The potential of “Creative Cities” for regional Development in non-metropolitan areas: The case of the Makhanda Creative City project

Submitted to the Department of Arts and Culture
Summary

A ‘creative city’ is a socio-economic term used to describe cities that foster and develop cultural and creative economic activity. The growing realisation that the cultural and creative industries (CCIs) can contribute to job creation and economic growth has focused attention on the role of creative cities in regional development strategies. However, studies to date have mostly focused on large metropolitan areas.

The Creative City development project in Makhanda was launched in January 2014 by the National Arts Festival office, in partnership with local government and international funders. However, Makhanda is a small city, situated in one of the poorer provinces in the country. The goal of this research was thus to make an objective assessment of the extent to which the Makhanda Creative City project has been successful in terms of meetings its own goal, and as a regional development strategy. Research methods included document analysis, international comparisons and key stakeholder interviews.

Results showed that the project thus far has been successful in key areas, particularly those related to building social cohesion in the city and starting to break down historical spatial divides. It has also provided a number of platforms for local artists and performers to showcase their work. There has been considerable inter-industry spillover within the cultural sector.

However, the project has not yet developed the networks with local non-cultural businesses that could foster mutually beneficial intra-industry spillovers. It has also not yet created the number of jobs in the cultural and supporting industries set out in its original plan.

It is concluded that, for creative cities to be used as an effective regional development strategy in non-metropolitan areas, strategies are needed to offset the lack of agglomeration economies found in larger cities, on the both the demand and supply sides.

Key Findings

- Critical success factors for creative cities were identified, including partnerships between the cultural and non-cultural business sectors.
- Creative industries can result in positive spillovers (modes of production and innovation) to non-cultural businesses, called intra-industry spillovers.
- The Makhanda Creative City Project benefitted from the networks, knowledge and arts management expertise of the National Arts Festival Office, as well as existing infrastructure and the presence of Rhodes University.
- Hosting the National Arts Festival will help to establish the city as “South Africa’s Creative Capital”, but this is likely to be a longer-term goal.
- It is recommended that the definition of the creative sector be expanded to include cultural industries in more commercial domains (advertising, design architecture, software) in order to build networks and encourage spillovers.
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1. **Introduction: Purpose and Methods**

A ‘creative city’ is a socio-economic term used to describe cities that foster and develop cultural and creative economic activity. The growing realisation that the cultural and creative industries (CCIs) can contribute to job creation and economic growth has focused attention on the role of creative cities in regional development strategies. However, studies to date have mostly focused on large metropolitan areas.

The Creative City development project in Makhanda (Grahamstown) was launched in January 2014 by the National Arts Festival office, in partnership with Makana Municipality, Cacadu District Municipality, and the Eastern Cape Department of Sports, Recreation, Arts and Culture. The project included oversight and funding from the European Union.

The goals of the project are to support a range of industries and provide sustainable employment in not only creative production, but also tourism and hospitality. The main goal was to make Makhanda, which already hosts the National Arts Festival, one of the most creative cities in the country over a 5-year period. The project ‘pulls together a major alliance of institutions in the town - Festivals, tourism bodies, arts NGOs, educational and government entities - and harnesses their collective passion for creativity for the benefit of the City,’ (Creative City webpage, 2019). EU ambassador Roeland van de Geer expressed the view that the project, ‘could become a ‘model for “Creative Cities” that foster creativity and innovation, and economic growth.’ (Lankester, 2014:1).

However, Makhanda is not a large metropolitan area, and is situated in one of the poorest provinces of the country. It is thus unknown how successful and sustainable the Creative City project will be in this context.

The key goal of this research is an objective assessment of the extent to which the Creative City project in Makhanda has been successful in fostering inclusive regional development. Sub-goals are:

1. To determine the critical success factors in the effective implementation of a creative city in regional development through the comparative analysis of a range of creative city case studies and an in-depth review of the theory of creative cities;
2. To use this framework to assess how successful the Makhanda Creative City project has been by comparing it to other case studies and the stated regional development goals of the project itself;

3. To comment on the viability of creative cities as a regional development strategy for non-metropolitan areas, and make some policy suggestions on key success factors for such projects.

Research methods included:

- An analysis of creative city case studies and theory drawn from published sources;
- Document analysis of the Makhanda Creative City project proposal and reports;
- Interviews with key stakeholders, including the Director of the Makhanda Creative City project and with leaders of the various projects that fall under the Makhanda Creative City strategy;
- The use of Statistics South Africa data on the socio-economic conditions of Makhanda city, and the Makana Municipality.

The report is structured as follows:

1. A review of the theory of creative cities, and the critical success factors of the effective use of a creative city in regional development;
2. A comparative analysis of a range of creative city case studies;
3. An assessment of how successful the Makhanda Creative City project has been as a regional development strategy, taking into account the goals of the project itself;
4. A discussion on the extent to which creative cities are a viable regional development strategy for non-metropolitan areas, and policy suggestions on key success factors for such projects.

2. The Theory of Creative Cities and International Examples

The creative industries are increasingly recognised as contributors to economic growth and an integral factor in aiding firms and organizations in meeting the rapidly evolving needs of a society that hinges on technological advancement (Fleischman 2017). According to EY (2015), approximately 30 million people were employed in the creative economy worldwide, and it contributes 3% of global GDP. The creative and cultural industries are larger than the GDP’s
of India, Russia or Canada. Florida (2015) states that cities are central to the global creative and cultural economy because of the clustering of talent and industry that can support it.

There has been much recent focus on the role of the cultural industries, or cultural sector, in local and regional economic development (Sacco et al., 2014). Cultural production and consumption, it is argued, can lead, or contribute to, growth and development in a number of ways. Florida (2002a, b) argued that the key to the economic growth of regions was attracting the “creative class” and harnessing their human capital, which is geared towards new ideas, high-tech business and thus regional development. He describes a new kind of economy in which human creativity is the essential feature of economic life and that ‘new technologies, new industries, new wealth and all other good economic things come from it.’ In his work he ranks the 10 most and least creative cities in the US by means of three indicating factors: the Milken Institute’s Tech Pole Index; innovation ranked by patents per capita; and diversity rank by the Gay Index as a proxy for social openness. This is Florida’s ‘Creativity Index.’ He identifies creative economy attributes, like a city’s music scene, daytime activities and nightlife, as factors that attract the ‘creative class,’ a new workforce that is well-educated, growing and well paid, and key to growth and corporate profit (Florida, 2002b). Simply put, a city’s creative scene has the function of attracting a new, highly skilled labour pool, which then attracts innovative, high technology industries, leading to substantial regional growth (Pratt, 2008:108). Malanga (2004) observed that there was a widespread rush to create and implement policies based on Florida’s work by ‘leftish’ policy makers and urban planners. For example, Singapore ended its anti-homosexuality laws and bans on busking (public music displays for donation) as a way of improving social openness and cultural atmosphere (The Economist, 2004). Another example from the US is the state of Michigan’s launch of a ‘cool cities’ project aimed at attracting ‘urban pioneers and young knowledge workers who are a driving force for economic development and growth’ (Michigan, 2004).

