



SWARTLAND MUNICIPALITY

ECONOMIC PROFILE

(In fulfilment of Section A of Tender 178/04/05)



University of
Stellenbosch



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EXECUTIVE SUMMARY & STRATEGIC CONCLUSIONS

1. Chapter 1: INTRODUCTION AND FRAMEWORK OF ANALYSIS

The object of the study has been the drawing up of an economic profile of Swartland to inform an understanding of the structure and operation of the local socio-economy as a basis for:

- The identification of key trends, problems and challenges; and
- The identification of potential and opportunities.

The report also addresses the development of a database of unemployed persons and of local service providers as an element of local economic development (LED) strategy.

The information, analysis and assessments reflected in the present report therefore are essentially of a desk-top nature as provided for by the brief, augmented by means of a public workshop session in Malmesbury on 20 July 2005 and interaction with the Swartland Municipality and selected key sectoral stakeholders.

The essential features of an LED approach are that it:

- Involves a relatively high degree of structured interaction and co-operation between stakeholders in the local economy;
- Seeks to mobilise the total resources of the community; and
- Is essentially "home-grown". Good LED interventions should represent informed local responses to local problems aligned with broad overall development guidelines provided by the provincial and national spheres.

South Africa in fact comprises two economies defining the essence of the economic dualism that has long characterised it. The "first" economy is developed and progressive – the "second" economy lags behind and lacks resources. A key role of LED is to bridge the gap between the two economies – to integrate them functionally into one and in the process to achieve economic synergy in local communities.

LED is not a constitutionally assigned function of local government. Rather, local government must carry out its assigned functions so as to support the object of economic development. For local government LED is therefore less a thing it does than a way it does things. LED in the full sense of the word is a community responsibility and not a responsibility of local government **per se** although local government is well placed to initiate community-based processes to achieve local

economic development. Whereas inclusive community-based LED strategies driven by broader social accord represent overarching community consensus economic imperatives, IDP's as legislated for may be seen to represent the plans and policies of local government in response to and in support of such community-based LED strategies. IDP's are therefore in essence local government plans and therefore need to be informed by local economic realities and community-based LED strategies. By the same token other social partners as well need to align their actions with the broader consensus if structured and concerted effort is to lead to accelerated local economic development.

The following ten components generally comprise a typical local economic development strategy. Any credible LED strategy must address at least these elements:

- a. **Encouraging local business growth.** The existing economic production sectors account for existing income and employment in the community and need to form a priority focus of concern;
- b. **Encouraging new economic activities and enterprise** by a variety of means suggested by emerging local and international good LED practice;
- c. **Generally improving the business environment** in support of both existing and new local business activity;
- d. **Promoting "foreign" direct- and inward investment;**
- e. **Investing in "hard" infrastructure**, in particular the priority investment in infrastructure that is able to contribute most directly and immediately to the economy and the creation of jobs;
- f. **Investing in "soft" infrastructure** by way of the development of local social and other institutions and human capacities;
- g. **Cluster and/or sector development to create value chains across the local economy** in which local producers and service providers can participate;
- h. **Area Targeting** specifically aimed at "crowding in" efforts to bring about development in specific areas within the community;
- i. **Regeneration strategies** aimed at the revitalisation of degenerating communities or activities within the local economy with potential to support the objects of LED; and
- j. **Focussed poverty reduction programmes** to raise the entire community to a sufficient threshold of well-being to enable productive engagement in the local economy.

The context of Swartland suggests that these elements of strategy have to be addressed against the background of at least the following key considerations:

- Economic growth, the dual economy, unemployment and poverty;
- Broad-based Black Economic Empowerment (BEE);
- Fiscal Discipline;
- The Environment and specifically housing, roads and infrastructure, land reform and access to the economy and to affordable services for all.

2. Chapter 2: THE STRATEGIC ECONOMIC AND DEMOGRAPHIC CHARACTER OF SWARTLAND IN THE CONTEXT OF THE WEST COAST AND THE WESTERN CAPE

Swartland Local Municipality forms part of the West Coast District. To the extent that Swartland is located at the southern extremity of the West Coast District it is generally less remote from the Cape Town metropole than are the other local municipalities within the West Coast District.

