters in Upington) and Namaqua District (HQ in Springbok). Its focus on mining (and minerals beneficiation), agriculture (and agro-processing), tourism and mariculture is relevant for all three districts.

As far as agriculture is concerned, the PGDS favours the development of a series of commodity strategies, agro-processing and value-adding, and research and technology development (Northern Cape n.d.:30-31). The importance of game farming is particularly highlighted.

In the case of tourism, the Strategy maintains that the remote areas with natural resources can be employed to lever capital investments in productive tourism capacity (Northern Cape n.d.: 44). A distinctive provincial brand needs to be developed, and strong tourism clusters should be established. The natural attractions of the province include several game reserves in the arid areas: The Kgalagadi Transfrontier Park, the Ai Ais-Richtersveld Transfontier Park, the Bushmanland Conservation Initiative, and the expanded Namaqua National Park (Northern Cape n.d.:84).

Other strategic interventions include promoting an efficient transport system, improving road maintenance, establishing additional air links to the province, promoting information and communications technology to overcome the barriers of remoteness in the province.

The Northern Cape has a much more spatially balanced development strategy than the other Karoo provinces. The PGDS recommended the following spatial strategy (Northern Cape n.d.:32):

- A key growth centre is located in the Kimberley-Postmasburg sub-region
- Emerging growth centres are located around Upington (agriculture) and Springbok (mining)
- To counter the erosion of the economic base of small towns, Local Economic Development strategies will be designed for grass-roots development, small business development and service provision
- To create sustainable land reform projects, there will be a focus on LED, integration and linkages with the surrounding economy, and service provision.
- Four development corridors have been identified: the Namaqua corridor, the Karoo corridor, the Diamondfield-Kalahari corridor, and the Orange River basin.

9.4   Free State

The Free State Strategy assesses the trends and options in the provincial economy. It suggests four sectoral economic areas (agriculture, tourism, manufacturing and transport) for the Free State, as well as four drivers (infrastructure development, SMME development, human resource development and creating an enabling environment) by means of which these sectors will be grown. A fairly detailed rationale is provided also based on the sectors in which government initiatives could foster growth.

In line with the guidelines of the NSDP, the economic potential of the Free State has been outlined for the Free State (.[4] The Xhariep District and all the urban settlements (with the exception of Koffiefontein) are categorised as areas of limited economic potential.

Yet the Strategy fails to take into account that some of the arid areas in the southern Free State have enjoyed above-average growth, between 1996 and 2004. Jacobsdal (growth of 109% from a very small base and largely driven through manufacturing linked to agro-processing); and Jagersfontein (growth of 102% from a very small base and fuelled mostly through public service delivery).

The Free State Growth and Development Strategy outlines key projects to initiate growth and development in the Free State. In the Strategy, the Xhariep District in the arid south is only mentioned once as a site for a project (the Lake !Gariep Project), compared to 54 other projects which are located elsewhere in the province.

The Free State Growth and Development Strategy strongly applies the principles of the NSDP to the Free State, with a primary focus on "areas with economic potential". Effectively, the result shows that current economic activity is dominated by Bloemfontein, Sasolburg and Welkom. The basic picture portrayed above does not differ much from the national picture, where the majority of the areas with economic potential are also the areas with need.

The southern Free State is regarded in the Strategy as an area of limited economic potential.

10.   Where to for the Karoo?

The overview of provincial strategies, in the previous section, suggests a number of pathologies as well as potentials. Some of the provincial strategies are deeply problematic. The Western Cape's PGDP has a deeply ambiguous attitude to the Karoo. It generally regards the Karoo as an economic backwater, from which more people will (or should) migrate, in the direction of the coastal cities and towns. It offers no concrete ideas for development in the Karoo, or how towns and hinterlands can be integrated. In fact, it proposes reasons why investments should be directed away from rural areas. Its pro-urban bias is explicit, despite its awareness that the coastal cities are becoming unsutainable. These ideas are directly drawn from the NSDP. The PGDS makes no mention of spatial balance or spatially equitable growth as a desirable policy outcome.

The Eastern Cape focuses almost all its developmental effort on the traditional or tribal areas in the east of the province, as well as the coastal cities. The Free State provides little substantive indication of any economic development that can take place in the arid south. It is only the Northern Cape, with its vast expanse of arid areas, and its relatively small urban centres, that provides creative suggestions for development in the Karoo.

Like many regions in Europe, the Karoo is experiencing an implicit conflict between regional and city-regional identities, as described by Deas and Giordano 2003: 241). In effect, the Karoo has to compete with the cities for policy attention and financial resources.

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[4]   Free State Provincial Government, *Free State Growth and Development Strategy, Bloemfontein*, 2006.

Furthermore, the Karoo as region comes into conflict with provincial boundaries and provincial governments' agendas.