The ability to foster knowledge, creativity and subsequent positive externalities makes cities and metropolitan areas a strong developmental force and fosters competitive ability. A study by Trullen and Boix (2008) focused on the city of Barcelona, and found that the metropolitan city has been transitioning towards a knowledge intensive, creative economy. Employment in knowledge intensive, creative industries increased from 28% in 1991 to 37.8% in 2005 which confirms the metropolitan’s transition into a knowledge based economy. Creative class professionals saw their portion of annual average employment grow at 0.7% in the same time.
Knowledge intensive services grew at 10.7% annually. This can be contrasted to the overall 
negative growth rate of manufacturing, with low-tech manufacturing at -2% during the study 
period. The study used a time and space-dynamic model of labour growth, grouping activities 
in accordance with their knowledge intensity. The econometric analysis of the skilled-labour 
pool, density, innovative capacity, diversity and creative people suggested a fairly strong link 
between knowledge creativity and urban growth rates (Trullen and Boix, 2008:212).

The Trullen and Boix (2008) study analyzed and supported the positive effects of external 
economies, namely knowledge and creativity externalities, on metropolitan cities. External 
economies are economic activities that have marked effects on other economic activities 
without a direct reflection in market prices. Knowledge economies, and similarly the creative 
economy as an economy of innovation and idea creation, acts as an externality as research and 
development of one firm may ‘spillover’ into another firm, particularly in metropolitan regions 
(Beaudry and Schiffauerova 2009) where hi-tech firms are geographically clustered. These 
economies are defined as ‘agglomeration economies’ - massive, dense and diverse structures 
(Thiel, 2017). Agglomeration economies have both internal economies and external economic 
advantages based on their location and on their urban environment. Localisation economies are 
created through the concentration of many small firms in a specific location and is associated 
with the presence of a skilled labour pool, specialised supply, and knowledge spilloverers. 
Urbanisation is a factor of the size of the available market (resources and consumption), the 
overall scope of the general economic structure and the level of diversity and density of 
knowledge and information generation (Trullen and Boix 2008). The study found that 
localisation effects were larger than urbanisation, attributed mainly to the fact that the size of 
the metropolitan market is a greater factor than the size of the local market.

Porter’s (2003) theory of competitive advantage was not specific to the cultural industries, but 
focused instead on the benefits of clusters in general. His idea was that grouping similar firms 
together had important benefits in terms of helping particular regions to develop competitive 
advantages in specific sectors. Not only were such cultural districts or quarters associated with 
cost advantages (related to inter-firm trade, group marketing and the development of specialist 
skills), but they also resulted in more and faster innovation because of the spillover effects 
(externalities) already discussed (Flew, 2010; Sacco et al., 2014; CCI Spillovers Report, 2015).
In a South African example of a city cultural cluster, the Johannesburg metropolitan municipality sought to use a cultural cluster in Newtown, Johannesburg, as a source of urban inner-city regeneration. This was done through the development of the ‘Cultural Arc’, which included already-established artistic institutions and spaces, as well as a university. It was also the site with rich historical heritage related to apartheid resistance (Pieterse and Gurney, 2012). The stated aim of the City of Johannesburg was to “raise and sustain private investment leading to a rise in property values”, rather than cultural regeneration as such. Significant public funds were spent on improving public access and infrastructure in the area. Despite some challenges, there were indications that the strategy worked, particularly in the case of visitor statistics: Evening visitors doubled to nearly 150,000 between 2003 and 2009, while daytime visitors tripled to just over 240,000.

However, the “Cultural Arc” has experienced some challenges. The protected status of many heritage buildings in the area made it difficult for new investors to develop property. Once property development did start to take place, there was competition for space between arts and culture organisations and other income-generating businesses. The authors suggest that development of the area may have been more effective if it had been allowed to develop more “organically”, taking into account the “low-end, informal, transitory and fluid populations and interests that made up Newtown when renewal efforts got underway”. They conclude that, to be really successful and sustainable, culture-based renewal strategies need to take into account the already-existing cultural entrepreneurs and populations in a region, right from the planning stage (Pieterse and Gurney, 2012).

In addition to the financial or economic impacts of culture that can be measured using economic data (such as employment levels, value added and economic impact) there are also indirect positive externalities (also called ‘spillovers’) from cultural production that increase the productivity of other parts of the economy and society. A report (CCI Spillovers Report, 2015) on spillovers from the cultural industries in Europe identified three broad categories: Knowledge spillovers, Industry spillovers, and Network spillovers.

- **Knowledge spillovers** refer to the “new ideas, innovations and processes” that the cultural industries produce and that can then also spread to other parts of the economy. An example is the short-term, contract mode of production used by many cultural and creative industry
producers (sometimes referred to as the ‘gig’ economy). This mode of industrial organisation is spreading to other parts of the economy as well.

- *Industry spillovers* refer to the “vertical value chain and horizontal cross-sector benefits” of having an active and growing cultural and creative sector. Part of these benefits (which overlap somewhat with knowledge spillovers) refer to innovation and entrepreneurship, but they also relate to economic ‘multiplier’ effects, such as an increase in investment and impact on property prices.

- *Network spillovers* relate to the “impacts and outcomes to the economy and society that spill over from the presence of a high density of arts and/or creative industries in a specific location (such as a cluster or cultural quarter)”. Again, there are some overlaps with other spillover categories, but these are more focused on location and clustering, related to the agglomeration economies already discussed. While some of these impacts can be measured using market prices and gross geographic product, they also include non-market social benefits, such as health and well-being, and social cohesion.

Given the findings by Trullen and Boix (2008) and later discussions on how spillovers work, it seems that one of the success factors for creative cities is the density of economic activity, human and physical capital, and specialised labour. Structurally high density areas in a metropolis see small firms flourish with a diverse supply of creative labour. The idea that firms initially do better in metropolitan areas, spreading into smaller, less dense surrounding economies once they are established, is not new (Loene and Struyk, 1976). It may also have implications for the establishment creative cities in smaller towns and cities that may not have the agglomeration advantages (in either production or consumption) of larger metropolitan areas. Specific supportive policies, such as building networks on the production and distribution side, may need to be put in place.

![Figure 1: The Culture Cycle](Source: UNESCO Framework for Cultural Statistics, 2009:20)
A UK study by Pratt (1991) pointed out the importance of all the stages of cultural production in creating employment in creative city strategies. The UNESCO Framework for Cultural Statistics (FCS, 2009), conceptualises this as “The culture cycle” that includes not only cultural creation and production, but also dissemination, transmission, consumption (or participation).

Pratt (1991) defined creative output in its product form (fine art, literature, advertising etc), as well as including productive activity that may not be itself creative, but is necessary in the production of the creative outputs. This included distribution, production and display facilitation such as libraries, museums and galleries. Even excluding related activities (such as sport, entertainment and tourism), the study found creative industries employed 972 000 people, 4.5% of the workforce. However only one sixth of those workers were in positions that fit a strictly ‘artistic’ criterion. The majority were employed in occupations related to distribution, dissemination or transmission. Later authors (Peck, 2005; Trullen and Boix, 2008) also support the view of the importance of including the whole culture cycle in creative city planning.