In totality the Swartland economy contributes in the order of 1,5% to provincial economic activity in the Western Cape whilst it accommodates some 1,8% of the total provincial population. This suggests that the Swartland economy is small in provincial terms and also that in terms of its effective labour productivity it is underperforming in provincial economic terms. The Swartland economy is fairly diversified. The main contributors are Agriculture, Manufacturing, Trade and Services. It is important to note that the Swartland economy outside of the town of Malmesbury is dominated by agricultural activity. Malmesbury is the focus of non-agricultural economic activity in Swartland. The West Coast District on the other hand reflects a relatively greater diversity of economic activity than does Swartland with mining generating a proportionally large contribution to such local economies such as Clanwilliam, Manufacturing in Vredenburg, and Agriculture in Piketberg. Agriculture in the West Coast District is the most significant employer followed by Government and Trade (including tourism). Primary activities in the West Coast District are augmented essentially by fishing along the coastline and offshore. The relative importance of employment in the primary (agricultural) sector significantly surpasses that of the province as a whole but closely parallels its close neighbour the (Winelands) Boland District.

At 72 115 persons in 2001 the Swartland population comprised in the order of 25% of that of the West Coast and 1.6% of that of the Western Cape. On the basis of the growth rate recorded between 1996 and 2001 the population could be expected to grow at a rate of 2.1% p.a.

Migration is an important factor driving local population growth in Swartland. Out of every 3 new residents of Swartland annually approximately two may be expected to result from natural growth in the Coloured population and one from the high influx of Africans through the migration mechanism. It can thus be concluded with reasonable confidence that in the order of one third of the growth in the resident population of Swartland derives from the high rate of in-migration of generally unskilled Africans in search of (low to lower-income) employment. The Swartland population generally is less formally schooled than the average for the West Coast and the Western Cape. This militates against entrepreneurship and the creation of opportunities for self-employment outside of the formal economic system.

In terms of provincial perspectives such as reflected in the Provincial Spatial Development Framework (PSDF) Malmesbury, Moorreesburg and Yzerfontein are regarded as areas of relatively high economic development potential and therefore as priority areas for economic investment whilst Koringberg is identified as an area of high need and low development potential and thus as a particular priority focus of social capital spending.

3. Chapter 3: THE SOCIO-ECONOMY OF SWARTLAND

Agriculture generates the largest contribution of about 25% towards the economy. The sector is also the most important source of direct employment opportunities, generating more than 30% of total formal jobs created in the local economy. The conclusion is clearly that the local economy is reasonably sharply focussed on primary agricultural activity that renders it vulnerable to the many factors that can impact upon that sector. This vulnerability is projected through to the local manufacturing sector as well since a significant component of local manufacturing in Swartland involves the processing/beneficiation of local agricultural products and the servicing of the local agricultural sector. More particularly primary agriculture in the Swartland is based upon the production of commodity-type products associated with relatively high risk. On the basis of past performance Swartland therefore has enjoyed a significant comparative advantage in Agriculture reflecting a pronounced contribution from this sector to aggregate economic activity relative to the Western Cape. Moreover, it would appear as if his comparative advantage is on the increase.

The local (Swartland) economy experienced an annualised growth rate in the order of -0.6% over the period (a decline in economic activity) together with a corresponding decline in employment in the order of -1% p.a. Both the local economy and the employment base have therefore shrunk – the employment base at a more rapid rate than the level of local economic activity. This is particularly concerning in view of the sustained population growth driven by migration. On the basis of present performance the local formal economy will be unable

to sustain past labour absorption levels and will increasingly be unable to absorb new entrants into the local labour market. Lack of local skills could also oblige local employers to look elsewhere for suitable workers for the jobs that are available and this does not bode well for the prospects of the (local) potential labour force. The only sectors that managed a positive growth in sectoral activity over the period under analysis were Agriculture, Mining, Construction, and to a lesser degree Transport and Government. These growth rates need however to be viewed in the context of the contributions of these sectors to the local economy. The high growth in the Mining sector in particular comes off a relatively low base and has had little direct effect on the local economy. Whilst the contribution of Agriculture has grown the sector has shed employment in part due to "capital deepening" in the agricultural industry reflecting the replacement of manual labour with specialised equipment to improve production competitiveness. Agriculture does reflect some improved competitiveness compared with the Western Cape as a whole. The conclusion is that an element of the growth achieved in Agriculture and Mining was generated within Swartland by way of improved competitiveness rather than by way simply of spill-over from the provincial economy. The relatively robust growth of local employment in the Government sector is not sustainable and cannot provide a viable platform for local employment creation into the future. To this extent it skews the apparent direct labour absorption of the local economy. Sustainable expansion of local employment will require the local employment creation hitherto achieved in the Government sector to be collectively assumed by the productive sectors of the local economy.