A question is the developmental potential of the Karoo. The Karoo should be regarded holistically, and be planned and promoted in an integrated way. This could include several distinct initiatives. All these initiatives require extensive co-operation amongst the "Karoo provinces. Provincial and district strategies should be co-ordinated. New types of economic opportunities may emerge, with a spatial "critical mass".

1. The staple economic sectors of the Karoo, viz. wool and mutton need to be analysed (in terms of production and marketing trends), so that the maximum output and benefit can be gained from these sectors. The Karoo provinces should collaborate to undertake value-adding processing to wool and mutton

2. Niche tourism markets need to be developed, particularly "desert tourism", small-town tourism, agri-tourism, eco-tourism, dam- and river-based tourism, and indigenous culture. Marketing should be aimed at domestic tourists (escaping the large cities) as well as foreign tourists (exploring remote and desert areas). The Karoo provinces should collaborate to build up a data-base of tourism attractions, and launching a combined "desert" marketing strategy. "Route tourism" can be promoted,. to link Karoo towns, on specific themes (e.g. Khoi/San paintings, agri-tourism, or game breeding)

3. Niche agricultural markets should be identified and promoted, particularly "desert crops", including indigenous and exotic crops (examples are hoodia, buchu, agave, olives, pomegranates, figs, and prickly pears). The provinces should collaborate to to develop a critical mass of production with regards to new, high-value niche agricultural products, particularly for the export market.

4. Environmental conservation areas should be promoted. Development in these areas should be sensitive towards these natural features.

5. Appropriate spatial planning for small towns should be done, to encourage local business development, agricultural processing (such as abattoirs), and peri-urban agriculture. These towns should be developed with social services in support of those areas where growth will be experienced. It is therefore proposed that attention should be paid to education, health and social infrastructure in these services centres so that the quality of life of people staying there can be improved, and necessary skills be obtained. Virtually all small towns can be identified as services centres.

6. Appropriate modes of transport need to be developed between the larger towns of the Karoo, including Koffiefontein, De Aar, Calvinia, Beaufort West and Graaff-Reinet. This could include scheduled light air-craft flights between regional capitals (such as Bloemfontein and Kimberley) and urban centres in the Karoo (such as Koffiefontein, Zastron, De Aar and Beaufort West). Road maintenance schedules should be co-ordinated across provincial borders.

7. The Orange River should be promoted holistically, as a partnership between the Free State, Northern Cape and Eastern Cape. This should include agriculture, tourism, water management and land reform.

8. Joint projects should be promoted, such as the Lake Xhariep Project (a collaborative venture between the Free State, Northern Cape and Eastern Cape), and transfrontier parks (between SA, Namibia and Botswana).

9. Uranium prospecting in the Karoo should be fast-tracked, to add to the incipient uranium investments in the Beaufort West area.

10. The provinces should collaborate to promote railway heritage tourism across provincial boundaries.

11. The provision of social services (mainly health and education) should be co-ordinated across provincial borders, to encourage residents of Karoo towns to support the economies of other Karoo towns, and to minimize the loss of purchasing power to the larger centres (Bloemfontein and Kimberley).

12. Public and private agencies should co-ordinate a campaign to attract city dwellers to relocate to small towns, to increase the local reserves of capital, skills and entrepreneurship.

Conclusion

The international literature shows how current and credible is international thinking on "soft boundaries" and cross-border rural developments. Increasingly, development planners realize that problems and economic development transcend artificial political boundaries. Natural resource management, regional business clusters, tourism and infrastructure development often have to be synchronized amongst provinces or nations. With the exception of transfrontier game parks, this kind of thinking has hardly surfaced in South Africa.

We need to investigate the potential of for business clusters and development regions to be created, based on comparative advantages. In South Africa, the question of comparative advantage has never even been raised with regards to the arid areas – despite their potential with regards to desert tourism and niche desert agricultural commodities. The only real drivers of economic development in the arid areas have, thus far, been mutton, wool and mining – sectors which have shown cyclical upwards and downwards movements. There is a whole host of other possible commodities (such as angora goats, olives, pomegranates, prickly pears, *aloe ferox*, and *hoodia)* which do well in desert conditions. There is also a renewed international market for desert tourism, as the success of tourism in the Namib Desert and the Australian Outback suggest.

The literature suggests the importance of appropriate governance arrangements for future regional initiatives. National, provincial and municipal governments can play an important role in promoting local investment, encouraging local branding, investing in shared infrastructure, and providing business support. However, the literature also shows that regional governance can be complex, and it requires institutional capacity to be build.

The integrated development of the Greater Karoo is an idea whose merits are obvious. The Karoo regions share many characteristics, problems and economic opportunities. The international literature can play a very useful role in alerting us to these opportunities, and to guiding us to make the best of them. At present, the "Greater Karoo" is still a geographic term; with the right kind of investment, it can become the hallmark of brand of a development region.

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