

**CRAFT SECOND PAPER**

**Policy Recommendations and Interventions**

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## EXECUTIVE SUMMARY

### Purpose and Methodology

The purpose of this document is to recommend priority interventions in the crafts sector at a provincial level, in particular within the mandate of the Department of Economic Development and Tourism. The proposed interventions were developed through a gap assessment of current interventions and role player consultation.

### Vision for the Western Cape Crafts Sector

The following draft vision has been developed:

*By 2014, the Western Cape crafts sector will be made up of **professional commercial manufacturing enterprises** using hand-techniques as a primary part of their production process, **exceptionally skilled master crafters** and **supportive intermediaries and retailers** that work both independently and collaboratively to produce, retail and export **high quality product with diverse design styles** that draw on both contemporary influences and a multicultural heritage. Crafters within the province will have established themselves as **leaders in the mid- to high-end markets for homeware** (in particular home textiles, furnishings and ceramics) and **fashion accessories** (in particular jewellery), with a resultant growth in production volumes, market share and employment. Markets successfully served will include **mainstream domestic retail**, the **Craft Art tourist market through galleries and curio outlets**, **corporate and government procurement**, as well as **exports to boutique stores, galleries and high-end department stores** in key markets such as Europe and the United States.*

*All this will have been achieved in a way that promotes **socio-economic goals** of the province such as longer **enterprise life spans**, **fair trade** principles, broad-based **black economic empowerment**, equitable **participation by women**, greater **spatial equity**, as well as greater **quality of life** derived through innovative products, and improved quality of jobs. Talented individuals operating in the informal sector will have opportunities to become mainstreamed into the formal sector and improve the quality of their livelihoods.*

*DEDT will be effectively supporting the sector through enabling improvements to design-, quality-, and cost- competitiveness of enterprises, supply chain integration within and beyond the sector and enhanced market access.*

### Gap analysis

The following gaps were identified in interventions in the crafts sector:

- ▶ Inadequate baseline information and profiling of craft producers' growth orientation and capabilities
- ▶ Inadequate support for the development of craft producers' representative structure/s
- ▶ Lack of commercially-oriented support for crafts enterprises in non-metropolitan areas of the Western Cape
- ▶ Lack of coherent funding principles across all support entities
- ▶ Inadequate reach of support for advanced business skills development
- ▶ Inadequate extent of market intelligence and market access
- ▶ In most cases, lack of integration of support from market identification through to market access, product development to order fulfilment support and sustaining/maintaining opportunities, with a selected group of enterprises that have a high probability of sustainability
- ▶ Extension of design initiatives and inclusion of deeper design principles beyond trends application

- ▶ No clear mechanisms for migration of appropriate enterprises or individuals from developmental/survival to commercially-oriented entities
- ▶ Inadequate support for beneficial linkages with related sectors

### Recommendations for provincial government interventions

Out of the 11 potential intervention options that were initially proposed, the following 6 were recommended as being the most viable and high impact:

#### Brief description of prioritised interventions

1. Extension of role of CCDI to increase focus and effectiveness of interventions in line with provincial vision for the sector, enable longer term planning, and extend reach of services to areas outside of the metropolitan area that have crafts production or retail potential.
2. Interdepartmental agreement on a common investment and funding framework for the crafts sector to avoid wastage, improve impact of government funds invested in the sector, and enhance alignment, ideally including coordination of funding from all three spheres of government and donors for initiatives within the province
3. Creation of an integrated support system for a targeted group of hand-technique manufacturers with the potential for (and interest in) growth and competitiveness to enable market access, order fulfilment and continued ability to secure and deliver on contracts
4. Intermediary/entrepreneur-crafter matchmaking to facilitate partnering of successful intermediaries and entrepreneurs within and outside the crafts sector with individual crafters or groups of crafters that require assistance with access to capital and commercial aspects of their operations
5. Deepening of design into the sector, not only to integrate trend interpretation into product development in craft in the Western Cape, but also to encourage integration of design principles around functionality, production efficiency and innovation into production of craft tools, new materials and end products
6. Extension and enhancement of skills development programmes to equip managers in hand-technique manufacturers with the capacities required to manage their product development, purchasing, production management, quality control, overall order fulfilment, finances, human resource, change management, marketing and (where appropriate) exports, as well as develop a minimum level of business skills competence amongst Master Crafters.

The first two initiatives will provide a foundation for more effective overall intervention in the sector in future, while the next 4 are more programmatic in nature.

### Way forward

These interventions will be considered and prioritised as part of the overall Western Cape Microeconomic Development Strategy process.

## **1 Purpose**

The purpose of this document is to confirm a vision for the crafts sector in the Western Cape, identify gaps in current and planned government interventions, and recommend priority interventions at a provincial level, in particular within the mandate of the Department of Economic Development and Tourism (DEDT).

## **2 Methodology**

A vision for the Western Cape crafts sector that builds on its strengths and opportunities was developed in consultation with role players.

Recommendations for provincial intervention to achieve this vision were then developed through a review of existing policy and strategy documents at provincial and national level, and interviews with key role players in or related to the crafts sector.

For each potential intervention the following was then developed:

- ▶ Key action steps
- ▶ Potential role players
- ▶ Nature of potential impact
- ▶ Risks

The viability of these potential intervention options was then assessed in consultation with key role players in terms of, amongst others:

- ▶ Likely effectiveness of the option
- ▶ Resources required
- ▶ Availability of capacity
- ▶ Relative importance compared to the objectives and mandate of the entity likely to be responsible for implementation

Priority interventions were then recommended and elaborated upon in consultation with the Project Steering Committee.

### 3 Vision for the Western Cape crafts sector

The vision for the crafts sector in the Western Cape will need to be contextualised within the official national vision for the crafts sector. No common intergovernmental vision has been confirmed as yet. However, the vision proposed by the dti in the current draft of the Customised Sector Programme (CSP) is to “*formalise the craft sector so that crafters can access the mainstream economy*”.

Kaiser Associates recommends that a more detailed and specific vision is provided for the Western Cape crafts sector, which includes the following elements:

- ▶ What the sector will look like in terms of structure, organisation and enterprise types
- ▶ What the focus of the sector will be in terms of markets, products and consumer types
- ▶ What contribution the sector will be making to the provincial economy
- ▶ What the role of DEDT will be in supporting the aspects of the sector that fall within its mandate

The following vision for the crafts sector was therefore developed based on the situational analysis and consultation with key role players:

*By 2014, the Western Cape crafts sector will be made up of **professional commercial manufacturing enterprises** using hand-techniques as a primary part of their production process, **exceptionally skilled master crafters** and **supportive intermediaries and retailers** that work both independently and collaboratively to produce, retail and export **high quality product with diverse design styles** that draw on both contemporary influences and a multicultural heritage. Crafters within the province will have established themselves as **leaders in the mid- to high-end markets for homeware** (in particular home textiles, furnishings and ceramics) and **fashion accessories** (in particular jewellery), with a resultant growth in production volumes, market share and employment. Markets successfully served will include **mainstream domestic retail**, the **Craft Art tourist market through galleries and curio outlets**, **corporate and government procurement**, as well as **exports to boutique stores, galleries and high-end department stores** in key markets such as Europe and the United States.*

*All this will have been achieved in a way that promotes **socio-economic goals** of the province such as longer **enterprise life spans**, **fair trade** principles, broad-based **black economic empowerment**, equitable **participation by women**, greater **spatial equity**, as well as greater **quality of life** derived through innovative products. Talented individuals operating in the informal sector will have opportunities to become mainstreamed into the formal sector and improve the quality of their livelihoods.*

*DEDT will be effectively supporting the sector through enabling improvements to design-, quality-, and cost- competitiveness of enterprises, supply chain integration within and beyond the sector and enhanced market access.*

This vision will inform the targets set out for programmatic activities, in terms of outputs achieved and socio-economic outcomes for the sector.

Realising this vision with respect to the two primary enterprise types, namely hand-technique manufacturers and master crafters, will require different forms of support in some cases. While the emphasis of DEDT may be on supporting manufacturing entities, it will be important to create integration with master crafters in order to support the vision elements of strong original design and high-end market positioning.

## 4 Opportunities and constraints to realising the vision

There are numerous constraints and opportunities which will affect the realisation of the proposed vision. These constraints may originate at an international, national, provincial, or local level, therefore affecting provincial government's ability to intervene in overcoming these constraints. Critical limitations that could potentially be addressed at a provincial level include:

- ▶ Lack of infrastructure
- ▶ Failure to innovate and lack of product development
- ▶ Lack of market information
- ▶ Lack of business skills which leads to poor market access, inefficient production methods, inconsistent quality, poor access to finance
- ▶ High level of industry fragmentation – this may be due to the informal and developing nature of the sector, but is also inherent in the crafts sector due to the individualistic nature of production
- ▶ Lack of knowledge and understanding of other sectors which inhibits linkage to other sectors

External factors such as competition with lower cost producers in the export market and cheap imports in the domestic market, and seasonality of the tourist market also affect the sector; however it is more difficult to deal with these constraints at a provincial level.

Additionally, the following issues may constrain effective implementation of interventions in the crafts sector more generally:

- ▶ Fragmentation and absence of clear and common objectives across support for crafts
- ▶ Lack of interdepartmental coordination and an integrated approach to strategies and projects

Further detail on constraints and opportunities facing the crafts sector is set out in the table below, followed by specific constraints and opportunities that face small manufacturers and master crafters respectively.

### General constraints and opportunities

Vision elements	Potential opportunities	Constraints
<i>High quality product</i>	<ul style="list-style-type: none"> <li>▶ Increasing emphasis on creativity of design</li> <li>▶ Existing high-end production and retail</li> </ul>	<ul style="list-style-type: none"> <li>▶ Inconsistent quality of craft products</li> <li>▶ Lack of innovative design</li> <li>▶ Lack of market exposure</li> <li>▶ High costs of raw materials</li> <li>▶ High tariffs on certain high quality raw material imports such as beads</li> </ul>
<i>Supportive intermediaries and retailers</i>	<ul style="list-style-type: none"> <li>▶ Existing effective and supportive relationships</li> <li>▶ Business and entrepreneurial skills of intermediaries</li> <li>▶ Scope for increased linkages and collaboration with related sectors in the province</li> <li>▶ Scope for BEE enterprises</li> </ul>	<ul style="list-style-type: none"> <li>▶ Perceptions of exploitation by intermediaries</li> <li>▶ Lack of understanding of the value chain and value added along the way</li> <li>▶ Racial divide between intermediaries and crafters</li> <li>▶ Individualistic mindsets inhibiting cooperation</li> <li>▶ Fragmented nature of production</li> </ul>