South African studies on employment in the cultural economy support these findings (Hadisi and Snowball, 2019). The total number of people employed in the creative economy is estimated to be just over one million (6.94% of total employment in 2016), which includes all three parts of the Cultural Trident:

- Those working in cultural jobs in a cultural or creative firm (such as a director in a film company), making up 0.25% of total employment (82 000 jobs);
- Those working in cultural jobs, but not in a cultural or creative firm (such as a designer in a car manufacturing company), making up 2.13% of employment (336 000 jobs); and
- Those working in non-cultural jobs in a cultural or creative firm (such as an accountant in a theatre company), making up 4.29% of total employment (677 000 jobs).

Given these national statistics, it is feasible that jobs related to parts of the culture cycle other than creation and production might actually account for more employment than creative occupations themselves.

Although studies of the cultural and creative industries have generally found that such firms tend to be concentrated around big cities, cultural clusters have also been found in areas with
smaller towns. Since many cultural firms do not necessarily depend on high-technology inputs or long supply chains, they may be ideal candidates for developing areas away from big cities (Oakley, 2006). There are some successful examples of this in various countries, including South Africa, where artists have congregated outside of the usual industrial centres to create sustainable cultural economies. Given the focus on rural development in South Africa, in order to alleviate the high levels of poverty and unemployment, this might be particularly important. Indeed, a number of cultural products and industries have been established, and some are very successful. For example, the ‘Midlands Meander’ in KwaZulu-Natal (Lourens, 2007) and the Keiskamma Arts Trust in Hamburg in the Eastern Cape (McKibbin et al., 2012).

Clustering, and regional cultural policies that include the establishment and maintenance of networks within the cultural sector, can be an important way of diversifying participation and transformation of cultural production. These networks are what Flew (2010) refers to as the ‘soft infrastructure’ of the cultural sector, which is often neglected in favour of investment in ‘hard infrastructure’ (such as galleries, museum, libraries, universities, theatres etc.).

“Soft infrastructure [can be defined as] the relational assets associated with economically successful networks, such as trust, reciprocity, exchange of tacit knowledge, and propensity to share and pool economic risk”.

An important part of the success of a creative city project may thus be related to the development of such ‘soft infrastructure’ – the networks between cultural producers that enable a more productive, transformed and inclusive economy.

Fleischman et al (2017) focussed on how creative industries promote and drive innovative technologies that have important implications for regional development, even in the case of smaller cities. Innovative methodologies, such as Co-creation and Design Thinking, that have developed in the creative industries have significant spill-over into other business sectors. The Fleishman et al (2017:119) study discussed the case study of Townsville, Australia (which will be further explored in comparison to Makhanda in the following section). According to the 2013 Australian Census (CIIC 2013), the creative industries account for $45billion of the country’s GDP and was creating jobs at a growing rate of 5.3%. The authors note that it was difficult to find any metropolitan or regional development plan in Australia that did not include creative industry objectives. However, the role of the creative industries as a catalyst for innovation was, Fleischman et al (2015:120) felt, was an under researched area. Their findings showed that the region would positively benefit from creative industry service development
and innovation based training that was part of the Townsville creative city project. They conclude that there is potential to significantly grow the innovative capacity of the regional economy through, for example, accelerating marketing efforts that emphasised how the creative industries could aid in business innovation (Fleischman et al 2015:134).

3. Debates around Creative Cities as Regional Development Strategies

There is an increasing amount of debate about whether the ‘creative city’ development strategy is key driver of economic growth, as viewed by Florida (2002a) in his groundbreaking work ‘The Rise of the Creative Class,’ or whether it is a part of neoliberal urban policy as many critics argue (Thiel, 2017).

While Florida’s (2002) work resulted in renewed interest in regional cultural policy, it was criticised on two main grounds. Firstly, his statistical evidence did not prove causality – were the ‘creative class’ attracted to a particular city because of the presence of the cultural sector, or did the cultural sector develop because of the presence of the creative class (who represented market demand)? Secondly, cultural policies that focused on attracting the creative class, who are generally professionals with a high income, was seen to be exclusionary and elitist, and did not address the social issues of income inequality, broadening participation, and social cohesion (Flew, 2010; Sacco et al., 2014).

Peck (2002) argued that the creative cities development strategy followed a neoliberal development agenda constructed around interurban competition, middle-class consumption, place-marketing and cultural gentrification. He was critical of policy makers and urban planner’s rush to implement policies that seem concrete and achievable, but that have not been more carefully researched. The crux of Peck’s criticism is that this policy is a ‘nouveau-bourgeois war for talent’ and a diversion of social welfare concerns in the pursuit of economic development. Peck’s later study on creative city policies in London and Detroit, while maintaining their monetary austerity, concluded that fast-tracked creative cities policies are born of ‘competitive anxiety’ and a desire for relabelled policy formulae, rather than a carefully considered regional development plan (Peck, 2011:42).

Pratt (2008) agrees with Peck’s argument that creative city policies are often simply repackaged neoliberalism on the consumption-side, but also argues that such policies see cultural
production and consumption as dualistic, rather than part of a cycle. The focus on consumption may thus have undermined the actual growing economic and social, importance of cultural production (Pratt, 2008).

Pratt (2008) also points out that, as affluent creative labour moves into a culturally productive region, those factors of cultural production become gentrified, and may become too expensive to smaller creative firms. Hence consumption based policies seem to damage the important cultural industries rather than promote them. Pratt concludes that the real goal is finding policies that accommodate both the production and consumption of the creative industry (Pratt, 2008).

Similarly, Thiel (2017) argues that Florida’s model of a creative economy lacks a number of key structures to supplement the ‘complexity of culture and creative production in cities.’ She points to the intermediate structures that are missing or lack any sort of comprehensive depth. These include; organizations, labour markets (which Florida assumed to be horizontal and easily navigable) and institutions and infrastructure.

Thiel points out that cultural production has two properties: the intrinsic, idiosyncratic drive of production or ‘art for art’s sake;’ and the effect this has on consumption patterns and the unpredictability of market success. Cultural production does not follow the usual narrow economic logic. In fact, she notes an internal conflict in the creative production structure; the individuals and small firms that require independence for original creative ideas and the conglomerations that seek to economically exploit this peripheral production. However these two facets are also interdependent - the small firms and individuals need the conglomerations’ economic potential and the conglomerations rely on the creativity and reflexivity of the peripherals.

Thiel (2017) concludes that both the pessimistic and optimistic views of creative city development strategies are based on the premise that the cultural industries are ‘flourishing,’ which she contests, viewing the creative economy as precarious and vulnerable. The city provides externalities to counteract the vulnerability as well as give resources for consumption and production of the creative economy. This seems like Comunian’s (2011:116) ‘complex adaptive system’ marked with consistent uncertainty, non-linear interaction and positive feedback resulting in an economy that is far from equilibrium.
Beaudry and Schiffauerova (2009) found that industrial diversity was the main source driving innovation and growth at a micro and medium industry level. However as regional economies develop and grow, specialisation becomes the main driver of innovation and growth. The implication of this finding for smaller cultural cities may be that, in the earlier stages of development, a diverse range of smaller firms could be a more sustainable and realistic option than a too-narrow specialisation.