The population structure reflects a heavier concentration in the lower age categories than could be expected in a "normal" population profile with 29% of the population under the age of 15 years, 66% falling in the age group 15 to 65 years (the potential labour force), and only 5% older than 65 years. This implies that in the order of 34% of the population is not available for the labour force, and therefore has to be economically provided for by the remaining 66% - an economic dependency ratio of nearly two to one. The majority of the Black population of Swartland falls in the age group 20 to 35. However, there is a notable anomaly in both the Coloured and White populations in this age group. This suggests a "loss" of young people that is much more pronounced in the White group indicative of an exodus particularly of young Whites from Swartland in search of employment elsewhere. By contrast, Africans in this age group appear to view the Swartland as presenting much better opportunity than their areas of origin (primarily the Eastern Cape) and therefore migrate to the region.

In the order of 12% of those persons who are formally employed in Swartland occupy more remunerative managerial or professional positions. Significant differences exist across population groups with Whites occupying about 60% of managerial positions followed by Coloureds (40%), Whites and Coloureds dominate the clerical and skilled worker category whilst Africans and Coloureds dominate the

unskilled category with approximately 80% of the more elementary menial work performed by Coloureds.

Swartland has a relatively low level of (formally-defined) unemployment by comparison with the Western Cape as a whole which in turn is lower than that of South Africa. However the number of "discouraged work seekers" in Swartland that are unemployed, wish to work, but are not actively engaged in work seeking and thus who fall outside the official definition is unknown. Levels of unemployment vary spatially across the Swartland in partial response to the spatial ethnic and skills composition. Wards 6 and 9 exhibit the highest levels of unemployment. It is a compelling conclusion at first order that many Blacks migrating into the Swartland in the expectation of employment do not get jobs but that despite this fact, the lack of employment options elsewhere causes them to stay in Swartland as unemployed persons.

In addition to the wages and salaries earned through productive economic engagement a substantial amount of money flows into Swartland in the form of the various social grants and transfers. More than 6 000 people in the Swartland benefit from social grants representing a cash infusion into the economy of about R3.4 million per month, or R41.2 million per annum. This represents a significant though arguably an unsustainable injection of disposable income into the local economy. The difficulty with social grants is that they tend to encourage dependency and can serve as a measure of disincentive to productive economic effort.

The Gini coefficient measuring inequality of income distribution across the population in Swartland stands at 68% compared with a national figure for South Africa of 69% in 1996 rising to 77% in 2001. In all, the conclusion can be reached that whilst the income distribution of Swartland is skewed, it is broadly consistent with and in fact slightly less skewed than that of the country as a whole.

In general, Agriculture in Swartland finds itself in a downward phase, mainly as a result of horizontal and even downward movement of farm gate prices in the face of rising input costs including in particular direct and indirect labour costs and fuel costs. Stock farming is doing relatively well but small stock farming is experiencing some difficulties. Primary producers need to deal not only with the challenges inherent in primary wheat production but also with the challenges of a transformed wheat value chain reflecting significant "leakages" to other value adding activities that reduce the percentage of final value accruing to primary wheat producers. The overall conclusion deriving from the various analyses and research is that the Swartland is well placed in terms of the inherent general profitability of wheat production but that the local industry is most especially burdened by debt and cash-flow difficulties arising largely from periodic drought and exogenous factors. All indications are that whilst tariff reform and similar measures are desirable to achieve greater market efficiencies,

protection of the domestic industry does not provide a generally desirable option seen in broader economic terms. There can be no substitute for increased competitiveness on the part of the wheat industry itself if it is to serve as a platform for local economic development in Swartland.

Whilst relatively low-key in terms of its aggregate economic contribution in the context of Swartland fishing has traditionally been an important activity in such coastal centres as Yzerfontein. The challenges faced by the traditional coastal linefish industry in particular however suggest a declining role for this activity as a contributor to aggregate economic activity in such centres as Yzerfontein. Accordingly a sustained change in role may be foreseen for Yzerfontein from that of a coastal town based on fishing activity to that of a coastal recreational, residential and retirement centre.