Vision elements	Potential opportunities	Constraints
<i>Diverse designs styles</i>	<ul style="list-style-type: none"> <li>▶ Design of handcrafted products that can improve quality of life</li> <li>▶ African collaboration</li> <li>▶ Cultural diversity and wealth of natural assets</li> <li>▶ Influence of international designers and design trends</li> <li>▶ Empowerment transformation of the sector, and resultant new energy and innovations</li> <li>▶ Existing design resources in the province including people and events</li> <li>▶ Combination of different design areas, e.g. graphic, industrial, fashion, etc.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Weak intellectual property protection and extensive copying by competitors, in particular for collective intellectual property</li> <li>▶ Limited craft that draws on traditional artefacts or heritage</li> <li>▶ Lack of product development and failure to innovate</li> <li>▶ Duplication, oversupply of inappropriate products and poor quality</li> <li>▶ Lack of understanding of fundamental design principles</li> <li>▶ Lack of design application skill and interpretation of trends</li> </ul>
<i>Focus on homeware and fashion accessories</i>	<ul style="list-style-type: none"> <li>▶ Strengthening local fashion industry</li> <li>▶ Established production base in these products</li> <li>▶ Greater integration of crafts products with other products in related sectors</li> </ul>	<ul style="list-style-type: none"> <li>▶ Competition from industrialised processes</li> <li>▶ Limited scale of production and therefore limited cost competitiveness</li> <li>▶ Access to trend information and market intelligence</li> </ul>
<i>Successful participation in the domestic retail market</i>	<ul style="list-style-type: none"> <li>▶ Established retail base</li> <li>▶ Growing local demand</li> <li>▶ Corporate and government procurement demand – e.g. boutique hotels, new residential developments, boardroom furniture &amp; accessories</li> <li>▶ Developing Proudly South African consumer awareness and purchasing</li> <li>▶ Tourism codes</li> </ul>	<ul style="list-style-type: none"> <li>▶ Large scale of production required</li> <li>▶ High standards of quality required</li> <li>▶ Creation of sustained negative perceptions because of orders not met, unreliable service etc</li> <li>▶ Lack of market knowledge</li> <li>▶ Competition from imports</li> <li>▶ Competition from mass produced items</li> <li>▶ Inappropriate technical specifications required by corporate and government tenders</li> </ul>
<i>Successful participation in the tourist market through galleries and curio outlets</i>	<ul style="list-style-type: none"> <li>▶ Linkages to tourism and agricultural sectors</li> <li>▶ Opportunities to leverage off tourist sites such as at the Clanwilliam Living Landscapes Project</li> <li>▶ Opportunities in the local and international tourism markets</li> <li>▶ Growing tourism infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>▶ Lack of market knowledge</li> <li>▶ Seasonality of tourist market</li> <li>▶ Strong competition from products not originating from the Western Cape</li> </ul>

Vision elements	Potential opportunities	Constraints
<i>Successful participation in key international markets such as the EU and the US</i>	<ul style="list-style-type: none"> <li>▶ Numerous event-based marketing opportunities</li> <li>▶ Preferential trade agreements e.g. SA-EU TDCA, AGOA</li> <li>▶ Consumer demand for handcrafted, unique, African-inspired products</li> </ul>	<ul style="list-style-type: none"> <li>▶ Creation of sustained negative perceptions because of orders not met, unreliable service etc</li> <li>▶ Lack of market knowledge</li> <li>▶ High levels of competition</li> <li>▶ Lack of logistics solutions required for export of craft products</li> </ul>
<i>Socio-economic objectives</i>	<ul style="list-style-type: none"> <li>▶ Sustainable livelihoods out of relatively low skills base and minimal capital input</li> <li>▶ Funding available from different sources</li> <li>▶ Fair Trade branding</li> <li>▶ Leveraging established base of women crafters and BEE participation in the sector</li> </ul>	<ul style="list-style-type: none"> <li>▶ Poor public transport infrastructure</li> <li>▶ Lack of business and marketing skills</li> <li>▶ Lack of design skills</li> <li>▶ Poor access to raw materials</li> <li>▶ Poor access to production facilities</li> <li>▶ Concentration of tourist activities in the metropolitan and city areas</li> </ul>

**Particular opportunities and constraints facing hand-technique manufacturers**

Potential opportunities	Constraints
<ul style="list-style-type: none"> <li>▶ Some successful small manufacturers within the province</li> <li>▶ Greater consolidation of the sector</li> <li>▶ Creation of tools to facilitate more efficient production</li> <li>▶ Entrepreneurs and intermediaries with strong business skills</li> <li>▶ Clustering of craft enterprises</li> </ul>	<ul style="list-style-type: none"> <li>▶ High failure rates of enterprises</li> <li>▶ Lack of professionalism and informal nature of most entities</li> <li>▶ Business skills inadequacies</li> <li>▶ High level of fragmentation, dispersion, and high percentage of micro enterprises</li> <li>▶ Lack of affordable production space</li> </ul>

**Particular opportunities and constraints facing master crafters**

Potential opportunities	Constraints
<ul style="list-style-type: none"> <li>▶ Established and well known crafters within the province</li> <li>▶ Increasing creativity of design</li> <li>▶ Recognition of “icons” within the province</li> <li>▶ Increased income from higher value products</li> </ul>	<ul style="list-style-type: none"> <li>▶ Skills inadequacies</li> <li>▶ Lengthy periods required for development of skills to level of mastery</li> <li>▶ Lack of tradition of master crafters in the province, dislocation from cultural heritage</li> <li>▶ Development of market value for such products</li> </ul>

## **5 The role of government and available policy levers**

### **5.1 Overview of the current role of government**

There are many government line departments and entities which currently support the crafts sector. They have different objectives and approaches, ranging from enterprise support and product development (e.g. the dti), support for application of culture and heritage (e.g. DAC, DACSR) through to poverty alleviation, social welfare and rural development (e.g. Dept. of Social Development, CBO and donor programmes).

*Please refer to Section 6 below for further detail on current and planned interventions.*

Paradigmatic disagreements around the nature of the sector and the role of government have been acknowledged in the many policies and strategies directed at the sector. However, the various roles of government have not as yet been successfully coordinated, despite some efforts in this regard.

### **5.2 Key debates around an appropriate role for government in the sector**

The following issues concerning the role of government in supporting the sector should be considered:

- ▶ Should the crafts sector be treated like any other small batch manufacturing sector, or be treated as a special case because of its socio-economic development potential?
- ▶ How can developmental and commercial approaches of government be coordinated and aligned?
- ▶ Should the role of government be to provide direct funding and support or to create an enabling environment?
- ▶ How can the impact of government interventions be maximised through better intergovernmental coordination?

### **5.3 The role of DEDT**

Given **DEDT's mandate** and its vision to grow the economy through enhancing international competitiveness, learning, innovation and entrepreneurship, in a socially responsible way, it is recommended that the role of the DEDT with respect to the crafts sector should be to:

- ▶ Support commercially sustainable enterprises in the crafts sector
- ▶ Promote the development of high quality, high-end products
- ▶ Facilitate the formalisation of the sector and greater transformation in terms of the participation by black people and women
- ▶ Enhance supply chain integration within the sector and with related priority sectors within the province

This implies that the department's involvement (and that of the entities it funds) should not emphasise support of welfarist activities and grant-based funding to individual craft enterprises.

## **5.4 Available policy levers**

Government has a variety of levers and tools available to it to realise strategic objectives.

Policy levers available to government include the following:

- ▶ Policy and strategy
- ▶ Legislation and regulation
- ▶ Finance (investment, incentives, and facilitation of access to finance)
- ▶ Procurement
- ▶ Facilitation and coordination
- ▶ Information and knowledge
- ▶ Infrastructure
- ▶ Partnerships
- ▶ Priority projects

Provincial government's use of certain policy levers such as legislation and finance is limited. Current government intervention in the crafts sector appears to be focused on information sharing, facilitation, projects and grant funding. Current interventions are described further in the section below.

## 6 Current and planned interventions

The table below sets out interventions by various entities that are either currently in place or are in the planning stage.

Role player	Current interventions	Planned interventions
<b>Government</b>		
<b>National</b>		
Department of Arts and Culture	<p>Interventions are guided by the Creative South Africa strategy document</p> <p><b>Poverty Alleviation Project Funding: “Investing in Culture”</b></p> <p>Provides finance for crafts projects, particularly those that are indigenous and unique</p> <ul style="list-style-type: none"> <li>▶ A total of R37,128,000 had been disbursed to craft and craft related projects in April 2004 (from 1999)</li> </ul> <p><b>“Beautiful Things”</b> - showcases South African craft</p> <p><b>National Arts Council</b></p> <p>The National Arts Council provides funding and also plays a role in policy research and advising the Minister on policy matters</p> <p>Individuals, groups, organisations and institutions are eligible for funding for:</p> <ul style="list-style-type: none"> <li>▶ Exhibitions</li> <li>▶ Research and documentation</li> <li>▶ Residencies</li> <li>▶ Making of craft products, e.g. ceramics, pottery, wood cutting embroidery, appliqué, tapestry, weaving</li> <li>▶ Budgetary items including               <ul style="list-style-type: none"> <li>○ Materials</li> <li>○ Exhibition costs</li> <li>○ Publicity costs</li> <li>○ Transport costs</li> <li>○ Crafters allowance</li> </ul> </li> </ul>	<p>Planned project to map the cultural industries</p> <p>Programmes proposed in <b>Craft Development Strategy 2001</b>:</p> <ul style="list-style-type: none"> <li>▶ Skill development strategy               <ul style="list-style-type: none"> <li>○ Lead project: Skills Development Pilot Projects – MAPPP-SETA</li> </ul> </li> <li>▶ Product development               <ul style="list-style-type: none"> <li>○ Lead Project: National Product Development Network – Living Treasures</li> </ul> </li> <li>▶ Promotion, sales and distribution               <ul style="list-style-type: none"> <li>○ Lead project: Feasibility study into Craft Trading House with TISA</li> </ul> </li> <li>▶ Finance to craft SMMEs               <ul style="list-style-type: none"> <li>○ Lead Project: Craft Development Trust – DAC, Khula</li> </ul> </li> <li>▶ Institutional capacity               <ul style="list-style-type: none"> <li>○ Lead project: Establish chief directorate of craft development within DAC</li> </ul> </li> </ul> <p>A policy for design is also planned.</p>

Role player	Current interventions	Planned interventions
	<ul style="list-style-type: none"> <li>○ Coordinators fees</li> <li>○ Administration costs</li> </ul> <p>Bursaries are also offered for studies toward a post-graduate qualification in South Africa and abroad</p> <p><b>South African Heritage Resources Agency</b> Aims to provide for the identification, conservation, protection and promotion of South African heritage</p> <p><b>National Heritage Council</b></p> <ul style="list-style-type: none"> <li>▶ Tasked with the protection and management of national heritage (including living heritage and indigenous knowledge systems)</li> <li>▶ Provincial departments planned</li> </ul> <p>Partnership with the Flemish Department of Culture for the development of policy and capacity building programmes for <b>community arts centres</b> in:</p> <ul style="list-style-type: none"> <li>▶ Thulamela and Giyani (Limpopo)</li> <li>▶ Matjhabeng and Metsimaholo (Free State)</li> <li>▶ eThekweni and Ulundi (KwaZulu-Natal)</li> </ul>	

Role player	Current interventions	Planned interventions
The dti	<p>Within the dti, TISA has been tasked to develop the crafts sector through financial support and export market development</p> <p>More widely, the dti supports crafts through:</p> <ul style="list-style-type: none"> <li>▶ Strategy development</li> <li>▶ Incentives - enterprise and market access support (in particular use of EMIA scheme for trade show participation)</li> <li>▶ Support programmes through Small Enterprise Development Agency</li> <li>▶ Financial and institutional support for crafts-related cooperatives or home industries</li> </ul>	<p><b>Customised Sector Programme</b> (in draft form)</p> <p>The following 13 potential projects were initially developed with the objective of choosing the most feasible to kick start:</p> <ul style="list-style-type: none"> <li>▶ Marketing Policy development – setting up an industry council</li> <li>▶ Vision for sector and roles of DAC and TISA</li> <li>▶ Consolidate all craft initiatives</li> <li>▶ Develop marketing strategy</li> <li>▶ National database development</li> <li>▶ Training module for crafters</li> <li>▶ Traditional skills in danger of being lost</li> <li>▶ Customised incentive packages for crafters</li> <li>▶ Supply initiatives – coops, NGOs, trusts</li> <li>▶ Development design and production</li> </ul> <p>This was further developed to the following projects:</p> <ul style="list-style-type: none"> <li>▶ Craft Industry Development Council: <ul style="list-style-type: none"> <li>○ Would bring government and industry into a national forum to drive the growth and development of the sector</li> </ul> </li> <li>▶ Integrated Craft Hubs <ul style="list-style-type: none"> <li>○ To establish regional urban hubs to promote and facilitate craft trade; with strong linkages to prioritised rural hubs</li> </ul> </li> <li>▶ Market Access <ul style="list-style-type: none"> <li>○ Develop and implement a marketing and market access strategy to grow South Africa's market share</li> </ul> </li> <li>▶ Craft Enterprise Development <ul style="list-style-type: none"> <li>○ To develop an integrated services and support programme to assist established and emerging craft enterprises using existing and new initiatives</li> </ul> </li> <li>▶ Design &amp; Product Development Programme <ul style="list-style-type: none"> <li>○ To develop a programme that develops and nurtures South African designers</li> </ul> </li> </ul>

