

**Western Cape  
Microeconomic Development Strategy**

**Crafts sector study  
Overall executive summary**

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## 1 Introduction

The purpose of this document is to provide an accurate and up-to-date assessment of the profile of the crafts industry and set out proposed interventions as part of the wider Western Cape Microeconomic Development Strategy process.

## 2 State of the sector and future projections

The crafts sector has far **greater diversity** than many other sectors. Materials, specific techniques, scale of production and product types and quality may vary significantly. Market positioning also varies from functional items to fashion-led items, and gifts and souvenirs to collectibles or Craft Art. Furthermore, motivations for being in the crafts sector may range from creative expression to entrepreneurship and profit generation, as well as survival and poverty alleviation. This diversity can create confusion of objectives and tension between divergent mindsets within the sector.

Comprehensive and reliable information on the crafts sector is not readily available. However, the table below provides a summary of key statistics based on current estimates comparing the Western Cape and national figures<sup>1</sup>.

**Table I: Key statistics for the Western Cape crafts sector**

Category	CCDI producer database sample	Estimation for Western Cape*	Estimated % W.Cape of national
Number of producing enterprises	554	1,662	6,187 (27%)
Employment/ people engaged**	3,234	7,165	(15.1%)
Retail enterprises	216	348	580 (60%)
Retail turnover ***	-	R200m to R500m	-

\*Based on the assumption that the CCDI database contains a third of enterprises in the crafts sector in the province.

\*\* This is calculated based on estimates of #s of each enterprise type and average number of employees per enterprise type

\*\*\* Based on extrapolation from turnover of listed curio retail outlets in the province

Retail is considered the dominant aspect of the value matrix in the Western Cape, followed by production and design. Craft retail includes diverse product from across the continent and further afield and is primarily mid-to-high end, with the dominant forms of retail being commercial retail outlets, galleries and producer outlets.

Most producers operate on a micro or small scale. Production is oriented towards mid-to-high end pricing, with a very diverse product range. However, there is a dominance of homeware and fashion accessories, with a contemporary design. Skills applied include hand building, sewing and beading; using mostly textiles, beads and ceramics. Intermediaries play an important role because producers do not necessarily have the skills required to manage all aspects of their enterprises, e.g. marketing, export management, product design.

<sup>1</sup> Sources: CCDI database, draft Customised Sector Programme of the Department of Trade and Industry, Crafts Sector Strategy workshop proceedings, October 2004

Despite the absence of very accurate statistics on the sector, it is clear that it is making a meaningful **contribution to the provincial economy**, in particular in terms of enterprise development. It appears that the sector may be particularly important to women and new entrants to the formal economy as a “stepping stone” to other activities. It also has an impact on enhancing the attractiveness of the province as a destination by creating unique retail and cultural experiences.

### 3 Threats and opportunities

The table below summarises the opportunities and threats that have been identified:

Opportunities	Threats
<ul style="list-style-type: none"> <li>▶ Sustainable livelihoods out of relatively low skills base and minimal capital input</li> <li>▶ Consumer demand for handcrafted, unique, African inspired products</li> <li>▶ Corporate and government procurement demand – e.g. boutique hotels, boardroom furniture</li> <li>▶ Scope for increased linkages and collaboration with related sectors in the province</li> <li>▶ Design of handcrafted products that can improve quality of life</li> <li>▶ Strengthening local fashion industry</li> <li>▶ Numerous event-based marketing opportunities</li> <li>▶ Available funding</li> <li>▶ Opportunities in the local and international tourism markets</li> <li>▶ Empowerment transformation of the sector, and resultant new energy and innovations</li> <li>▶ Developing Proudly South African consumer awareness and purchasing</li> <li>▶ Enabling environment (political will)</li> <li>▶ Development of coherent policy framework and objectives</li> <li>▶ African collaboration</li> </ul>	<ul style="list-style-type: none"> <li>▶ Individualistic mindsets of many crafters, inhibiting cooperation</li> <li>▶ Creation of sustained negative perceptions because of orders not met, unreliable service etc.</li> <li>▶ Potential high failure rates and rapid migration in and out of the sector</li> <li>▶ Absence of clear and common objectives across all interventions in the sector</li> <li>▶ Lack of an integrated approach to implementation of strategies and projects</li> <li>▶ Developmental funding and grants tending to create “false economics”</li> <li>▶ Cannot compete in export markets with other developing countries on volume, mass production and cost; also increase in import competition</li> <li>▶ Replacement of handcraft by industrialisation and copying</li> <li>▶ Weak intellectual property protection and extensive copying by competitors, in particular for collective IP</li> </ul>