A danger of creative city development theories, as Sacco et al. (2014) point out, is the instrumentalisation of cultural activity, that is, that arts and culture are valued only for their impact on the economy, rather than for themselves. This can lead to unsustainable cultural policies that become top-down interventions with little or no connection to the cultural ‘roots’ of the regions in which they are established. As Lee et al. (2014) show in their analysis of regional creative industries policy in the UK, this approach is unlikely to be sustainable. They argue that regional cultural policies are most likely to be successful when regions are “able to take different approaches, best suited to their region’s own creative economy”, and when the whole value chain (consumption and production) is considered (Lee et al., 2014:220).

The criticism of Florida’s creative city strategy is valuable in further shaping the idea of what a creative city is and whether it is an achievable and socially beneficial model for urban development in a country like South Africa. It also points to areas where smaller cities may need to focus particular attention to offset the lack of certain metropolitan area advantages (such as easy access to large markets and specialist labour), and minimise unintended negative impacts, such as gentrification.

4. **Context: Makhanda Creative City Project**

Makhanda, formerly known as Grahamstown, is situated in the Eastern Cape province of South Africa. The Eastern Cape is arguably the most impoverished province of South Africa owing to its poor performance according to a number of key economic and social indicators. The province has the lowest GDP per capita in the country at R30 249, which is well under the national average of R53 238. Within the Eastern Cape is the Municipality of Makana, home to 80 391 people. The Municipal district is located inland of Port Elizabeth, 120km to the West, and East London, 180km to the East. Both of which are important shipping ports of South Africa and are two of the largest industrial centers in the province (Makana Annual Report
Makhanda itself is home to just over 50,000 people, of which 65% have no available access to the internet and 48.1% have no piped water inside their dwelling (Census 2011, Statistics SA, 2019). According to the Makana 2016/17 Municipal Report, only 22.7% of Makana Municipality residents hold a matric certificate (high school completion) and 11.9% have gone on to tertiary education. Despite the municipality showing positive growth over the past decade, unemployment rates are equally low, the 2011 Census revealed unemployment to be at 32.5%, which is higher than the national level of 29.8%. More concerning, however, is the high youth unemployment rate (42.3%). In more recent times, Makhanda has also faced drought conditions, leading to water supply insecurity, and allegations of municipal mismanagement.

However, Makhanda also has a number of significant advantages compared to other towns of its size. The city is home to Rhodes University and a number of internationally acclaimed primary and high schools (Makana Annual Report 2015/2016). The presence of a higher education institution was identified by Florida (2002) as an import catalyst for creative cities, since it provides access to human capital and can help to drive innovation.

Another important advantage is that Makhanda hosts the South African National Arts Festival (NAF), which is one of the oldest and largest mixed arts festivals in Africa. The Festival consists of nearly 3,000 ticketed and free performances, art and craft exhibitions across a multitude of genres. It takes place over 11 days in June/July each year. The Festival attracts an estimated 18,600 attendees per year, around 15,000 of whom are out-of-town visitors. Visitors stay an average of 6 days each, and spend R3,800 each during that time (Snowball and Antrobus, 2016). The 2016 study showed that the economic impact of the NAF on the Makhanda economy was R94.4m, and R377.15m on the Eastern Cape Province. Hosting the Festival has helped to establish a creative reputation for the city, and the NAF Office has significant cultural management expertise.

The ‘Creative City’ project was started in Makhanda in 2014. The project aimed to establish the city as ‘South Africa’s cultural capital’ by the year 2020 through initiatives aimed at building creative capacity, a creatively conducive environment and partnerships between relevant stakeholders (Proposal and Business Plan, Steering Committee 2013). The project is centrally organized through the NAF Office, which was instrumental in applying for the funding, and managing and marketing the project.
The Creative City is organized around a number of key projects. The Makana Arts Academy is the overarching flagship project. The main aim is “upskilling and resourcing the creative residents of Grahamstown so that they are positioned to turn their talent, skills and passion into a sustainable career” (Grahamstown Creative City, 2019).

Other projects are:

- *The Festival Gallery*, which aimed to showcase fine artists from the area during the NAF;
- *The Foto Fence* project, a local photography competition and exhibition;
- *Masicule*, an annual mass choir show that includes participants from schools, churches and civil society (the 2019 edition featured more than 1000 participants and the two shows were sold out);
- *Uyabona Ke*, a physical theatre company based locally, who have put on successful shows at the NAF;
- *Visual Art at Ntsika*, which supports arts teaching at a local secondary school;
- *The Fingo Festival*, which takes place during the NAF and “is a festival devoted to art as a platform to promote social cohesion and social transformation within Fingo Township and Grahamstown”, through offering workshops, dialogues and activities with a focus on children and young people;
- *The Gruffalo*, originally a children’s book, is an internationally renowned stage play, which was produced with an all-Grahamstown cast. It premiered in Cape Town in September 2016 and then went on a national tour;
- *The Gathering/Intlangano* used dance and choreography, applied theatre, and narrative therapy “to produce a series of performative encounters” in 2015. The aim was to stimulate dialogue through the arts.
- *The Vuka Workshops and Makana Drama Development Festival*, is a theatre skills development initiative that provided workshops as well as a performance platform for local artists.
- *The Black Power Station* is a re-purposed venue in the industrial area that provides a platform for local performers to showcase their work.

Some of these projects have become annual events, such as *Masicule*, while others had a planned limited lifespan, such as *The Gruffalo*. 
The following section describes the research methods used to evaluate the impact and sustainability of the Makhanda Creative City project.

5. Research Methods and Data

The research included three methods: A document analysis of the Makhanda Creative City proposal and reports; Interviews with key stakeholders involved in the Makhanda Creative City project; and a comparison with an international case study of another small creative city project, Townsville in Australia.

Documents analysed for the Makhanda Creative City project included the original proposal and business plan, ‘Grahamstown: South Africa’s Creative Capital Proposal and Business Plan’ (2013); Municipal documents giving socioeconomic information (2017), studies of the National Arts Festival (Snowball and Antrobus, 2016) and regional data from Statistics South Africa, based on the 2011 Census.

The basis for the choice of Townsville for a direct comparison with Makhanda’s Creative City project was that Townsville is one of the smallest creative cities on which there is published research, and additional detailed documentary data on the planning and assessment of the project was also available. Documents that were analysed for the Townsville case study included ‘A Cultural Plan for Townsville’ – Townsville City Council Community and Cultural Services Department (2001), Townsville Economic Development Scorecard, Townsville City Council (2016), Project Outcomes – Creative Industries in Townsville (2018) and What’s Your Other Job? A Census Analysis of Arts Employment in Australia (Cunningham and Higgs 2010). The most important document was ‘Growing the Creative Industries of Townsville’ plan (2015) which surveyed 69 CCI businesses and conducted 29 interviews for insight.