Role player	Current interventions	Planned interventions
Entities related to the dti	<p><b>Small Enterprise Development Agency</b> SEDA supersedes Ntsika, Namac and BRAIN:</p> <p><b>Ntsika</b></p> <ul style="list-style-type: none"> <li>▶ Local Business Service Centres – network of support for SMMEs</li> <li>▶ Mentorship programme – personal counselling for SMMEs by business people</li> <li>▶ Tender Advice Centre Programme</li> <li>▶ Trade and Investment Development Programme (with the EU) – support for small businesses in developing international trade ability</li> <li>▶ Targeted Assistance Programme – focuses on businesses owned/managed by the disabled/women/youth/ those in rural areas</li> </ul> <p><b>Namac</b></p> <ul style="list-style-type: none"> <li>▶ Provincial MACs to provide manufacturing assistance</li> </ul> <p><b>BRAIN</b></p> <ul style="list-style-type: none"> <li>▶ Web base provision of information</li> </ul> <p><b>Khula Enterprise Finance Ltd</b></p> <ul style="list-style-type: none"> <li>▶ KhulaStart – support for micro credit organisations</li> <li>▶ Business loans to retail financial institutions – Micro Lending Programme</li> <li>▶ Credit Guarantee Schemes</li> <li>▶ Equity Funds – venture capital</li> <li>▶ Thuso Mentorship Programme – pre and post loan support</li> </ul> <p><b>South African Micro Apex Fund</b></p> <ul style="list-style-type: none"> <li>▶ Provision of rural micro financing through financial service providers</li> </ul>	SEDA was recently launched and is still in a process of development, therefore its plans are still uncertain

Role player	Current interventions	Planned interventions
Department of Labour	<ul style="list-style-type: none"> <li>▶ Funding for skills development</li> <li>▶ Policy and guidelines for skills development through MAPPP-SETA</li> </ul>	
MAPPP-SETA	<ul style="list-style-type: none"> <li>▶ Supports training and projects such as Create SA</li> <li>▶ Development of unit standards</li> <li>▶ Registration of accredited suppliers</li> <li>▶ Special projects</li> </ul> <p><b>Create SA</b></p> <p>Create SA focuses on skills development for the creative industries through:</p> <ul style="list-style-type: none"> <li>▶ quality workplace-based learnerships</li> <li>▶ skills programmes</li> </ul>	<p>Create SA is currently proceeding with close-out preparations and assessment of the project.</p> <p>CreateSA's functions have been absorbed into the MAPPP-Seta and an Arts, Culture &amp; Music Chamber has been established within the Seta. From this base, learnerships and skills programmes will continue to be supported and the Chamber will make application to the National Skills Fund for additional support.</p>
Dept of Social Development	<p>Poverty alleviation programmes</p> <p><b>National Development Agency</b></p> <ul style="list-style-type: none"> <li>▶ Funding for projects that improve the asset base of poor communities</li> <li>▶ Capacity building</li> <li>▶ Fund raising - support and encouragement for fund-raising organisations</li> <li>▶ Research, information sharing and influence of policy</li> </ul>	
Department of Education	The Department has included arts and culture as a compulsory part of the schools (GET) curriculum	An interdepartmental task team formed with DAC aims to develop coordinated programmes
DBSA, DPE, DPW and SOEs	Infrastructure and utilities such as roads, telecommunications infrastructure, water and electricity	

Role player	Current interventions	Planned interventions
DST	<p>Advanced Manufacturing Technology Programme</p> <ul style="list-style-type: none"> <li>▶ Development of the Provincial Manufacturing Technology Strategy</li> </ul>	<p>Role of CSIR in the crafts sector is currently under review</p> <p>Draft Western Cape Provincial Advanced Manufacturing Technology Strategy, proposed programmes:</p> <ul style="list-style-type: none"> <li>▶ Agency such as CCDI</li> <li>▶ Showcase and precinct</li> <li>▶ Database for order fulfilment</li> <li>▶ Raw Materials Bank -access to cheaper raw materials</li> <li>▶ Centre for Innovation – aimed at product development</li> <li>▶ Branding and packaging</li> <li>▶ Heritage resources and technology</li> </ul> <p>These proposals have been consolidated into two initiatives – a Centre for Innovation and a Production Cluster initiative.</p>
CSIR	<p>Poverty Alleviation Unit within Manufacturing and Materials Technology and National Fibres, Textiles and Clothing Centre has been involved in the Craft Development Initiative which involves:</p> <ul style="list-style-type: none"> <li>▶ Technology transfers from CSIR to communities involved in crafts production</li> <li>▶ Cooperating with crafters at the local level to design innovative and unique craftware.</li> <li>▶ Mobilising funding on behalf of crafters</li> </ul>	
Human Sciences Research Council (HSRC)	<p>The South African Cultural Observatory was developed through a project commissioned by the Department of Arts and Culture. The project collects information across the arts and culture sectors, focusing specifically on arts and craft, film, video and television, heritage, music, publishing and print media.</p>	
Department of Environmental Affairs and Tourism	<p><b>Tourism Entrepreneurship Programme</b></p> <ul style="list-style-type: none"> <li>▶ Support for small enterprises in tourism and related sectors</li> </ul> <p><b>Responsible Tourism Guidelines</b></p> <p>These include</p> <ul style="list-style-type: none"> <li>▶ Purchase of locally made furniture, crafts, clothing and other goods</li> <li>▶ Assisting local producers to achieve the quality and quantity required through feedback</li> <li>▶ Encouraging tourists to buy locally made goods</li> <li>▶ Exposing tourists to local products, local places of interest, local festivals and markets</li> </ul>	

Role player	Current interventions	Planned interventions
<b>Provincial</b>		
Department of Economic Development & Tourism	<ul style="list-style-type: none"> <li>▶ Funding of CCDI, setting of strategic direction</li> <li>▶ SMME programmes e.g. RED Door Initiative that provides advisory, skills training, and business development services for SMMEs in the Western Cape</li> </ul>	Hout Bay Craft Centre
CCDI	<p>The CCDI currently has four programmes:</p> <ol style="list-style-type: none"> <li>1. <b>Networking, communication &amp; sector marketing:</b> <ul style="list-style-type: none"> <li>▶ Managing &amp; growing a database of producers (560) &amp; retailers (270) in the province</li> <li>▶ Monthly newsletter sharing information and advising on issues relating to market access, financing, and general business administration</li> <li>▶ Craft Partnership Forum, which is responsible for information sharing and networking</li> <li>▶ Website and other sector promotion initiatives</li> <li>▶ Annual Competition &amp; Icon exhibition to promote excellence and innovation</li> </ul> </li> <li>2. <b>Enterprise development &amp; training:</b> <ul style="list-style-type: none"> <li>▶ NQF4 Learnership</li> <li>▶ Winter School</li> <li>▶ Mentoring, counselling &amp; referral service</li> <li>▶ Township Craft Development Programme</li> <li>▶ Product Development Clinic</li> </ul> </li> <li>3. <b>Market access</b> <ul style="list-style-type: none"> <li>▶ Annual events &amp; trade show programme</li> <li>▶ Niche market product development programmes (Aid to Artisans, Fashion Week etc)</li> <li>▶ Cape Craft Showcase</li> <li>▶ Cape Craft Trade Show (linked to One-of-a-Kind)</li> </ul> </li> <li>4. <b>Research &amp; resource development</b> <ul style="list-style-type: none"> <li>▶ Applied research (sector strategy, market research, retail outlets research, impact, pilot programmes, etc.)</li> <li>▶ Resources (training material, booklets, training guides, etc.)</li> </ul> </li> </ol>	
Wesgro	<ul style="list-style-type: none"> <li>▶ Funding of African Art Factory</li> <li>▶ Export support – providing general market and exporting information trade referrals</li> </ul>	

Role player	Current interventions	Planned interventions
Department of Sports, Arts, Culture and Recreation	<ul style="list-style-type: none"> <li>▶ Provides support for heritage and culture</li> <li>▶ Western Cape Cultural Commission <ul style="list-style-type: none"> <li>○ Provides funding to craft projects</li> </ul> </li> </ul>	It has been proposed that the Western Cape Cultural Commission be given its own budget and become autonomous in its dealings with the various cultural projects and initiatives.
CapeMAC	<p>CapeMAC is the provincial branch of NAMAC and offers:</p> <ul style="list-style-type: none"> <li>▶ Assessment of functional areas of business</li> <li>▶ Funding of interventions provided that these do not add to the balance sheet of the business</li> <li>▶ Monitoring of performance before and after the intervention</li> <li>▶ Focuses on manufacturing enterprises at a particular level of development</li> </ul>	
Department of Social Services and Poverty Alleviation	Poverty alleviation projects in the Western Cape	

Role player	Current interventions
<b>Local</b>	
City of Cape Town	<ul style="list-style-type: none"> <li>▶ Funded an export development pilot project which included research into potential markets</li> <li>▶ Funding of Trading House – web based</li> <li>▶ Funding of CCDI (operations and specific projects)</li> <li>▶ Cape Town Heritage Trust <ul style="list-style-type: none"> <li>○ Private NPO set up by the Cape Town City Council</li> </ul> </li> </ul>
Other district municipalities	Local Economic Development Programmes – Investment Projects, Community Public Private Sector Partnerships, craft projects as income generators and tourism nodes
Local tourism offices / authorities	<ul style="list-style-type: none"> <li>▶ Information on tourist attractions such as cultural villages and craft markets</li> <li>▶ In some cases, these provide an exhibition/retail space for craft items</li> </ul>
Universities and Technikons	<ul style="list-style-type: none"> <li>▶ Design and production training for tertiary students</li> <li>▶ Projects involved in heritage/research/tourism <ul style="list-style-type: none"> <li>○ e.g. Clanwilliam Living Landscapes Project</li> </ul> </li> <li>▶ Development of entrepreneurial skills <ul style="list-style-type: none"> <li>○ e.g. The UCT Centre for Innovation and Entrepreneurship</li> </ul> </li> <li>▶ CAMA (Contemporary African Music &amp; Arts) Archive at UCT - documentary initiative for African arts and culture to acknowledge creativity in Africa</li> </ul>