Based on the analysis of the current profile, threats and opportunities, a **vision for the sector** was developed from DEDT’s perspective to inform strategic decisions on intervention in the sector, namely:

*By 2014 the crafts sector will be made up of professional commercial manufacturing enterprises using hand-techniques, exceptionally skilled master crafters and supportive intermediaries and retailers, that work both independently and collaboratively. Products will be high quality (especially homeware and fashion accessories) with diverse design styles, and be successful in the mainstream domestic retail, the tourist market, corporate and government procurement, and key export markets. 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, and improved quality of life.*

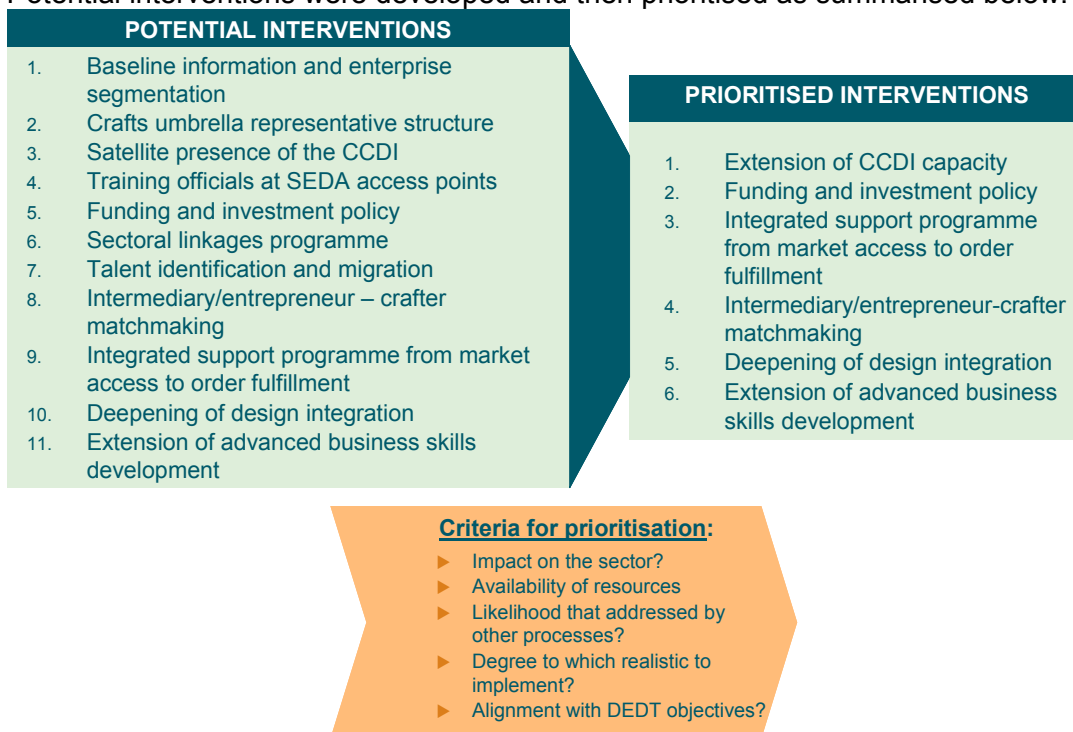
## 4 Policies proposed

Numerous national, provincial and local government entities and other support entities are involved in **current or planned interventions** that impact on the sector. To date there has been inadequate coordination and diverse objectives. Should all intervention in the sector be removed, it is likely that the majority of welfarist projects would not be sustainable, while many commercial operations would continue to operate, although potentially with limited growth and transformation. The following **gaps in interventions** were identified:

- ▶ Baseline information and profiling of craft producers’ growth orientation and capabilities
- ▶ Support for the development of a crafts representative structure
- ▶ Commercially-oriented support for crafts enterprises in non-metropolitan areas
- ▶ Coherent funding principles across all support entities
- ▶ Reach of support for advanced business skills development
- ▶ Extent of market intelligence and market access
- ▶ Integration of support from market identification through to order fulfilment and sustaining opportunities, with a selected group of enterprises
- ▶ Extension of design initiatives beyond trends application
- ▶ Mechanisms for migration of appropriate enterprises or individuals from developmental/survival to commercially-oriented entities
- ▶ Support for beneficial linkages with related sectors

It is recommended that the **DEDT’s role** in addressing these gaps should be commercially-oriented, and therefore focused on providing support for commercially sustainable enterprises through product development, support for supply chain integration within the sector and with related sectors, and facilitation of formalisation and transformation of the sector.