Semi-structured interviews with key stakeholders in the Makhanda Creative City project were conducted face-to-face and recorded for analysis. The participants were asked open-ended questions about three different aspects of the project: 1) economic impacts, such as skills development and employment; 2) organizational factors pertaining to how the project was run, and the communication and involvement of various stakeholders; and 3) social factors, particularly the role of the arts in social cohesion (see Appendix 1 for questionnaires). Since the research involved human subjects, ethical clearance was obtained from Rhodes University...
Ethics Committee. Participants gave their written consent to participate, having had the purpose of the study explained to them. To reduce the slight risk of embarrassment to participants, they remain anonymous and are identified only by their roles in the project.

Key stakeholders who were interviewed were the CEO of the Makhanda Creative City project, and the leaders of the following Creative City Projects: The Fingo Festival, Masicule, The Gruffalo, and The Black Power Station.

Using reviewed literature on the theory of a ‘creative city’, most prominently from Florida (2002) and Thiel (2017), critical success factors for a successful and sustainable creative city were identified. The Makhanda Creative City project was then evaluated, and the results used to discuss the feasibility of creative cities as a development strategy for smaller towns and cities.

6. Results and Discussion

6.1 Evaluating Makhanda ‘Creative City’ Project: Progress towards stated goals

The broad goal set out in the Proposal and Business Plan (2013) was to make Makhanda the ‘creative capital’ of South Africa by 2020. The project has created a distinct brand for itself, and is still ongoing. Reputations take some time to develop, but because of the annual National Arts Festival, Makhanda/Grahamstown already has a national media profile related to arts and culture. It is uncertain to what extent the city’s name change (still being contested in some quarters) will help or hinder the process of building the Creative City reputation.

The employment goals of the Creative City project are to create ‘500 jobs in the arts and creative sector’ and another ‘500 jobs in supporting industries.’ In interviews with stakeholders, all agreed that this goal has not yet been achieved “on any significant scale.” (Personal Communication, CEO, 2018). However, the project has created some employment opportunities through the various projects. For example, The Gruffalo production national tour was highly successful, selling out at 6 of its 11 performances in Cape Town, and at all of its month-long production run in Johannesburg (Creative City 2018).

The cast for The Gruffalo was made up entirely of local talent sourced from another one of the Creative Cities projects, The Makana Arts Academy, who were fully employed on a salary
basis for the duration of the project. The costumes and set were also produced in Makhanda, creating a demand for artistic products. Although of limited duration, the project did provide economic benefits for the town, with a longer term focus on the development of both artistic skills and experience, as well as theatre supply and support services. Tours with local companies may be an important way of offsetting the lack of agglomeration economies (Thiel, 2017) that are found in metropolitan areas and larger cities. Without local access to large market demand, smaller creative cities may need to pay more attention to ways in which market access can be facilitated.

On the supply side, the CEO of the Creative City project (who is also the CEO of the National Arts Festival) emphasised the importance of the supportive role played by the Festival office. The NAF used its existing reputation and global networks to secure the rights to the play. The rights holders were receptive of the idea of a ‘community production’ as opposed to a typical large scale production with well-known performers. Their experience in managing and marketing theatre production nationally would also have influenced the success of the venture. Being able to access skilled and experienced arts management and marketing expertise is likely to be an important component in the successful development of creative cities development strategies.

Another success can be seen in the two day Masicule choir performance which brought together over 1000 choristers from 15 local choirs (Masicule Project Leader, Personal Communication, 2018). This has become an annual event that unites parts of the community that would otherwise not have collaborated and interacted on shared projects. While both performances were sold out, performers participate on a voluntary basis and additional sponsorship to cover the costs of venue hire and organisation is still required. Thus, while Masicule can be regarded as successful in fostering social cohesion, place marketing and developing musical skills and appreciation, it does not contribute directly to economic goals, such as job creation and economic growth.

Most of the Creative City projects seem to have been more successful in achieving the social, rather than the economic, goals. This is perhaps not surprising given the relatively small audience available in the city, coupled with high unemployment and poverty. Indeed, there is evidence that creative industries in South Africa tend to cluster in areas with large cities. Snowball et al. (2018) found that creative labour clustered in the three richest provinces which
also have South Africa’s three largest cities; Gauteng, KwaZulu Natal (KZN), and the Western Cape, which account for 36.9%, 15.5%, and 15% of the creative labour force respectively. Makhanda is a special case, since it is much better endowed in creativity-supporting infrastructure and arts and culture management expertise (through the National Arts Festival office) than most small cities would be. The organisational capacity, and national and international reputation afforded by the city hosting the largest arts festival in Africa certainly plays a key role in the city’s ability to follow a creative city regional development strategy. This correlates with another important finding: that the partnerships between the Creative City project and local artistic workers give local art credibility and hence, value. The project leader for the Black Power Station and Fingo Festival project (Personal Communication, 2018) described how the partnership with the Creative City project has been a critical factor in giving his personal artistic production, and the creative products of his community, credibility and base for setting a ‘fair’ price.

The goal of fostering social cohesion in the municipality through the arts is an important factor given the historical context of South Africa. It is equally difficult to gauge the extent to which social cohesion is apparent, as noted by key stakeholders. What can be confidently stated is that there are prevalent examples of socially cohesive activity facilitated by the arts in Makhanda. The Creative City CEO (Personal Communication, 2018) noted three examples:

1. Although there have been changes, Makhanda is still divided along racial and wealth lines, with the West, including the CBD, being mostly white, and middle-class, while the East of town is mostly black African, with a high level of poverty in the township. The Creative City CEO noted that some white South Africans have begun attending the Fingo Festival, a locally produced and organised festival that runs concurrently with the NAF in Fingo square in the Joza Township. This may indicate the breaking of a long-standing socio-geographic barrier and also help to spread the economic benefits of the spending of Festival tourists into the Eastern part of the town.

2. The street parade at the end of the National Arts Festival (which has traditionally mostly taken place in the Western part of the town), now also includes routes in the East, and includes local performers, thus facilitating interaction between diverse groups.

3. The Gruffalo production was put on with a 100% black African cast. The Creative City CEO noted that some attendees (mostly families with young children) at the production expected the Western Classic to have a white cast, and that exposing children to a quality performance by a
black actors is an important way of shaping a more socially cohesive future generation in South Africa.

Social openness and diversity is one of the three indicators Florida (2002) used to construct his ‘creativity index.’ Florida (2002) uses a Gay Index to measure openness, however looking at examples of social cohesion seems a more appropriate measure for ‘openness’ in a South African context, given the history of apartheid in the country.

Public art spaces were identified in the Fingo Square and the Black Power Station (BPS). The BPS is a project to develop an artistic performance and learning space in the old Grahamstown Power Station. The venue, granted by the municipality for this purpose, has been repainted and branded as The Black Power Station. The venue is used for artistic and cultural performances for which there is free transport from the east side of town as the walk is far for those without transport. Productions are also free, although attendees are welcomed to donate in cash or books. On the day of the interview with the project leader, the BPS production brought in R400 and 4 books. With costs of transport, props, dressing and labour this is not a for-profit exercise, but rather a community based project, under the umbrella of the creative city, with its own set of long-term goals.