Role player	Current interventions
<b>Donor/Multilateral/International</b>	
Fair trade organisations	Labelling of goods as fair trade products Raises awareness of fair trade practices
Aid to Artisans	Offers practical assistance to artisan groups worldwide <ul style="list-style-type: none"> <li>▶ In South Africa ATA is managing and implementing an artisan support and craft marketing initiative as of part of the five-year Pan-African Artisan Enterprise Development (PAED) program.</li> <li>▶ In partnership with the CCDI in a 2-year development programme for 12 enterprises, which includes increased market access through product development, training and local and international trade show participation</li> </ul>
Private donor foundations	W.K. Kellogg Foundation <ul style="list-style-type: none"> <li>▶ Provides funding for initiatives aimed at practical application of knowledge and resources, including Aid to Artisans and CCDI</li> </ul> Ford Foundation <ul style="list-style-type: none"> <li>▶ Funds initiatives including Aid to Artisans</li> </ul>
Arts and Culture Trust	<ul style="list-style-type: none"> <li>▶ Funding for all forms of arts and culture through grants</li> <li>▶ Supports all aspects of arts and culture such as training, the creative process, the development of sustainable infrastructure and the dissemination of arts and culture</li> <li>▶ Bursary funds to formal and non-formal educational institutions specialising in arts and culture</li> </ul>
Corporates through corporate social responsibility programmes	Standard Bank <ul style="list-style-type: none"> <li>▶ Involvement and support for Export Africa 2005 trade expo</li> <li>▶ Support of the National Arts Festival</li> <li>▶ Collection of traditional craft</li> </ul> Nedbank <ul style="list-style-type: none"> <li>▶ Nedbank's Arts affinity bank accounts grew by 27% in 2004, and R1.2 million was split between nine disciplines and 30 projects, including an open-air music and arts and crafts festival</li> </ul>
International development and donor agencies	Swedish International Development Agency <ul style="list-style-type: none"> <li>▶ Joint funding with DAC of cultural projects through the Swedish/South African Cultural Partnership Programme of R45 m over 3 years</li> </ul> GTZ <ul style="list-style-type: none"> <li>▶ Research into interventions to support crafts industries through the GTZ LED/BDS Programme which aims at providing support to South African local communities by testing, adapting and marketing appropriate LED concepts and tools</li> </ul> Other agencies include USAID, DANIDA, UNOPS, UNESCO, British Council, IUCN

Role player	Current interventions
<b>NGO/CBO</b>	
Community Arts Project	Provides education and training in the visual and performing arts to unemployed adults in the Western Cape to develop their income generating skills
Mineworkers Development Agency	Initiatives to promote businesses in mining communities, including: <ul style="list-style-type: none"> <li>▶ Etheleni promotes small enterprise development by facilitating access to production inputs at affordable prices through central buying and localised distribution</li> </ul>
<b>Organised business</b>	
Craft Council	Database of crafters Information sharing and networking Vita Craft Exhibition (every two years)
Associations and guilds	Potters Association, Woodturners Association, Weavers Guild, Embroiderers Guild, etc. <ul style="list-style-type: none"> <li>▶ Provide workshops</li> <li>▶ Marketing initiatives, mostly through exhibitions</li> <li>▶ Information sharing</li> </ul>
National Business Initiative	<ul style="list-style-type: none"> <li>▶ Focuses on skills development, unemployment and the delivery of services</li> <li>▶ Projects include the support of the crafts sector in Stilbaai through a tourism development project</li> </ul>
Business and Arts South Africa	Provides an interface between business and the arts by: <ul style="list-style-type: none"> <li>▶ Supporting Grant Scheme which is an incentive for business to sponsor the arts</li> <li>▶ Identifying appropriate sponsorship opportunities for corporates</li> <li>▶ Lifting the profile of the arts in South Africa</li> <li>▶ Assisting the arts sector in their approach to business and understanding of the nature of sponsorship</li> <li>▶ Clarifying existing taxation as it relates to sponsorship of the arts by the business sector</li> <li>▶ Other functions such as advocating media coverage, receipt of lottery funds, supporting advocacy of tax deductions for donations made to approved arts organisations</li> </ul> <p>A long-term goal is to introduce 'Business in the Arts', a voluntary scheme in which business people may mentor individuals within an arts organisation, sharing skills and expertise</p>

Role player	Current interventions
<b>Other</b>	
Retail outlets and craft markets	Support for product development initiatives such as Woolworths' participation through the Woolworths – Conran Africa initiative Tiger's Eye supported CCDI product development programme Individual retailers (eg Heartworks, Africa Nova etc.) play supportive role in CCDI product selection and also with individual producers
Environment and heritage sites	World Heritage Sites in the Western Cape: <ul style="list-style-type: none"> <li>▶ Cape Floristic Region</li> <li>▶ Robben Island</li> </ul> Heritage routes in the Western Cape support craft activities such as: <ul style="list-style-type: none"> <li>▶ West Cost Rock Art Route</li> <li>▶ Waterfront Heritage Route</li> </ul>

## 7 Gap analysis

Interventions in key areas where constraints are inhibiting the sector (based on section 4 above) are assessed below:

Areas of intervention*	Current intervention	Planned intervention	Assessment
Infrastructure	<ul style="list-style-type: none"> <li>▶ Government infrastructure programmes</li> </ul>	<ul style="list-style-type: none"> <li>▶ Telecommunication needs, warehousing, organisation of work e.g. clustering</li> <li>▶ Order fulfilment</li> <li>▶ Raw Materials Bank</li> </ul>	<p>Transport, housing and communication is still a constraint in rural and township areas</p> <p>Also access to production sites and access to markets (both local and external)</p>
Product development support	<ul style="list-style-type: none"> <li>▶ Product development clinic</li> <li>▶ Niche programmes (Aid to Artisans, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>▶ Design programmes</li> <li>▶ Intellectual property protection</li> <li>▶ Quality assurance</li> <li>▶ Centre for Innovation</li> <li>▶ Annual competitions and exhibitions</li> </ul>	<ul style="list-style-type: none"> <li>▶ Utilisation of design resources should be facilitated, as currently this is occurring on an hoc basis and through the CCDI's product development clinics, which have had limited reach</li> <li>▶ Developing design skills is a long term process; need short &amp; long term interventions</li> </ul>
Information sharing	<ul style="list-style-type: none"> <li>▶ Crafters and retailers database</li> <li>▶ CCDI newsletter through the Craft Partnership and Library Business Corners</li> <li>▶ Forum for information sharing</li> <li>▶ CCDI website</li> </ul>		<ul style="list-style-type: none"> <li>▶ Information sharing is still developing and growing, but appears to be effective</li> <li>▶ Reach beyond the metropolitan area is limited</li> </ul>
Market access facilitation and marketing support	<ul style="list-style-type: none"> <li>▶ Funding and support for participation in trade shows and expos</li> <li>▶ Branding such as Proudly South African</li> <li>▶ Programmes that focus on developing craft ranges for retail stores</li> <li>▶ Sector marketing</li> </ul>	<ul style="list-style-type: none"> <li>▶ Fair Trade label</li> <li>▶ Handmade in Cape/SA brand</li> <li>▶ Consumer education</li> <li>▶ Market research</li> <li>▶ Further showcasing</li> <li>▶ Cape Craft Showcase &amp; Precinct</li> </ul>	<ul style="list-style-type: none"> <li>▶ Effective support for exhibitions at trade shows, however there is scope to increase and improve this support</li> <li>▶ Enhanced 'product development for market' initiatives</li> <li>▶ Lack of comprehensive market information specific to crafts markets</li> </ul>
Training and development	<ul style="list-style-type: none"> <li>▶ Training and learnerships through Create SA</li> <li>▶ Education programmes at school and university level</li> </ul>	<ul style="list-style-type: none"> <li>▶ MAPPP-SETA will take on some functions of Create SA as it closes out</li> </ul>	<ul style="list-style-type: none"> <li>▶ Provision of support for business skills development is inadequate</li> </ul>
Small business support (relates specifically to small manufacturers)	<ul style="list-style-type: none"> <li>▶ Support for SMMEs through the dti and related entities</li> </ul>	<ul style="list-style-type: none"> <li>▶ Mentoring</li> <li>▶ Counselling and referral service</li> </ul>	<ul style="list-style-type: none"> <li>▶ Most small business support is not specialised for the crafts sector and is not well suited to the "cultural worker" and diverse organisational forms present in the sector</li> </ul>

Areas of intervention*	Current intervention	Planned intervention	Assessment
Access to finance and incentives	<ul style="list-style-type: none"> <li>▶ Funding through various organisations</li> </ul>	<ul style="list-style-type: none"> <li>▶ Customised incentive packages</li> <li>▶ Access to micro financing</li> </ul>	<ul style="list-style-type: none"> <li>▶ Selection of enterprises to be funded could be improved to increase success rate of organisations</li> </ul>
Facilitation of linkages to other sectors	<ul style="list-style-type: none"> <li>▶ Leveraging of craft marketing through tourism initiatives such as cultural villages</li> <li>▶ Guidelines to promoting local crafts through responsible tourism</li> <li>▶ Assistance for tourism related crafts businesses</li> </ul>		<ul style="list-style-type: none"> <li>▶ Facilitation of linkages to related sectors is poor, with the exception of tourism</li> </ul>
Support for industry coordination	<ul style="list-style-type: none"> <li>▶ Craft Partnership</li> </ul>	<ul style="list-style-type: none"> <li>▶ Craft Industry Development Council</li> </ul>	<ul style="list-style-type: none"> <li>▶ Some facilitation through the Craft Partnership, with the proposed Craft Industry Development Council acting as a catalyst for organisation</li> </ul>

\*Relates to both hand-technique manufacturers and master crafters unless specified

In summary, major gaps and shortcomings in interventions identified therefore include the following:

- ▶ Inadequate baseline information and profiling of craft producers' growth orientation and capabilities
- ▶ Inadequate support for the development of a craft representative structure/s (representation and lobbying are not official functions of the CCDI, but it has filled this gap)
- ▶ Lack of commercially-oriented support for crafts enterprises in non-metropolitan areas of the Western Cape (there is some poverty relief/ culture-oriented activity)
- ▶ Lack of coherent funding/ access to capital framework across financial services providers, venture/private capital and developmental entities (donor/government)
- ▶ Inadequate reach of support for advanced business skills development e.g. production management, quality control, procurement management, export management (this also includes more basic business skills – pricing, financial management, marketing)
- ▶ Inadequate extent of market intelligence, market access e.g. domestic consumption, tourism market, corporate and government procurement, exports
- ▶ Lack of seamless integration of support from market identification through to market access, product development to order fulfilment support and sustaining/ maintaining opportunities (rather than once-off interventions and interventions that do not “join up” led by different entities)
- ▶ Inadequate depth and reach of trend application and design initiatives
- ▶ No clear mechanisms for migration of appropriate enterprises or individuals from developmental/survival to commercially-oriented entities
- ▶ Inadequate support for beneficial linkages with related sectors, in particular around information sharing, design and market access e.g. furniture, clothing, home textiles, construction/interior design, tourism

## 8 Initial intervention options developed

Based on the gap analysis above, it is recommended that certain current interventions are continued, others should no longer be prioritised by DEDT, and new interventions should be considered.

In terms of **the continuation of existing interventions**, it is recommended that continued and extended support is provided for the **CCDI** as an information provider and service-oriented institution. The CCDI model is seen by most national and provincial role players as an intervention that has primarily been successful and serves as a model for other provinces. Various aspects of the future role of CCDI are included in the proposed initiatives set out below.

In terms of **de-prioritised areas for DEDT**, in the interests of creating a more commercially competitive sector, any welfarist projects or **grant funding** to individual crafts enterprises should no longer be a priority.

Initial proposals on potential interventions to address gaps are set out in the sub-sections below, while refined and prioritised interventions are set out in Section 10 .

### 8.1 Crafts baseline information and enterprise segmentation

This proposed intervention involves the extension of the CCDI database to capture the majority of enterprises operating in the sector and core information on their operations, in order to segment them in terms of capabilities, growth orientation and ambitions.