Potential interventions were developed and then prioritised as summarised below:



**Figure 1: Prioritisation of interventions**

A brief overview of the prioritised interventions is provided in the tables below. 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.

### 1. Extension of role of CCDI (W. Cape DEDT and CCDI to lead):

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. Identify any locations requiring satellite presence of CCDI officials, based on existing activity as well as potential for production and retail</li> <li>4. Identify potential collaborative office space/ resources e.g. with DAC, SEDA access points, local government</li> <li>5. Awareness raising with officials from SEDA access points / Red Doors / local govt of available CCDI support services</li> <li>6. Securing additional budget where required on a 3-year budget cycle</li> <li>7. Recruit/second appropriate individuals</li> <li>8. Set up integrated systems to provide common base of support</li> <li>9. Establish contact with target client base in each area</li> <li>10. Roll out support services</li> </ol>
Resource implications	<ul style="list-style-type: none"> <li>▶ Human resources – estimated 4 additional people</li> <li>▶ ICT systems (computers, telephones, faxes, etc)</li> </ul>

### 2. Provincial framework on funding and investment into the crafts sector (DEDT to facilitate):

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>▶ Agreement on objectives of funding and related roles and responsibilities</li> <li>▶ Better intergovernmental coordination across all three spheres of government</li> <li>▶ Alignment of multilateral and donor funding with the framework where possible</li> </ul>
Key activities	<ol style="list-style-type: none"> <li>1. Advocacy to motivate the need for a common funding/ investment framework</li> <li>2. Facilitation of an interdepartmental task team to seek agreement</li> <li>3. Implementation of policy and communication to crafters</li> </ol>
Resource implications	<ul style="list-style-type: none"> <li>▶ Human resources – coordination, facilitation and senior leadership</li> </ul>

### 3. Integrated support programme from market information to order fulfilment (CCDI to lead):

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 previous market access and order fulfilment programmes</li> <li>2. Appointment of project managers</li> <li>3. Confirmation of roles and responsibilities of various support service providers</li> <li>4. Negotiation of market opportunities</li> <li>5. Invitation, profiling and selection of priority target hand-technique manufacturers (</li> <li>6. Pilot with a series of enterprises, with targeted support based on needs analysis</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>
Resource implications	<ul style="list-style-type: none"> <li>▶ Primarily skilled human resources (1 project manager, 3 to 4 additional part-time resources, either internally or from existing service providers)</li> </ul>

#### 4. Intermediary/entrepreneur-crafter matchmaking (CCDI to lead, potentially with CapeMAC)

Objectives	<ul style="list-style-type: none"> <li>▶ Develop supportive and mutually beneficial relationships between crafters and intermediaries</li> <li>▶ Increase professionalism and sustainability of crafts enterprises</li> <li>▶ Grow production volumes and employment</li> </ul>
Key activities	<ol style="list-style-type: none"> <li>1. Identify a project manager</li> <li>2. Identify a pool of potential intermediaries and successful entrepreneurs within and outside of the crafts sector, including BEE enterprises</li> <li>3. 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, with guidelines on structuring of deals/shareholding or joint ventures</li> <li>4. Linkages to enterprise support services</li> <li>5. Monitoring and evaluation system</li> </ol>
Resource implications	<ul style="list-style-type: none"> <li>▶ Human resources</li> <li>▶ Events management to host a “matching event”</li> </ul>

#### 5. Deepening of design integration into the crafts sector (CCDI):

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. Extension of shared access to trends forecast reports</li> <li>2. Rollout of trends analysis workshops</li> <li>3. Research opportunities for design input within tools, materials and end products</li> <li>4. Confirm mechanisms for allocating intellectual property rights</li> <li>5. Facilitate linkages between designers and craft enterprises / groups of enterprises</li> <li>6. Support for feasibility assessments and sample production</li> </ol>
Resource implications	<ul style="list-style-type: none"> <li>▶ Human resources required for facilitation (1 individual)</li> <li>▶ Funding for feasibility assessments</li> </ul>

#### 6. Extension of advanced business skills development programme (CCDI or cross-sector initiative through DEDT):

Core objectives	<ul style="list-style-type: none"> <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>▶ Support a minimum level of business competence amongst Master Crafters</li> </ul>
Key activities	<ol style="list-style-type: none"> <li>1. Develop agreed guidelines on skills sets and competencies for manufacturers and Master Crafters:</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 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. Negotiate alignment of design curricula in W. Cape tertiary institutions to include suitable business skills</li> </ol>
Resource implications	<ul style="list-style-type: none"> <li>▶ Primarily skilled human resources (development of training materials and implementation of training programmes/mentorship)</li> </ul>