The BPS project leader (Personal communication, 2018) expressed concern about the black community’s limited exposure to, and education in, the arts. He identified this lack of cultural capital as a factor contributing to a low willingness-to-pay for artistic products and performances. It was also expressed that many producers of artistic goods have little leverage in setting prices or negotiating power in the economy of Makhanda, and that local business was not playing as supportive a role as it could be in fostering the creative sector. The project leader noted that a better relationship with local businesses, particularly those that produce inputs to the arts, such as fabric makers and paint suppliers, could be a significant factor in accelerating the growth of the cultural sector in Makhanda. While public funding is available for projects with a community development focus, there are many projects competing for scarce funding opportunities.

The lack of a strong relationship between the cultural sector and local business in Makhanda could be a critical stumbling block in the further development of the Creative City project. One of the key positive drivers of a creative city is knowledge and innovative spillover between small creative firms and local, non-cultural businesses (Beaudry and Schiffauerova 2009).
Trullen and Boix (2008) note the positive effects of greater densities of economic activity, human and physical capital and labour in a relative measurable space. The more centralised and higher the density, the more positive spillover effects occur. These spillovers can occur between different industries, referred to as inter-industry spillovers (Fleischman, 2017; Trullen and Boix, 2008), or between industries of a similar type, referred to as intra-industry spillovers (Frencken et al., 2005; Beaudry and Schiffauerova, 2009). In the case of the Makhanda, there seems to have been considerable intra-industry spillover, in particular in terms of the arts management and marketing expertise of the National Arts Festival and the creative talent and skill of local performers and artists. However, there has been little to no inter-industry spillover.

The BPS project leader (Personal communication, 2018) noted that, at present, local businesses do not see the potential synergies between their businesses and the creative industries. He suggested that this may be partly because of a lack of effective communication about the marketing opportunity that the BPS could provide as a centralised creative hub, integrated with the community and a place of learning.

Despite challenges, the Black Power Station (BPS) shows the potential to be a ‘Maboneng success story’, but with a stronger community development focus. The BPS is located on the more affluent west side of Makhanda and has a post-industrial surrounding, much like that of the Maboneng precinct. Gregory (2016) notes that the Maboneng precinct, once developed through private investment, became a thriving area of centralised creative and cultural economic activity that has also allowed other supporting industries to grow in the area. While not yet financially sustainable, the BPS is becoming known as a multi-cultural, innovative space that is starting to attract a more diverse audience, offering opportunities for local traders who provide food and beverages and crafts to sell their goods. Importantly, activities occur outside of the NAF, helping to provide more sustained exposure for local artists and audiences.

This kind of ‘community focussed’ development of a centralised creative hub would suggest that Peck’s (2005) theory that all creative city development is a repackaged neoliberal agenda that gentrifies areas for middle-class consumption, does not hold true in the case of Makhanda. The BPS project leader indicated that middle income consumers of the arts are possible target consumers for the productions of the BPS (and may help to establish financial sustainability). However, the ‘grassroots’ style of the development of the BPS means that the success of the project will have positive benefits beyond the economic, in education, further access to the arts,
and building social cohesion, as well as a financial inflow to local cultural and creative industry workers. This aligns more with the approach of Funck (1999), who argued that the success of a creative project should be judged on both economic and social (welfare) criteria. Also, according to Trullen and Boix (2008) a cluster of creative economic activity must have time to mature and specialise in an area that is dense in economic activity, and human and creative capital before it can spread into less dense surrounding economies. This would suggest that the placement of the BPS outside of the economic centre of town is not the ideal location as it is somewhat detached from the city’s centre. The spacial detachment was acknowledged by the project leader (Personal communication, 2018) as a limiting factor. However, given that the area was previously not in use and has no formal surrounding residences the project may avoid one of the problems of the Maboneng project, which was that, following the development, property prices increased to such an extent that artists and poorer residents were forced to move out of the area (Gregory 2016).

Table 1: Assessment of the Goals and Status of Makhanda Creative City Project

<table>
<thead>
<tr>
<th>Goals</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Makhanda to be South Africa’s Creative Capital</td>
<td>- Not yet established, but with the advantage that Makhanda hosts the National Arts Festival; Likely to be a long-term goal.</td>
</tr>
<tr>
<td>2. Create 500 jobs in the arts and creative sector</td>
<td>× Progress, but not yet achieved</td>
</tr>
<tr>
<td>3. Create 500 jobs in supporting industries</td>
<td>× Progress, but not yet achieved</td>
</tr>
<tr>
<td>4. Foster social cohesion in the Municipality through the arts</td>
<td>✓ Significant progress in terms of establishing multicultural arts projects and reducing traditional spatial divides.</td>
</tr>
<tr>
<td>5. Identify public art spaces, places of learning and performances</td>
<td>✓ Achieved in a number of areas.</td>
</tr>
<tr>
<td>6. Foster strong partnerships with government, government agencies, business and NGO’s</td>
<td>✓ A number of partnerships established, but inter-industry spillovers with local non-cultural businesses limited.</td>
</tr>
<tr>
<td>7. Develop the ‘Creative City’ as a brand</td>
<td>✓ Progress made, but as with objective 1, likely to be a longer-term project.</td>
</tr>
</tbody>
</table>

Another important goal of the Makhanda Creative City project is to ‘foster strong partnerships with government, government agencies, business and NGO’s.’ Apart from the limited relationship with local businesses already discussed, the Creative City CEO (Personal communication, 2018) reported that relations between the project and local governance structures were strong. Arranging meetings between the Creative City project leaders and the Mayor of Makana Municipality, Head of Tourism and others, was not a difficult task. This was
stated as the major advantage of running the project in a small city – close physical proximity and good working relationships made project management easier.

The involvement of government in the project looks encouraging given that the national governance have somewhat neglected the sector, despite its growth rate in OECD nations exceeding both the services and manufacturing sector (Joffe and Newton, 2007). However, a challenge in the relationship with local government has been the uncertainty of financial commitments. The municipality committed R1.5 million to the project, and, 5 years later, still have an outstanding balance of R600 000 owing. This is an example of a critical limiting factor for the Creative City project, and the creative industries in South Africa as a whole – scarce and uncertain finance, even where funding commitments have been made. Especially in the establishment phase, start-ups are likely to need public funding and support as a key determinant of becoming financially sustainable in the longer-term.

To sum up (as shown in the table), the Makhanda Creative City project has made considerable progress towards meeting its stated objectives, especially in terms of building partnerships with local communities, expanding access to the arts through education and skills development, and the development of performance spaces. The “Creative City” brand is starting to be recognised, especially locally, and some projects, such as the Masicule choir performance, and The Gruffalo, have been successful in both attracted audiences (demand) and in giving opportunities to local performers to showcase their work and gain skills and experience (supply). A potential challenge is that, as with many parts of the cultural industries, the work is short-term contract, or project based, thus limiting the number of permanent jobs created. There is also a need to improve the inter-industry linkages with local businesses in order to encourage more spillovers and to improve the financial security of projects like the Black Power Station.