#### ▶ Key action steps:

- Confirm definitions of priority enterprise types in terms of those who are:
  - growth-oriented/ interested in becoming small batch/ hand-technique manufacturers but with minimum capabilities to achieve this
  - those interested in developing their own business skills vs. those that would prefer to remain focused on creative aspects of their operations
  - highly skilled and interested in becoming individual master crafters
  - keen to export and export ready
  - not wanting to change from status quo
- Consult the CCDI database and survey current enterprises further if it is required
- Integrate related questions into future database entries e.g. skills audit, as well as questions in relation to motivation/ambitions of core managers

#### ▶ Potential role players (and related initiatives):

- DEDT or CCDI
- Data capturers (could be done in partnership with one of the Western Cape universities)
- Potentially related to dti CSP national database development process and Provincial Manufacturing Technology Strategy proposal on database for order fulfilment, and cultural industries mapping project planned by DAC

#### ▶ Nature of potential impact:

- Improved understanding of enterprises in the sector, and a resultant increased appropriateness of the targeting of interventions and selection of candidates for different types of support

#### ▶ Risks:

- Cost and difficulty of securing comprehensive baseline information
- Inaccurate findings due to low willingness to disclose this type of information and/or low self-awareness
- Skewed incentive to provide information based on expectations of support
- Rapid turnover of enterprises within the crafts may limit the lifespan of information

## 8.2 Western Cape crafts umbrella representative structure

This proposed intervention would facilitate the establishment of a structure to represent the crafts industry in the Western Cape, and potentially also provide services to the sector.

### ▶ Key action steps:

- Identify project manager and secure budget
- Survey interest by craft producers in becoming members of a representative structure and desired services/functions of the structure e.g. lobbying, marketing (as compared to other support services such as CCDI)
- Establish secretariat function and related resources

### ▶ Potential role players (and related initiatives):

- DEDT (potentially through CCDI as implementing agent)
- Core group of crafters to champion initiative (potentially from within existing Craft Partnership, guilds etc.)
- Potentially related to the process within the CSP of developing a national industry representative structure
- CCDI has begun to facilitate dialogue with crafters aimed at creating representative bodies and strengthening guild structures

### ▶ Nature of potential impact:

- Improved cohesion of industry
- Greater efficiency in communicating with the sector
- Opportunities for collective marketing and raising awareness
- More effective lobbying platform
- Opportunities for networking and clustering

### ▶ Risks:

- Failure of the initiative due to the individualistic nature of many crafters, unclear relationship with guild structures, geographical spread, sustainability of funding and other constraints to success
- Balance within the structure of representation of the different types of entities

Note on cross-sectoral implications: The hurdles to effective implementation of a single representative structure for crafts in the Western Cape may have some similarity to the challenges in other cultural industry sectors (such as the mindset of cultural workers). However, it is likely that the diversity within the crafts sector is more extreme than in film, music or media.

## 8.3 Non-metropolitan extension of support services

### 8.3.1 Satellite presence of the CCDI

This proposed intervention would aim to establish CCDI support staff in key crafts nodes across the province.

### ▶ Key action steps:

- Identify most suitable/ priority locations based on current craft activity and potential for production or retail e.g. within Garden Route, West Coast (possibly shared resources with Northern Cape), Overberg or Winelands
- Scope the required budget (human resources and other operational requirements such as IT systems) and secure budget allocations
- Identify potential collaborative office space/ resources e.g. with DAC, local municipalities, Local Tourism Authorities (LTAs)
- Recruit/second appropriate individuals (would report to CCDI)
- Set up integrated systems to provide a common base of support (e.g. information sharing, product development, market access linkages, etc.)

### ▶ Potential role players (and related initiatives):

- CCDI

- Funders – DEDT, DAC, local councils, LTAs
- ▶ **Nature of potential impact:**
  - Growth in total activity in Western Cape crafts sector – turnover, employment and enterprise development
  - More equitable geographical distribution of economic activity
- ▶ **Risks:**
  - Inadequate coordination/duplication with other local support entities
  - Inefficient support due to greater dispersion of potential client base
  - Inadequate level of activity in some hubs initially to justify targeted support

### 8.3.2 Training of officials within SEDA access points to provide support

This potential intervention would aim to develop crafts specific support expertise within SEDA access points in priority craft nodes.

- ▶ **Key action steps:**
  - Confirm the future structure of SEDA access points (replacements of Local Business Service Centres etc) and scope for sector-specific support
  - Identify target SEDA access points in priority geographical areas
  - Put together a toolkit/ capacity building materials on key areas (may either primarily be a referral service/ information distribution, or could include more basic support services e.g. pricing, principles of market access)
  - Training sessions
  - Ongoing update/referral system
- ▶ **Potential role players (and related initiatives):**
  - CCDI (training materials)
  - DAC/WCCC support programmes
  - SEDA
  - Local councils
- ▶ **Nature of potential impact:**
  - Growth in turnover, employment and enterprise numbers
  - More equitable geographical distribution of economic activity
- ▶ **Risks:**
  - Inadequate depth of understanding of crafts-specific issues, potentially reducing the effectiveness of support
  - Low impact as crafts-specific support may not differ substantially from support for manufacturing sectors in general
  - Lack of control and accountability of officials that do not report to CCDI or DEDT

## 8.4 Funding and capital

### 8.4.1 Provincial funding and investment policy

This potential intervention would aim to establish interdepartmental agreement on a common investment and funding framework for the crafts sector in order to avoid wastage and improve the impact of government funds invested in the sector. This could also set out a way that funds from international and national development and donor agencies could be administered by the DEDT.

- ▶ **Key action steps:**
  - Creation of a joint task team across relevant line departments and entities
  - Seek agreement on:
    - overall funding objectives
    - selection criteria for supported projects
    - performance measures
    - priority roles for each entity
- ▶ **Potential role players:**

- DEDT, Wesgro, CCDI
- DACSR, WCCC
- DSSPA
- Provincial Treasury
- Donor funders
- ▶ **Nature of potential impact:**
  - Reduced wastage of government resources
  - Greater impact of interventions and sustainability of supported organisations / enterprises
- ▶ **Risks:**
  - Political risk of managing coordination process

#### 8.4.2 Entrepreneur-crafter matchmaking programme

This potential intervention would aim to facilitate partnering of successful entrepreneurs within and outside the crafts sector with individual crafters or groups of crafters that require assistance with access to capital and commercial aspects of their operations.

- ▶ **Key action steps:**
  - Identification a project manager
  - Identification of a pool of potential entrepreneurs with required business skills, in particular production management and interest in tapping into new product ideas
  - Matchmaking of entrepreneurs with crafters that wish to focus on creative aspects of industry, require business skills and potentially a capital injection, with guidelines on structuring of deals/shareholding or joint ventures
  - Linkages to enterprise support services
  - Monitoring and evaluation system
- ▶ **Potential role players:**
  - CCDI
  - CapeMAC
  - SEDA/Red Door
  - Potentially related to Business Arts South Africa mentorships
- ▶ **Nature of potential impact:**
  - Improved sustainability of enterprises and reduced dependence on intermediaries in the long term
  - Growth in turnover and employment
  - Productivity improvements and professionalisation of the sector
- ▶ **Risks:**
  - Commercial risk of enterprise failure
  - Perceptions of exploitation of crafters by entrepreneurs

### 8.5 Business skills development

#### 8.5.1 Extension of business skills development programme

This potential intervention would entail the extension and enhancement of skills development programmes to equip managers in hand-technique manufacturing entities with the capacities required to manage their various aspects of their supply chains and supporting activities, as well as provide potential master crafters with the minimum skills required to have more equitable relationships with business service providers. Skills areas might include

- ▶ product development
- ▶ purchasing/procurement management
- ▶ production management
- ▶ quality control
- ▶ overall order fulfilment
- ▶ financial management
- ▶ human resource management

- ▶ change management
- ▶ marketing and (where appropriate) exports;
- ▶ **Key action steps:**
  - Agreement between key role players on required skills set and level of competence for hand-technique manufacturers and master crafters.
  - Extended training programme through MAPPP-SETA
    - The preliminary framework of learnerships and associated qualifications includes the following relevant learnerships:
      - Craft Micro-Enterprise - enterprise skills across the value chain for existing and emerging craft groups
      - Craft Operations Management - SMME training for established craft groups and individuals
  - Mentorship programme with intermediaries and retailers
  - Explore inclusion of screened crafters into retailer's in-house training programmes e.g. as part of wider BEE obligations (potentially with covering of hard costs by government)
  - Skills exchange programme between enterprises (commercial operations, NGOs/projects and co-operatives in the province and beyond)
  - Skills exchange programme with craft producers and traders from elsewhere in Africa operating within the Western Cape, within the context of Nepad cooperation
- ▶ **Potential role players:**
  - CCDI
  - CapeMAC/SEDA/ Red Door
  - MAPPP-SETA
  - Related industries, including retailers
- ▶ **Nature of potential impact:**
  - Greater alignment of production to market demands
  - Greater capacity to meet standards of quality and delivery time on a profitable basis
  - Improved relationships between crafters and retailers
- ▶ **Risks:**
  - Selection of appropriate candidates
  - Lack of application/ internalisation of skills to business and production processes

Note on cross-sectoral implications: It may be possible to create greater efficiency in government intervention by consolidating business skills development initiatives across other small-scale manufacturing or creative industries. Many of the skills areas may have a high degree of overlap across these sectors; however, there may be some unique areas that would require customisation, such as the particular challenges of managing a hand technique production process or organisational transformation from community-based to commercial entities.

## **8.6 Extended seamless support programme**

This potential intervention would target the creation of a coherent support system for a targeted group of hand-technique manufacturers with the potential for (and interest in) growth and competitiveness to enable market access, order fulfilment and continued ability to secure and deliver on contracts.

- ▶ **Key action steps:**
  - Assessment of past and current related efforts and lessons learned (e.g. Aid to Artisans/CCDI, Conran Africa)
  - Agreement with all key service providers on alignment and coordination of initiatives, SLAs setting out roles, responsibilities and approach to delivery e.g.:

- Market information (the dti, Wesgro, CCDI, research entities and tertiary institutions, international support entities e.g. CBI)
      - Domestic consumer market
      - Tourism market
      - Corporate and government procurement
      - Exports
    - Criteria for selection of enterprises, specialised identification of capacity building and skills development needs (CCDI, CapeMAC, CSIR) (entities need to self-select based on clear criteria and understanding of their obligations)
    - Product development in accordance with market requirements (CCDI, intermediaries, retailers)
    - Market access/ securing orders (dti, CCDI, intermediaries, retailers)
    - Production planning
    - Purchasing of inputs
    - Quality control
    - Distribution and logistics
    - Retail
    - Repeat order management
  - Pilot with series of identified suitable enterprises (refer to Section 8.1)
  - Rollout
  - Internalisation of skills into enterprises over 2 to 3 year period
  - Monitoring and evaluation
- ▶ **Potential role players:**
  - DEDT/CCDI to lead
- ▶ **Nature of potential impact:**
  - Significant expansion of production and employment (but not necessarily creation of new enterprises)
- ▶ **Risks:**
  - Significant investments in enterprises over the medium term in a sector with high failure rates
  - Changing market conditions

### 8.7 Deepening of design integration into crafts sector

As well as the integration of trend interpretation into product development, this potential intervention would encourage integration of design principles around functionality, production efficiency and innovation into the production of craft tools, materials and end products.

- ▶ **Key action steps:**
  - Trends application
    - Extension of shared access to trends forecast reports
    - Rollout of trends analysis workshops
  - Creation of brainstorming forum to consider opportunities for tools, materials and new product development, drawing on any remaining traditions and new applications of contemporary skills to handcrafted or partially handcrafted products
    - Potential participants include freelance designers, crafters, potential users of products, academics, etc.
  - Support for market/feasibility assessments for potential new products
  - Allocation system for intellectual property and production responsibilities
- ▶ **Potential role players (and related initiatives):**
  - CCDI/CPUT design faculty to lead
  - Design events based in the Western Cape
  - Related – development of design policy for the Western Cape
  - This could also be addressed through the Centre for Innovation programme set out in the Provincial Advanced Manufacturing Technology Strategy

- ▶ **Nature of potential impact:**
  - Increased functionality and appropriateness of craft products to everyday life for residents of the Western Cape
  - Growth of production
  - Spin-off effects for improved quality of life
- ▶ **Risks:**
  - Intellectual property management
  - Balance of design function between crafters and designers and potential for exploitation of crafters
  - Potential reticence to share creative concepts

## **8.8 Talent identification and migration programme**

The proposed intervention would facilitate talented crafters working within a developmental/survivalist environment to move into the commercially oriented environment through mentorship and support.