4. Chapter 4: INSTITUTIONAL STRUCTURES FOR LED IN SWARTLAND

Local and international good practice serves strongly to suggest that institutional arrangements are a key element of successful local economic development arrangements. The requirement for some form of consensus-seeking body at the community governance level representative of key economic stakeholder collectives including government to set community agendas and strategic direction has increasingly come to be recognised. Swartland at present does have dedicated institutional capacity within local government for the management of the LED-related activities of local government. The various key elements of LED are incorporated organisationally with other physical planning and administrative functions under the control of the Head: Planning and Development. Nor are there formally institutionalised community structures charged with the overall promotion of LED *per se*.

If it is to succeed in achieving accelerated LED Swartland needs to develop and institutionalise LED governance capacity:

- At the community level; and
- At the stakeholder level, including the sphere of local government.

International and local good practice that needs to inform the direction taken by Swartland in this regard suggest the following two key elements in community local economic governance:

- a. **A governance body (“local economic development forum”)** representative of key stakeholder collectives in the community (government, business, civil society, the NGO sector) and driven essentially by a process of consensus which leaves intact the autonomy of individual stakeholders; and

- b. **A local economic development agency (LEDA)** with capacity to manage the community networking process and the implementation of community initiatives. Typically such a LEDA can serve as a "**One-stop shop**" for development support and information in the local community;

The LEDA can be established within local government itself to serve the community but this is not ideal and the increasing tendency is to establish the LEDA outside of government as a community-based institution in keeping with the spirit of LED as discussed in Chapter 1 and to assign to it certain key LED-related functions and tasks of local government as provided for in the relevant articles of the Municipal Systems Act (2000) as amended.

At the stakeholder level within local government itself dedicated capacity to ensure that the LED support objectives of local government are met is required. In particular there currently is no organisational provision for dedicated economic planning or development expertise that stands apart from physical planning. Whilst the IDP process within Swartland is managed by the office of the Director: Corporate Services, LED-related functions that should in fact provide the link between community economic governance activities in Swartland and the IDP process that is in essence a subordinate activity at stakeholder level to community-based LED, are insufficiently organisationally catered for. More particularly the management of key data in the form of a developmental database for Swartland to inform community economic governance and the IDP as well as procurement by the Swartland Municipality in accordance with Procurement Chain principles and in support of LED requires an institutional focus.

The main categories of intervention in support of LED constituting good practice components of LED strategy are set out in Chapter 1. These various elements would need to be more comprehensively addressed in Section B of the intended exercise leading to the formulation of a comprehensive LED strategy for Swartland. For present purposes the specific terms of the present (Section A) brief call for:

- A job search database to provide in the first place for the identification by the municipality and other employers of suitably skilled unemployed local residents who are available for employment; and
- A service provider database profiling local service providers in Swartland as an aid to local procurement by the Municipality and other businesses of locally produced goods and services.

These elements constitute component parts of a programme of "**Investment in Soft Infrastructure**" identified in Chapter 1 and are taken for present purposes to define a more comprehensive local procurement support model for Swartland that is informed by and

supports LED. The central feature of the operation of the model is a "clearing house" function in support both of the locally unemployed and of local small- and micro-business/service providers. Whilst the immediate focus of the present study is to support the procurement chain requirements of the Swartland Municipality, wider LED considerations suggest that the opportunity should be used for a wider purpose, or at least that it should be viewed against a wider purpose.

Chapter 2 has addressed the motivations for in-migration (immigration) into Swartland and has clearly established that a significant driver of this process is the expectation of employment. Implementing a local procurement employment support model in Swartland, particularly insofar as it promises some improved prospect for local employment can itself contribute to encouraging migration into the area. It is therefore important to implement the procurement support model in such a way as to provide for qualifying conditions that give preference to those more permanently in the area and therefore that may be expected to develop a stake in its growth and development. At the present time no unemployment data base as such exists for Swartland. However the Swartland Municipality does maintain a database of indigents ("deernisgevalle"). At present there are 4000 such households in Swartland. Registered indigent households qualify for assistance from the Swartland Municipality in various forms mainly through subsidised services and municipal service charges.