The following section compares the Makhanda Creative City project with that of Townville, Australia, pointing out differences and similarities between the host cities and the design of the projects.
6.2 A Comparative Analysis: Makhanda Creative City and Townsville

This section is aimed at critically comparing the Creative City project of Makhanda to the project undertaken in the city of Townsville, Australia. The significant similarity of these two cases is the relatively small population size of Townsville (170 000), which is one of the smaller cities in which the creative city development strategy has been applied. There are also similarities in infrastructure relevant to the creative and cultural industries, and both cities are home to prominent universities (Rhodes University in Makhanda and James Cook and Central Queensland University in Townsville). High schooling facilities are also relatively similar with Makhanda being home to 19 and Townsville, 28. Makhanda exceeds Townville in the number of public libraries. Both cities host major arts and culture festivals, but Makhanda attracts a larger audience (because of the NAF, but also through hosting other festivals such as SciFest) Townsville’s largest tourism event or festival in 2018 was the Commonwealth Games, which was a once-off event. The largest annual festival hosted by Townsville is the Australian Festival of Chamber Music, which attracted 16 500 attendees in 2017 (Australian Leisure Management 2017).

While some advantages of the small city size were indicated by the Makhanda Creative City CEO, the theory would suggest that the small population and geographic distance of Makhanda from other major economies in the region is a limiting factor in developing the creative city (Trullen and Boix, 2008; Thiel, 2017). This has also been the case for Townsville, where the share of creative industries employment has declined from 3% of total employment in 2006 to 2.8% in 2017.

Like Makhanda, a challenge for Townsville was a lack of awareness by local businesses that the local cultural sector could offer productivity-enhancing, innovative services. A business survey (City of Townsville, 2018) determined that there was a lack of awareness in local business that local cultural and creative industries could offer valuable services such as advertising, creative product development and marketing. Design-thinking is an innovative and creative approach to product renewal and design and a new way of thinking about the standard business processes. Co-creation is a process of business involving innovators from outside the boundaries of that specific industry (inter-industry spillovers). Fleishman et al. (2015) concluded, in their study of the Townsville case, that there was significant potential for increased innovation in business, driven by local creative industries, given the right marketing
of the idea to the business sector. This somewhat reflects the disconnect between the creative industries and local business in Makhanda. It could be argued that there is potential for better communication to local business in Makhanda of the possible economic benefits of utilising local creative talent is innovative ways to improve production processes and read new markets.

The expected differences between the two cities were found in the economic indicators. Development indicators, such as education levels, GDP and GDP per capita, and access to internet from the household were all significantly higher in Townsville than in Makhanda. Townsville also has a far lower unemployment rate. This signifies the developed/developing economic contexts that are present in Townsville and Makhanda respectively. Higher levels of human capital are important for achieving goals related to increased economic impact and job creation, as well as for productivity-enhancing inter-industry spillovers. Higher levels of disposable income are important for demand-side development.

A document analysis of the project proposals and aims of the Makana Creative City and Townsville Cultural Plan was undertaken. Comparative analysis showed that the initial goals set out in both projects had key similarities: Both aimed to further the development of the creative and cultural industries in their respective cities; Both aimed to create and/or improve creative spaces and facilities; Both projects are founded on partnerships between local government, the business sector, key stakeholders and creative and cultural institutions; Both formed part of larger regional development strategies; and both projects aimed to use creative sector development as a tool to place-market their city.

In terms of relevant infrastructure, both cities are relatively well-endowed. For smaller cities, both Makhanda and Townsville benefit particularly from the presence of university facilities and human capital. Florida (2006) notes that universities are a crucial aspect in a creative city. He refers to universities as ‘talent machines’ that act as central institutes for idea creation and sharing and innovative capacity building. The universities offer a dense supply of human capital that can aid in growing CCI’s (Trullen and Boix 2008). Another key advantage for Makhanda is the presence of the Monument Building, which has a 1000-seater auditorium, as well as smaller performance spaces, restaurants and office facilities.

There were, however, some significant differences in the aims of the two projects: Firstly, the Makhanda plan explicitly aims to increase employment in the cultural and creative industries,
which is not a goal for the Townsville Plan. The focus on employment in the Makhanda case is logical, given the high unemployment rate in the region (38.5%), compared to only 8.5% unemployment in Townsville. Providing employment is thus a key priority for Makhanda stakeholders and the community.

Table 2: A comparison between the Makhanda and Townsville creative city projects

<table>
<thead>
<tr>
<th>Contextual Statistics:</th>
<th>Makhanda (Grahamstown)</th>
<th>Townsville</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional Population size</td>
<td>80 000</td>
<td>170 000</td>
</tr>
<tr>
<td>Regional GDP</td>
<td>R 5.46 billion</td>
<td>R 114.14 billion (adjusted on 2018 exchange)</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>32.5%</td>
<td>8.5%</td>
</tr>
<tr>
<td>Household access to internet</td>
<td>11.6%</td>
<td>80.9%</td>
</tr>
<tr>
<td>Education: (of resident population)</td>
<td>Bachelor Degree or higher</td>
<td>11.9%</td>
</tr>
<tr>
<td></td>
<td>High School Completion or Diploma</td>
<td>22.7%</td>
</tr>
<tr>
<td>Relevant Infrastructure:</td>
<td>Number of Universities</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Number of High Schools</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>Number of Libraries</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>Number of Arts/Culture Festivals</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Attendance of largest festival (2018)</td>
<td>210 000</td>
</tr>
<tr>
<td>Creative/cultural industry factors:</td>
<td>Presence of centralised CCI</td>
<td>Weak</td>
</tr>
<tr>
<td></td>
<td>Well established cultural facilities</td>
<td>Strong</td>
</tr>
<tr>
<td></td>
<td>Creative sectors targeted</td>
<td>Architecture, design, advertising and marketing, software and digital content and film. Theatre, arts and music.</td>
</tr>
<tr>
<td></td>
<td>Relationship between CCI’s and governance/NGO’s</td>
<td>Strong</td>
</tr>
<tr>
<td></td>
<td>Relations Between CCI’s and business sectors</td>
<td>Weak</td>
</tr>
<tr>
<td>Project Aims:</td>
<td>Place-marketing using CCI’s</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Create and/or improve creative spaces/facilities</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Promote co-creation between the CCI’s and other sectors.</td>
<td>No</td>
</tr>
<tr>
<td></td>
<td>Foster strong partnerships with local governance, business, creative institutions and other key stakeholders</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Is, or forms part of, an economic regional development strategy</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Increase employment in the CCI’s</td>
<td>Yes</td>
</tr>
</tbody>
</table>
Secondly, the promotion of productivity-enhancing spillovers between the cultural industries and the business sector is a priority in the Townsville plan, while this is not evident in the Makhanda plan. While the Townsville project has not been particularly successful in fostering such spillovers, it may be an element that could be included in the Makhanda plan. Mutually beneficial linkages between the cultural and non-cultural business sectors were an important part of the original conception of how creative cities development worked, and could improve the financial sustainability of commercial as well as community based (non-profit) cultural projects.

The ‘Growing the Creative Industries in Townsville’ (2015) indicates that cultural and creative industries mostly function from the business centre of the town, that is, they are centrally clustered. Geographic clustering can be an important way of fostering the positive spillover effects identified in other studies. Providing a more centralised facility purely for cultural and creative industry activities is listed as a future goal for the Townsville project. Makhanda is a considerably smaller city than Townsville, making distance geographical distance less of a constraint. However, as already discussed, the town is still somewhat divided along apartheid-era lines, with some projects being located in the poorer township area in the east, and others in the more affluent west of the city. The Creative City project has worked hard, and had some success in spreading the benefits of the project to both sides of town. However, these locations are all in different areas of the city (usually not near the central business district) and are not centralised to any single location, which may limit the potential for spillovers.