- ▶ **Key action steps:**
  - Communication to support agencies of critical skills/ criteria for successful commercial crafter
  - Central contact point for submission of names of individuals
  - Project manager appointed to proactively “scout” for talented individuals within community-based projects
  - Integration of talented individuals into established training and mentorship programmes
  - Support for creation of either “in-situ” long-term mentorships or matchmaking with commercial operations
- ▶ **Potential role players:**
  - DAC
  - CCDI
  - Donors
  - Commercial and CBO-based intermediaries
- ▶ **Nature of potential impact:**
  - Increased mobility of highly capable survivalist workers into higher value-add and quality work
  - Overall sector growth through improvement of quality of enterprises
- ▶ **Risks:**
  - Erosion of capabilities of non-profit operations
  - Exposure of individuals to greater risks within the private sector environment than they might face within grant-funded organisations

Note: This initiative could potentially be developed as a sub-programme within the seamless support programmes proposed in Section 8.6.

## **8.9 Sectoral linkages programme**

This potential intervention would facilitate linkages with other sectors in order to improve efficiencies, share information and create new opportunities for craft production techniques and products.

- ▶ **Key action steps:**
  - Establish forum for dialogue, or participation by other sectors in Craft Partnership (furniture, clothing, fashion accessories, soft furnishing/ home textiles, tourism)
  - Illustrative product examples:
    - Furniture – handwoven, beaded or wired panels in chairs or couches and tables

- Soft furnishings – Beading or other hand needlework panels on CMT textiles (cushions, table linen, bed linen), handwoven rugs, coordinated within overall ranges or as signature pieces
- Fashion accessories – production of samples, hand finishing of jewellery or bags
- Disseminate skills and enterprise database to key associations/companies in related sectors with high-end capabilities e.g.
  - Industry associations
  - Manufacturers
  - Architects
  - Interior designers
  - Retailers
- Sharing of information and marketing resources e.g. combined participation in trade shows with product clusters, collaboration with tourism support entities to optimise the contribution of crafts to the tourist experience of the Western Cape
- ▶ **Potential role players:**
  - DEDT
  - CCDI
  - Industry associations
  - the dti
- ▶ **Nature of potential impact:**
  - Unlocking of additional market opportunities
  - Growth in turnover and employment and potentially, enterprise numbers
- ▶ **Risks:**
  - Inability to overcome differences in production methods, cycles and mindsets (between mass manufacturing, small batch manufacturing and handcrafted)
  - Failure due to perceptions of competition
  - Unequal power relations

## 9 Prioritisation of interventions

The table below provides a summary of the findings of the options testing in relation to each of the potential interventions. While the assessment is based on expert and role player views and analysis, rather than objective measures (which are not available), it does provide some indication of the likely importance and viability of proposed interventions.

Intervention	Likelihood that will not be addressed adequately through interventions by other government entities	Potential impact of intervention	Availability of resources and capacity	Alignment with objectives of DEDT
Crafts baseline information and enterprise segmentation	M	M	H	L
Western Cape crafts umbrella representative structure	M	L	L	L
Satellite presence of the CCDI	M	L	M	H
Training of officials within SEDA access points to provide support	M	M	M	M
Provincial funding and investment policy	H	H	H	M
Deepening of design integration into crafts sector	M	M	M	M
Entrepreneur-crafter matchmaking programme	M	M	L	M
Extension of advanced business skills development programme	M	H	M	M
Extended seamless programme from market information to order fulfilment	M	H	M	H
Talent identification and migration programme	L	M	M	M
Sectoral linkages programme	L	M-H	M	M

Based on this assessment as well as input from the Project Steering Committee, it is recommended that the following interventions are prioritised.

### Initial interventions to create a basis for further intervention:

1. Extension of the role of CCDI, including regional presence where appropriate
2. Provincial policy on funding and investment into the crafts sector

### Ongoing programmes:

3. Integrated support programme from market information to order fulfilment
4. Intermediary/entrepreneur-crafter matchmaking
5. Deepening of design integration into the crafts sector
6. Extension of advanced business skills development programme

Further detail on the refined proposals for these prioritised initiatives is set out in the section below.

## 10 Priority recommendations for provincial government interventions

### 10.1 Extension of the role of the Cape Craft & Design Institute

Brief project description	Establishment of CCDI support staff in key crafts nodes across the province
Motivation for importance of intervention	<ul style="list-style-type: none"> <li>▶ Building on the success of the CCDI model within the Cape Metropolitan Area</li> <li>▶ Short-term planning with respect to CCDI and its funding in sub-optimal</li> <li>▶ Inadequate support in rural areas and greater need for support in rural areas due to distance from larger markets</li> </ul>
Core objectives	<ul style="list-style-type: none"> <li>▶ More focused and effective support to the Western Cape crafts sector</li> <li>▶ Growth in total activity in Western Cape crafts sector</li> <li>▶ More optimal realisation of production and retail opportunities across the province</li> <li>▶ Greater linkages in terms of market access, information, supply of raw materials and funding between rural areas and the metropolitan area</li> </ul>
Key activities	<ol style="list-style-type: none"> <li>1. Evaluation of current CCDI activities against priorities and vision for the sector</li> <li>2. Re-alignment of activities where required</li> <li>3. Likely segmentation of activities into:             <ol style="list-style-type: none"> <li>a. Non-intensive support to all crafters on database e.g. information sharing</li> <li>b. More intensive support for priority enterprises and programmes</li> </ol> </li> <li>4. Identify any locations requiring satellite presence of CCDI officials, based on existing activity as well as potential for production and retail</li> <li>5. Identify potential collaborative office space/ resources e.g. with DAC, SEDA access points, local government</li> <li>6. Awareness raising with officials from SEDA access points / Red Doors / local govt of available CCDI support services</li> <li>7. Securing additional budget where required on a 3-year budget cycle</li> <li>8. Recruit/second appropriate individuals</li> <li>9. Set up integrated systems to provide common base of support</li> <li>10. Establish contact with target client base in each area</li> <li>11. Roll out support services</li> </ol>
Resource required	<ul style="list-style-type: none"> <li>▶ Human resources – up to 4 additional suitably skilled individuals (with communication skills, project management, production management skills etc.)</li> <li>▶ ICT systems (computers, information management systems, telephones and faxes)</li> </ul>
Lead entity	DEDT and CCDI
Support role players	Funding through DEDT, DAC and/or local councils
Potential additional funders	Potential to utilise the facilities of local community art centres
Location	Centres of craft activity within the Western Cape, potentially including: <ul style="list-style-type: none"> <li>▶ Garden Route e.g. Knysna/George</li> <li>▶ Winelands e.g. Franschoek</li> <li>▶ Overberg e.g. Hermanus</li> <li>▶ West Coast e.g.</li> </ul>
Primary clients/beneficiaries	Craft producers and retailers in smaller towns and rural areas
Implementation risks	<ul style="list-style-type: none"> <li>▶ Inadequate coordination/duplication with other local support entities</li> <li>▶ Inefficient support due to greater dispersion of potential client base</li> </ul>

## 10.2 Provincial framework on funding and investment into the crafts sector

Brief project description	Interdepartmental agreement on a common investment and funding framework for the crafts sector in order to avoid wastage, improve impact of government and donor funds invested in the sector, and enhance alignment
Motivation for importance of intervention	<ul style="list-style-type: none"> <li>▶ The current funding fragmentation and lack of coherent objectives/ funding criteria is restricting the impact of government support to the sector and creating confusion amongst craft entities</li> </ul>
Core objectives	<ul style="list-style-type: none"> <li>▶ More efficient, effective and transparent investment by provincial government in the crafts sector in the Western Cape</li> <li>▶ Better intergovernmental coordination across all three spheres of government providing funding to the crafts sector within the province</li> <li>▶ Aligned funding by donors where possible</li> </ul>
Key activities	<ol style="list-style-type: none"> <li>1. Advocacy to motivate for the need for a common funding/ investment framework into the sector</li> <li>2. Facilitation of an interdepartmental task team to seek agreement on, amongst others <ul style="list-style-type: none"> <li>○ Principles of provincial government support to the sector</li> <li>○ Objectives and targets, e.g. sustainability, increased production and employment, transformation</li> <li>○ Confirmation of entities' roles and responsibilities to reduce gaps and avoid duplication</li> <li>○ Funding criteria and evaluation mechanisms</li> </ul> </li> <li>3. Implementation of policy and communication to crafters</li> </ol>
Resource required	▶ Human resources – coordination, facilitation and senior leadership
Lead entity	DEDT to facilitate
Support role players	Provincial Treasury, DACSR, WCCC, CCDI, Wesgro, DSSPA, DLG , donors
Potential additional funders	Local government, donors
Location	Cape Town
Primary clients/beneficiaries	<ul style="list-style-type: none"> <li>▶ Role players supporting the sector</li> <li>▶ Ultimately, recipients of funding within the crafts sector</li> </ul>
Implementation risks	▶ Political risks of managing the coordination process

<b>10.3 Integrated support programme from market information to order fulfilment</b>	
Brief project description	Creation of a coherent support system for hand-technique manufacturers with the potential for (and interest in) growth and competitiveness, in order to enable market access, order fulfilment and continued ability to secure and deliver on contracts
Motivation for importance of intervention	<ul style="list-style-type: none"> <li>▶ Most interventions in the sector are not well linked up, and are not yet ensuring that interventions impact on long-term growth in production, employment and sustainability of enterprises</li> <li>▶ Those interventions that are providing integrated support are reaching a limited number of entities (e.g. Aid to Artisans programme with the CCDI)</li> </ul>
Core objectives	<ul style="list-style-type: none"> <li>▶ Increase the quality and suitability of Western Cape product</li> <li>▶ Create sustainable commercial craft manufacturers</li> <li>▶ Grow production volumes, employment and exports</li> </ul>
Key activities	<ol style="list-style-type: none"> <li>1. Research to consolidate lessons learned to date from CCDI programmes, Aid to Artisans initiative, Conran Africa initiative etc. (talking to craft producers, service providers, retailers and funders, as well as assessing consumer satisfaction)</li> <li>2. Appointment of project manager/s</li> <li>3. Development of coherent programme and confirmation of performance measures and roles and responsibilities of each support entity, including: <ul style="list-style-type: none"> <li>○ Market information (the dti, Wesgro, CCDI, research entities and tertiary institutions, international support entities e.g. CBI) <ul style="list-style-type: none"> <li>▪ Domestic consumer market (in particular homeware and fashion accessories)</li> <li>▪ Tourism market (including Craft Art and curios)</li> <li>▪ Corporate and government procurement - furniture, soft furnishings and accessories - for residential developments, boutique hotels, board rooms and reception areas (including assistance with registration on supplier databases and lobbying for alignment of technical specifications to accommodate products with a handcrafted element)</li> <li>▪ Exports (in particular homeware, fashion accessories, festive decorations and Craft Art)</li> </ul> </li> <li>○ Selection of enterprises, capacity building and skills development (CCDI, CapeMAC, CSIR)</li> <li>○ Product development in accordance with market requirements (CCDI, intermediaries, retailers)</li> <li>○ Market access/ securing orders (dti, CCDI, intermediaries, retailers)</li> <li>○ Production planning</li> <li>○ Purchasing of inputs</li> <li>○ Quality control</li> <li>○ Distribution and logistics</li> <li>○ Retail</li> <li>○ Repeat order management</li> </ul> </li> <li>4. Negotiation of market opportunities</li> <li>5. Invitation to potential participants and screening to assess capabilities, competencies and areas where support required, resulting in a list of 15 to 30 enterprises to support over 2 to 3 year period, depending on markets confirmed and funds secured (private sector involvement in assessment of financial/commercial criteria)</li> <li>6. Pilot with a series of enterprises, with selective support based on needs assessment</li> <li>7. Roll out to an extended group</li> <li>8. Internalisation of skills into enterprises over a 2 to 3 year period</li> <li>9. Monitoring and evaluation</li> </ol>