The procurement model proposed has, in accordance with the broad terms of Section A of the professional brief, two elements namely:

i. Labour Market (Demand side)

- Design of a database of unemployed persons in Swartland;
- Design of a database of labour skills training service providers accessible to Swartland for capacity building in the labour force;
- Management of the database of unemployed persons;
- Management of the database of skills training service providers;
- Management of a labour query service according to which prospective employers are able to request and are provided with details of unemployed persons available for employment;
- Identification of training and skills development needs of individuals;
- Facilitation of access to skills training; and
- Identification of potential self-employment opportunities of suitably skilled unemployed persons;

ii. **Businesses and Service Providers (Supply side)**

- Design of a database of local businesses and service providers (including emergent businesses and service providers);
- Design of a database of business mentors and business support providers accessible to Swartland for capacity building;
- Management of the database of local businesses;
- Management of the database of business mentors and business support providers;
- Management of a query service that provides particulars on request of local goods and service providers in Swartland;
- Identification of collective and individual business mentorship needs; and
- Facilitation of access to business development support and mentorship.

In respect of the existing Indigents Database maintained by the Finance Department: Swartland Municipality it is concluded as follows:

- The information contained in the database does provide a logical starting point for the establishment of an unemployment data base to inform LED support strategy in Swartland;
- The database currently serves a welfare purpose as a basis for subsidisation of indigents and to inform and the information contained in the database will therefore need to be expanded to incorporate additional information necessary to inform labour procurement in the context of a comprehensive community-based LED approach.

From the viewpoint of LED good practice and the possibility ultimately that a LEDA will be established for Swartland it would appear preferable to establish an entirely new and separate expanded Unemployment Database within the LED environment linked to and interfacing with the existing database and informed by it but serviced by LED personnel. This has the advantage that it formalises the database in the LED environment as a support tool for LED whilst still ensuring access to data accumulated by the existing arrangements and therefore economising on the employment of resources.

Training is a key element for enabling the unemployed to compete for jobs and to engage in some form of self-employment. A training model successfully being employed elsewhere for the purposes of skilling of the unskilled and unemployed is based upon the application of an approach that allows the trainee to exercise a choice whilst receiving some form of subsidy. This suggests a form of voucher system for the training of unemployed persons. The intent of the training database

recommended is to provide information enabling the linking of unemployed persons to training programmes that could equip them with the necessary skills required by local employers in general or for specific jobs.

The profiling of business in Swartland, also dealt with in the report has a dual purpose namely:

- To provide a database of locally available goods and services, and particularly of locally manufactured goods and services and of goods and services provided by emergent businesses to inform procurement by the Municipality and the community at large; and
- To profile the labour skills and other support requirements of local businesses to inform local training and skills development programmes.

The West Coast District Municipality currently captures information on existing (formal) businesses for the purposes of administering income/turnover and salary/wage levies. The database has been developed on a customised system and serves a particular administrative purpose. Information on the database is protected by a protocol of confidentiality and therefore not generally accessible. The database also does not reflect key information necessary for the present purpose such as goods and services provided by the business and other relevant information. The requirement is therefore for a business database that fulfils the Swartland requirement whilst at the same time interfacing so far as possible with the database currently maintained by the West Coast District.

Business service providers form an important element of the LED institutional support structure. These are the providers that provide business support services to businesses themselves. Business service providers support business with practical hands-on assistance in such areas as tender advice and assistance, tax advice and business systems support amongst others. The intent with the business services database recommended is to provide information enabling the linking of local emergent and SMME businesses with mentorship and support capacity to enable them to compete for contracts and to grow and flourish, in the process creating jobs and opportunities for others in the "second economy". A voucher system may be considered for business service support as with training support and operating in an identically similar manner.

5. Chapter 5: KEY CURRENT INTERVENTIONS AFFECTING LED IN SWARTLAND

To the extent that LED at local government level involves a multi-faceted approach as set out in Chapter 1 successful LED is the result not only of direct economic interventions but a variety of other

interventions as well that may not at first sight involve LED but contribute indirectly to it. A variety of relevant interventions emanating from the national and provincial spheres have a direct bearing upon LED in Swartland.