### 10.3 Integrated support programme from market information to order fulfilment

Resources required	<ul style="list-style-type: none"> <li>▶ Primarily skilled human resources – individuals/entities with skills in:             <ul style="list-style-type: none"> <li>○ Retail and understanding of how to secure orders</li> <li>○ Design and product development</li> <li>○ Product pricing</li> <li>○ Production process design, management and quality control</li> <li>○ Organisational design and human resource management</li> </ul> </li> </ul>
Lead entity	▶ CCDI
Support role players	<ul style="list-style-type: none"> <li>▶ CapeMAC</li> <li>▶ CSIR</li> <li>▶ the dti</li> <li>▶ Retailers</li> <li>▶ Freelance designers</li> <li>▶ Commercial agents and intermediaries</li> </ul>
Potential additional funders	▶ Donors e.g. Aid to Artisans
Location	Cape Town and potentially satellite CCDI branches
Primary clients/beneficiaries	Emerging craft manufacturing enterprises
Implementation risks	<ul style="list-style-type: none"> <li>▶ Risk of failure of manufacturing enterprises in which government has invested significant resources</li> <li>▶ Market risk due to changing market conditions</li> <li>▶ Coordination between diverse role players</li> </ul>

## 10.4 Intermediary/entrepreneur-crafter matchmaking

Brief project description	This potential intervention would aim to facilitate partnering of successful intermediaries within and outside the crafts sector with individual crafters or groups of crafters that require assistance with access to capital and commercial aspects of their operations
Motivation for importance of intervention	<ul style="list-style-type: none"> <li>▶ Current relationships between intermediaries and crafters are not ideal</li> <li>▶ Many crafters do not have the interest in or aptitude to run the business aspects of their craft production operations</li> <li>▶ Craft enterprises are highly unlikely to receive funding from private sector financial services given their risk profile and/or lack of financial systems; it is therefore more viable to seek capital from entrepreneurs that share an understanding of a market opportunity</li> </ul>
Objectives	<ul style="list-style-type: none"> <li>▶ Develop supportive and mutually beneficial relationships between crafters and intermediaries</li> <li>▶ Improved sustainability of enterprises and reduced dependence on intermediaries in the long term</li> <li>▶ Growth in turnover and employment</li> <li>▶ Increased market access and information</li> <li>▶ Productivity improvements and professionalisation of the sector</li> </ul>
Key activities	<ol style="list-style-type: none"> <li>1. Identification a project manager</li> <li>2. Development of guidelines on structuring of deals/shareholding or joint ventures</li> <li>3. Identification of a pool of potential intermediaries / successful entrepreneurs with the required business skills and interest</li> <li>4. One-on-one and event-based matchmaking of entrepreneurs with crafters that wish to focus on creative aspects of industry, require business skills and potentially a capital injection</li> <li>5. Linkages to enterprise support services</li> <li>6. Monitoring and evaluation system</li> </ol>
Resources required	<ul style="list-style-type: none"> <li>▶ Human resources</li> <li>▶ Events management to host a “matching event”</li> </ul>
Lead entity	▶ CCDI
Potential support role players	<ul style="list-style-type: none"> <li>▶ CapeMAC</li> <li>▶ SEDA/Red Door</li> </ul>
Location	Cape Town
Primary clients/beneficiaries	▶ Skilled crafters with inadequate business skills
Implementation risks	<ul style="list-style-type: none"> <li>▶ Commercial risk of enterprise failure</li> <li>▶ Perceptions of exploitation of crafters by intermediaries</li> </ul>

## 10.5 Deepening of design integration into the crafts sector

Brief project description	As well as the integration of trend interpretation into product development in craft in the Western Cape, this programme would encourage integration of design principles around functionality, production efficiency and innovation into production of craft tools, materials and end products
Motivation for importance of intervention	<ul style="list-style-type: none"> <li>▶ Without design quality and differentiation, the future of the crafts industry in the Western Cape will be jeopardised</li> <li>▶ Interventions to date have had limited reach and have been focused primarily on trend interpretation for end products</li> </ul>
Core objectives	<ul style="list-style-type: none"> <li>▶ Optimise the role of design in improving the competitiveness and differentiation of the Western Cape crafts sector <ul style="list-style-type: none"> <li>○ Create tools that improve the efficiency of hand production techniques in areas that are most significant to the Western Cape crafts sector</li> <li>○ Develop materials that enhance the uniqueness of Western Cape craft products</li> <li>○ Develop products that meet market requirements and are recognised as demonstrating quality and innovation</li> </ul> </li> </ul>
Key activities	<ol style="list-style-type: none"> <li>1. Research opportunities for design input within tools, materials and end products</li> <li>2. Confirm mechanisms for allocating intellectual property rights</li> <li>3. Facilitate linkages between designers and craft enterprises / groups of enterprises</li> <li>4. Support for feasibility assessments and sample production Confirm mechanisms for allocating intellectual property rights on ideas emerging from the forum</li> <li>5. Illustrative examples of areas to explore<sup>1</sup>: <ul style="list-style-type: none"> <li>○ Hand tools for beading, wirework, ceramic shaping, hand weaving, needlework</li> <li>○ Handwoven and non-woven textiles</li> <li>○ Recycled material applications</li> <li>○ Horticulture, aquaculture and mariculture harvesting implements/baskets</li> <li>○ Low cost storage solutions</li> <li>○ Educational materials and toys</li> </ul> </li> </ol>
Resources required	<ul style="list-style-type: none"> <li>▶ Human resources required for facilitation</li> <li>▶ Funding for feasibility assessments</li> </ul>
Lead entity	▶ CCDI
Support role players	<ul style="list-style-type: none"> <li>▶ CPUT</li> <li>▶ CSIR</li> <li>▶ DAC/DACSR</li> </ul>
Potential additional funders	Donors, DFIs
Location	Cape Town
Primary clients/beneficiaries	<ul style="list-style-type: none"> <li>▶ Master crafters</li> <li>▶ Craft manufacturers</li> </ul>
Implementation risks	<ul style="list-style-type: none"> <li>▶ Limited number of suitably specialised/ highly skilled individuals and readiness to allocate time to the initiative</li> <li>▶ Potential reticence to share creative ideas</li> <li>▶ Lengthy lead times in product development through such a collaborative process when compared to market demand cycles</li> </ul>

<sup>1</sup> Based in interview with Mel Hagen

## 10.6 Extension of business skills development programme

Brief project description	Extension and enhancement of skills development programmes to equip managers in hand-technique manufacturing entities with the capacities required to manage their product development, purchasing, production management, quality control, overall order fulfilment, finances, human resource, change management, marketing and (where appropriate) exports; as well as provide potential master crafters with the minimum skills required to have more equitable relationships with business service providers
Motivation for importance of intervention	<ul style="list-style-type: none"> <li>▶ Without the internalisation of at least a minimum level of business skills, crafters will continue to be marginal and unsustainable on a commercial basis</li> <li>▶ High levels of competency in these skills will be vital to the competitiveness and growth of the sector, in particular in the high-end market</li> </ul>
Core objectives	<ul style="list-style-type: none"> <li>▶ Equip the majority of owners/managers within craft enterprises in the Western Cape with a minimum level of competence in business skills, including potential master crafters</li> <li>▶ Develop a group of individuals in targeted hand-technique manufacturing enterprises that have sufficiently high levels of skills to begin to manage their production processes and businesses in-house on a sustainable basis</li> <li>▶ Alignment of craft production with retailers needs and market demands</li> </ul>
Key activities	<ol style="list-style-type: none"> <li>1. Develop agreed guidelines on skills sets and competencies required to: <ul style="list-style-type: none"> <li>○ Function effectively as a creative producer that engages with business service providers</li> <li>○ Operate as a professional hand-technique manufacturer with limited assistance from external service providers</li> </ul> </li> <li>2. Integrate/align these guidelines with SAQA unit standards and programmes by accredited service providers</li> <li>3. Establish formal mentorship commitments from successful business people in the sector and related sectors, followed by twinning with managers in targeted craft enterprises</li> <li>4. Secure agreement from retailers to include craft managers into relevant in-house programmes (potentially government cost-recovery funding)</li> <li>5. Alignment of design curricula in tertiary institutions to provide suitable business skills</li> </ol>
Resources required	▶ Primarily skilled human resources (development of training materials and implementation of training programmes/mentorship)
Lead entity	▶ CCDI
Support role players	<ul style="list-style-type: none"> <li>▶ CapeMAC</li> <li>▶ MAPPP-SETA</li> <li>▶ Tertiary institutions e.g. CPUT, UCT</li> <li>▶ Retailers</li> <li>▶ Willing business people in crafts, clothing, textiles, furniture etc.</li> </ul>
Potential additional funders	Department of Labour Donors e.g. Aid to Artisans
Location	Cape Town and satellite CCDI branches
Primary clients/beneficiaries	Managers in emerging craft manufacturing enterprises Sole traders or designers with the capability to become either master crafters or managers in craft manufacturing enterprises
Implementation risks	<ul style="list-style-type: none"> <li>▶ Limited number of suitably specialised/ highly skilled individuals to provide training</li> <li>▶ Poor coordination amongst all role players involved in skills development</li> </ul>

## 11 Targets and performance criteria

Based on the proposed priority interventions, the following targets and performance criteria in terms of activities, outputs and outcomes have been proposed for further debate and finalisation. As with all targeting and evaluation processes, as one progresses from measurement of activities towards overall outcomes, the degree of control and causality diminishes and the influence of a multitude of other variables increases.

Area	Indicator	Target	Potential information sources
<b>Activities</b>			
1. Extension of the role of CCDI	▶ CCDI strategy developed	▶ CCDI strategy developed by end of 2005	▶ CCDI report
	▶ Budget lines allocated	▶ Operational budget allocated by DEDT by 2006; ▶ Contributions by DAC / local councils confirmed (budget, office space, telephonic and computer facilities) by 2006	▶ DEDT MTBPS statements/ variations ▶ DAC budget and programme commitments ▶ Municipal budgets and strategies
	▶ Number of satellite CCDI offices launched	▶ Satellite offices launched in Garden Route, West Coast and Overberg by early 2007	CCDI reports
	▶ Human resources and systems allocated	▶ Minimum of one dedicated person per office with skills in programme management, product development, order fulfilment and enterprise support by early 2007	CCDI reports
	▶ Support services provided	▶ Information exchange, product development support, linkages to training and enterprise support services up and running by end 2007 ▶ Supporting a minimum of 50 craft enterprises in each geographical area	Support services database would need to be kept recording contact with craft enterprises
2. Creation of a provincial framework on funding and investment into the crafts sector	▶ Agreed funding and investment framework in place and reflected in departmental programmes and budgets	▶ Framework in place by early 2006 ▶ Integration into budgets and programmes by 2007	▶ Departmental annual reports and budgets
3. Integrated support programme from market information to	▶ Development of coordinated programme	▶ Programme confirmed by early 2006	▶ Service Level Agreement ▶ Role player strategies, budgets and annual reports