As discussed in Chapter 1 the IDP should reflect the imperatives of local government in response both to its Constitutional obligations and to its obligations in terms of consensus local economic development strategy and imperatives. In the absence as yet of a formal consensus local economic development strategy for Swartland it is not possible to make a determination of the feasibility or otherwise of the Swartland IDP as it stands at the present. This is also beyond the scope of the present economic development profile of Swartland. However a first order spatial profile across the municipal wards of Swartland does from a direct economic development viewpoint not correlate well with the profile of need measured for example using the level of unemployment as a rough guide. Whilst this comparison is not necessarily definitive or significant it would as a matter of good practice suggest that review of the IDP as statutorily required should be informed by a balanced and comprehensive LED strategy particularly insofar as employment (including self-employment) creation is concerned in respect particularly of Wards 6 and 9.

6. Selected Key Strategic Conclusions

The following key strategic conclusions need to inform the determination of a comprehensive Local Economic Development Strategy for Swartland:

- a. The central role of Agriculture in the aggregate Swartland economy is unlikely to change in the foreseeable future although its relative contribution to labour absorption in Swartland is likely to change. Some niche diversification should be pursued particularly in the area of beneficiation and innovative product development based on primary sector production;
- b. The general prospects of the primary agricultural sector will be determined largely by the extent of on-farm diversification and the improvement of management and particularly the management of farm debt levels;
- c. In the primary sector fishing is unlikely to provide a basis for significant development although the dispensation of artisanal fishing quotas can have an impact upon the subsistence fishery within the coastal areas of Swartland. The development of main coastal concentrations of population in Swartland from fishing has already effectively become decoupled from primary fishing activity whose main influence is largely confined to other municipal areas of the West Coast District;
- d. Mining has grown appreciably but off a low base and is unlikely to provide a major economic development impetus at least in the medium term;

- e. Tourism is unlikely to provide major economic development thrust on a broad front but tourism in the coastal zone and farm tourism appear to have niche potential;
- f. Migration constitutes a major challenge for the West Coast as it reflects in-migration (immigration) of relatively unskilled persons and the out-migration (emigration) of generally more highly skilled elements of the population better able to compete on merit in the larger labour market and thus also a serious loss for Swartland. This is likely to result in significant modification of the population and labour profile of the West Coast into the medium- to longer term;
- g. Perversely the actions taken by Swartland in stimulating local economic growth and providing infrastructure and services in themselves create expectations of employment and of a relatively improved quality of life and thus potentially precipitate in-migration and further stress on limited jobs. This suggests economic interventions that are specifically structured to minimise the creation of undue expectations whilst at the same time creating maximum sustainable opportunity for the established population of Swartland;
- h. The indicated areas of intervention most immediately apparent appear *inter alia* to be:
 - i. The focussed nurturing and support of self-employment activities through the encouragement of entrepreneurship;
 - ii. The formal nurturing and support of small and micro-business activity;
 - iii. Local procurement not only by local government but across the community both of labour and locally produced goods and services; and
 - iv. The institutionalisation of LED at community level to provide a community focus for the variety of activities necessary to achieve successful LED within the community and including:
 - A community "**One-stop shop**" for development support and information in the local community;
 - Ongoing strategic planning support at the overall community LED level – LED strategies cannot be "once off";
 - Training and capacity building in LED at the stakeholder level;
 - Determining the best ways to serve and integrate the efforts of the various local and other stakeholders in the LED process;
 - Quality assurance - ensuring that community outcomes of LED projects, programmes and strategies are as they should be;
 - Clerical/administrative support including administering the local LED Forum(s) and the LED strategy and the plans and projects to implement it;

- Community public relations and external liaison including such things as tourism promotion, place marketing and the recruitment of investment;
- Research and development on a shared basis where applicable. This would apply particularly to such things as joint projects or programmes where stakeholder capacity may be limited and include research into development opportunities, product development and the setting up of production value chains;
- Knowledge management and e-Business applications; and
- Management of joint community interests in development projects and programmes. In its corporate form a Local Economic Development Agency (LEDA) can also serve as a "holding company" for joint community interests for example in structured joint business ventures and therefore provide the platform for tangible **Public-Private Partnerships (PPP's)** at project level between the stakeholders to promote LED in the local community. Profiling of the above functions suggests that the work of the LEDA goes far beyond merely the provision of secretarial support to participatory structures and forums. It is by its nature not bureaucratic but entrepreneurial and to be successful requires innovation and flexibility.