Area	Indicator	Target	Potential information sources
order fulfilment	▶ Confirmed group of screened priority hand-technique manufacturers	▶ Participants confirmed by mid 2006	▶ CCDI reports
	▶ Number of orders secured	▶ Minimum 5 domestic retail group orders secured by end 2006 ▶ Minimum 10 export orders secured by 2006	▶ Programme reports ▶ Craft enterprises' financial records
	▶ Orders delivered on time and to suitable quality	▶ 95% of orders secured delivered on time ▶ 98% of product considered good quality with limited consumer returns/dissatisfaction reports ▶ Minimum additional turnover generated of R50m	▶ Project manager reports ▶ Consumer returns records by retails and export agents ▶ Retailer surveys
	▶ Repeat orders to targeted enterprises	▶ 80% of enterprises in group securing repeat order for 3 successive years	▶ Project manager reports ▶ Participant enterprises financial reports
4. Intermediary/entrepreneur-crafter matchmaking	▶ Guidelines on partnerships developed ▶ Matchmaking event convened ▶ One-on-one meetings convened	▶ Guidelines in place by early 2006 ▶ Minimum of one matchmaking event by end of 2006 ▶ Minimum of 10 one-on-one meetings by end of 2006	▶ CCDI reports
5. Deepening of design integration into the crafts sector	▶ Enterprises reached by trends application information	▶ 65% of CCDI database exposed to trends analysis by 2007	▶ Reports of use of trends information and workshop participation records
	▶ Design forum established	▶ Design forum functioning by beginning of 2006	▶ CCDI reports
	▶ Number of forum meetings convened	▶ 3 design forum meetings convened annually	▶ Reports on design forum meetings
	▶ Number of new products developed ▶ Quality of new end products designed, and produced	▶ 4 new tools tested by 2007 ▶ 5 new materials tested by 2007 ▶ 75% of products produced by participants in CCDI programmes considered of high design quality by 2007	▶ Project manager reports ▶ Patents registered ▶ Qualitative assessments through retailer and consumer surveys

Area	Indicator	Target	Potential information sources
6. Extension of advanced business skills development programmes	<ul style="list-style-type: none"> <li>▶ Skills programme content guidelines and targets developed</li> <li>▶ Unit standards aligned</li> <li>▶ Curricula aligned</li> </ul>	<ul style="list-style-type: none"> <li>▶ Programme developed by early 2006</li> <li>▶ Unit standards aligned by 2007</li> <li>▶ Tertiary institution curricula aligned by 2008</li> </ul>	<ul style="list-style-type: none"> <li>▶ Programme report</li> <li>▶ MAPPP-SETA reports</li> <li>▶ CPUT and UCT curriculum statements</li> </ul>
	<ul style="list-style-type: none"> <li>▶ Mentorships established</li> </ul>	<ul style="list-style-type: none"> <li>▶ Minimum of 20 entrepreneur-crafter mentorships established</li> </ul>	<ul style="list-style-type: none"> <li>▶ Programme feedback</li> </ul>
	<ul style="list-style-type: none"> <li>▶ Number of participant retailers</li> <li>▶ Support budget secured</li> <li>▶ Number of crafters passing through in-house retailer programmes</li> </ul>	<ul style="list-style-type: none"> <li>▶ Minimum of 3 participant retailers by end 2006</li> <li>▶ Government support budget allocated by end 2006</li> <li>▶ Minimum of 40 crafters that have participated in in-house programmes by end 2008</li> </ul>	<ul style="list-style-type: none"> <li>▶ CCDI reports</li> <li>▶ Government budget statements</li> <li>▶ Retailer reports</li> </ul>
<b>Consolidated programme outputs</b>			
Enterprises supported	<ul style="list-style-type: none"> <li>▶ Number of enterprises that have received support by each intervention</li> <li>▶ Number of intermediary/ entrepreneur-crafter partnerships secure</li> </ul>	<ul style="list-style-type: none"> <li>▶ Minimum of 30 enterprises supported on an ongoing basis for 2 year period by 2008</li> <li>▶ Minimum of 750 enterprises reach by information-sharing service</li> <li>▶ Minimum of 5 partnerships secured</li> </ul>	<ul style="list-style-type: none"> <li>▶ CCDI reports</li> <li>▶ CCDI database records</li> </ul>
Employment growth	<ul style="list-style-type: none"> <li>▶ New employees appointed in enterprises involved in programmes</li> </ul>	<ul style="list-style-type: none"> <li>▶ Minimum of 1000 new employees appointed in enterprises involved in programmes by 2007</li> </ul>	<ul style="list-style-type: none"> <li>▶ Programme reports</li> </ul>
Design improvements	<ul style="list-style-type: none"> <li>▶ Design quality of products</li> <li>▶ Number of new products (this includes new functionalities, new designs, new material usage)</li> </ul>	<ul style="list-style-type: none"> <li>▶ At least 75% of products produced by participants in programmes considered high quality</li> </ul>	<ul style="list-style-type: none"> <li>▶ Programme reports</li> <li>▶ Qualitative feedback from expos such as Design Indaba</li> <li>▶ Retailer and export agency surveys</li> </ul>
Production growth	<ul style="list-style-type: none"> <li>▶ New production volumes as a result of interventions</li> </ul>	<ul style="list-style-type: none"> <li>▶ Minimum of R50m new production in participating enterprises by 2007</li> </ul>	<ul style="list-style-type: none"> <li>▶ Programme reports</li> </ul>

Area	Indicator	Target	Potential information sources
Market opportunities accessed	<ul style="list-style-type: none"> <li>▶ Number of exporting enterprises</li> <li>▶ Number of large retailers selling locally produced crafts products</li> </ul>	<ul style="list-style-type: none"> <li>▶ 25 more established exporters by 2007 (more than one export order over minimum of 2 years)</li> <li>▶ Minimum of 10 domestic homeware and fashion accessory retailers stocking range of W. Cape craft product by 2007</li> </ul>	<ul style="list-style-type: none"> <li>▶ CCDI and TISA reports</li> <li>▶ Retailer surveys</li> </ul>
Empowerment & equity	<ul style="list-style-type: none"> <li>▶ % enterprises supported that were black owned or managed</li> <li>▶ % enterprises supported that were female owned or managed</li> </ul>	<ul style="list-style-type: none"> <li>▶ Minimum 65% black – owned enterprises by 2007</li> <li>▶ Minimum 55% women– owned enterprises by 2007</li> </ul>	
<b>Longer-term outcomes for crafts sector</b>			
Employment growth	<ul style="list-style-type: none"> <li>▶ Employment within the sector</li> </ul>	<ul style="list-style-type: none"> <li>▶ Employment of 20,000 people by 2014 (just over double current employment)</li> </ul>	<ul style="list-style-type: none"> <li>▶ CCDI database</li> <li>▶ Ideally, tracking in official statistics e.g. amended Stats SA sector definitions</li> </ul>
Enterprise development	<ul style="list-style-type: none"> <li>▶ Producing enterprise numbers</li> <li>▶ Retailer numbers</li> </ul>	<ul style="list-style-type: none"> <li>▶ 3,000 well-established and sustainable producing enterprises by 2014</li> <li>▶ 500 well-established retailers stocking craft product by 2014</li> </ul>	
Production growth	<ul style="list-style-type: none"> <li>▶ Production output by crafts sector</li> <li>▶ Average annual growth in production</li> </ul>	<ul style="list-style-type: none"> <li>▶ Avg. annual production growth of 25% 2006 to 2014</li> <li>▶ Production volume equivalent to R2bn at current prices by 2014</li> <li>▶ Exports equivalent to R1bn</li> <li>▶ Retail volume equivalent to R1bn by 2014</li> </ul>	
Broad-based empowerment	<ul style="list-style-type: none"> <li>▶ Geographical distribution of craft enterprises</li> <li>▶ Ownership/ management by blacks/women</li> </ul>	<ul style="list-style-type: none"> <li>▶ 60 - 40 ratio in “Cape Town” vs. “other locations” in CCDI database by 2010</li> <li>▶ 65 % black ownership in the sector by 2014</li> <li>▶ 55% ownership by women in the sector by 2014</li> <li>▶ 50% production volumes attributed to HDI-owned enterprises by 2014</li> </ul>	

## **12 Way forward**

The recommended interventions will be considered and prioritised as part of the overall Microeconomic Development Strategy process. Selected programmes will then be implemented and assessed in relation to agreed targets on an ongoing basis.

## ANNEXURE A: DRAFT CUSTOMISED SECTOR PROGRAMME

The following programmes are currently in a planning stage within the dti's Customised Sector Programme for crafts:

### 1. Craft Industry Development Council

This would bring government and industry into a national forum to drive the growth and development of the sector.

Objectives include:

- ▶ Building the sustainability of the craft sector as an industry by supporting, guiding, directing and promoting it
- ▶ Integrating and coordinating craft initiatives and strategies in all spheres of government
- ▶ Managing the implementation of specific projects such as:
  - Development of a national database and knowledge management system (including monitoring key indicators)
  - Development and implementation of a national marketing and market access strategy (includes market research and market intelligence information dissemination)
  - Development of customised incentive programmes

### 2. Integrated Craft Hubs

This programme aims to establish regional urban hubs to promote and facilitate craft trade; with strong linkages to prioritised rural hubs.

Objectives:

- ▶ To facilitate access to markets for producers through provincial development agencies, exhibition emporia, showcases, trade houses and craft precincts
- ▶ To support local strategies for networking, information exchange and access to information

### 3. Market Access

This programme aims to develop and implement a marketing and market access strategy to grow South Africa's market share.

Objectives:

- ▶ To identify and expand local, national and international markets
- ▶ Establish a distinctive South African brand with a unique identity and features of South African made products
- ▶ Prioritise niche markets and set targets for next 5 years
- ▶ Link products/crafters to identified markets
- ▶ Market the sector and raise consumer awareness

### 4. Craft Enterprise Development

This would involve the development of an integrated services and support programme to assist with the systematic development of established and emerging craft enterprises using existing initiatives and filling gaps with new initiatives.

Objectives:

- ▶ To grow established and emerging craft enterprises through training, mentoring, access to finance and other support services
- ▶ Facilitate establishment of clusters, co-ops and linkage to Craft Hubs

#### 5. Design & Product Development Programme

This project aims to develop a programme that develops and nurtures South African designers both through formal curriculum and work-based training.

Objectives:

- ▶ To implement a national system that will see to the improvement of products through design
- ▶ To link training and market place initiatives
- ▶ To link the range of institutions in this area and those working cross sectorally (i.e. fashion, jewellery)

**ANNEXURE B: REPORTS CONSULTED**

Reports reviewed included the following:

1. Create SA/MAPPP SETA (2004) Crafts Sector Strategy, National Workshop Proceedings
2. Cultural Strategy Group, (1998) Creative South Africa: A strategy for realising the potential of the Cultural Industries, prepared for the Department of Arts Culture, Science and Technology
3. Department of Arts, Culture, Science and Technology (2001) Craft 2001: A strategy to develop the South African Craft Industry
4. Department of Trade and Industry (December 2004) Draft Customised Sector Programme for the Crafts Sector
5. Department of Trade and Industry (2004) Sector, Development Strategy and Plan, 2004-2008, Workshop Report
6. ECIAfrica Consulting, KwaZulu-Natal Craft Subsector Analysis, 2004
7. Elk, E. The South African Craft Sector (2005) Prepared for the HSRC
8. Kromberg, S. and Elk, E. (2000) Audit of Craft Assets in the Western Cape, report commissioned on behalf of the Western Cape Craft Partnership by the Western Cape Department of Economic Affairs, Agriculture and Tourism

## **ANNEXURE C: ROLE PLAYER CONSULTATIONS**

The following institutions were consulted during the preparation of this report:

1. Cape Craft & Design Institute
2. Department of Trade and Industry
3. Create SA/MAPPP-Seta
4. Design Faculty, CPUT
5. Wesgro
6. National Department of Arts and Culture
7. Western Cape Department of Arts, Culture, Sports and Recreation
8. Streetwires
9. Clanwilliam Living Landscapes Project
10. Link Africa
11. CSIR
12. African Home
13. Tiger's Eye