The founding documents also differ in the specific creative industries targeted. Makhanda is primarily focussed on theatre, creative arts, musical performance and the production of other artistic goods. The Townsville plan includes a wider range of creative industries, such as architecture, design, advertising, marketing, software development and digital content, as well as ‘theatre, the arts and music.’ Expanding the focus of the Makhanda Creative City project to include some of these more commercial creative industries could potentially result in a better relationship between the more broadly defined “cultural sector” and local business. While not wanting to take the focus off the valuable community development, non-profit projects, a more inclusive approach may aid in overcoming some of the financial constraints of the project.
6.3 Critical Success Factors for the Makhanda Creative City Project

Table 3 lists a number of key success factors needed for developing a creative city, and provides an evaluation of the Makhanda Creative City project today. The evaluation reflects a number of strengths, such as the commitment of government and government agencies, indicating the institutional willingness to engage in the project as well as provide finances, in a resource constrained environment. The endowment of creative and cultural infrastructure is also a major advantage in that facilities, or “hard” infrastructure, for artistic production are available. The development of new spaces (such as the BPS and the Fingo Festival) is also in progress. In terms of human capital, or “soft” infrastructure, there are two important resources: the first is the reputation, industry connections, and arts management expertise provided by the National Arts Festival office; the second is the presence of the university, which offers access to both physical resources as well as innovative expertise. Included in advantageous factors is the social openness often associated with the arts and higher education, and the progress that some Creative City projects have made in building social cohesion.

Although the city of Makhanda is small, more geographic clustering of cultural and business activities could encourage both inter- and intra-industry spillovers (Trullen and Boix 2008; Thiel 2017; Fleishman et al., 2015. The Black Power Station shows the potential to evolve into a ‘Moboneng story’ with a community based approach that could serve as a tool of growing education in the arts, stimulating middle-class consumption of locally produced creative goods and services, and as a central point of creative and cultural activity.

Table 3: An Assessment of the Makhanda Creative City Project Progress

<table>
<thead>
<tr>
<th>Critical Success Factor:</th>
<th>Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Partnership between the cultural sector and government/NGOs</td>
<td>Strong</td>
</tr>
<tr>
<td>Partnership between cultural and creative industries and business</td>
<td>Weak</td>
</tr>
<tr>
<td>Cultural Infrastructure</td>
<td>Strong</td>
</tr>
<tr>
<td>Centralised areas for cultural production</td>
<td>Moderate</td>
</tr>
<tr>
<td>Social diversity</td>
<td>Strong</td>
</tr>
</tbody>
</table>

As already discussed, for a creative city to be sustainable in the long-run, it needs to find a way to be financially sustainable. An under-developed area of the Makhanda Creative City project is the formation of mutually beneficial links with local business. In order to achieve this the benefits of creative approaches need to be marketed to local business. These linkages may be
a challenge to create: Even in the much more economically affluent case of Townsville, local business relied on traditional, imported services to market themselves and aid in the creative aspects of product development, while there were local services service providers who could have been employed.

7. **Conclusions: Can a Creative City Development Strategy be successful in a non-metropolitan area?**

Creative city strategies for regional development have become increasingly popular since the publication of Florida’s book “The Rise of the Creative Class” (2002). Despite some criticisms of his theories, many countries have shifted their view of the cultural sector as being primarily a subsidised, non-profit sector. There is increasing recognition that investing in the cultural and creative industries, and encouraging them to cluster in cities, can have a number of benefits. Direct benefits include place-marketing of the city itself, which can help to attract highly educated and skilled entrepreneurs, as well as providing income for those involved in the “culture cycle”, including artistic production, distribution and consumption of cultural goods and services. Indirectly, the cultural sector has important positive externalities, or spillover effects, that can enhance the productivity and innovation within the cultural industries (intra-industry spillovers) and between cultural and non-cultural sectors (inter-industry spillovers).

However, most of the research on creative cities to date has focused on large, metropolitan areas, which can offer significant advantages in the form of agglomeration economies (including access to large markets/audiences on the demand-side, and specialist services on the supply side). Using the example of the Makhanda (Grahamstown) Creative City project, this report evaluated the potential of establishing a sustainable creative city in a non-metropolitan area.

Results showed that the Makhanda Creative City project has been successful in a number of ways, particularly in achieving the community-focused, social goals of the project. In a city still partially divided along the lines of wealth and race, some Creative City projects have been effective in building social cohesion, improving access to arts and culture, providing a platform for local performers to showcase their work and improve their skills, and in the area of arts education. Relationships with local government officials are good. Some projects have become well-attended annual events, and *The Gruffalo* touring venture was successful in providing employment for local performers and reaching a wide range of South African audiences.
A large part of the success of the project has been due to some of the attributes of Makhanda itself, many of which are not found in towns of a similar size. Makhanda has considerable “hard” cultural infrastructure or facilities, such as the 1000-seat Monument Theatre. The development of new spaces (such as the Black Power Station and the Fingo Festival) is also in progress. In terms of human capital, or “soft” infrastructure, there are two important resources: the first is the reputation, industry connections, and arts management expertise provided by the National Arts Festival office; the second is the presence of the university, which offers access to both physical resources as well as innovative expertise. These resources have facilitated inter-industry spillovers, resulting in successful artistic productions and collaborations.

On the other hand, the project has not been able to reach their stated goal of significant job creation in the sector. Involvement of local businesses is limited, and the potential for productivity-enhancing intra-industry spillovers has not been realised. For the project to be financially sustainable in the long-run, it is recommended that the conception of the cultural sector be broadened to include some more commercial ventures (designers, architects, software developers), and that the synergies between cultural and non-cultural businesses be explored.

In conclusion, for small towns to be successful Creative Cities, it is recommended that:

- Existing hard and soft infrastructure and other resources be identified in advance and included as a central part of the plan (as was done in Makhanda).
- The aims of the project should include both economic outcomes (job creation and growth) and social aims (education, access, social cohesion). This could be important in off-setting potentially negative effects (such as the gentrification experienced in the Maboneng case), and in explicitly including local cultural talent.
- That the whole culture cycle (production, dissemination and consumption) be included in the plan, rather than a focus on any one of these areas.
- To offset the lack of agglomeration economies offered by large cities, specific strategies need to be put in place. These should include demand-side marketing plans (such as the touring venture organised by the Makhanda Creative City project for The Gruffalo theatre production), as well as supply side interventions focused on establishing mutually beneficial networks with local, non-cultural businesses.

Makhanda’s Creative City project has yet to reach its economic goals (specifically, job creation targets), despite its atypical advantages (hosting a large, annual arts festival, and having a university) for a city of this size. For other small towns without these advantages, the creative
city development strategy may be even more challenging. However, as shown in the case of Makhanda, some of the social goals related to arts and culture might still be reached, especially if coupled with other strategies, such as tourism and place-marketing.
REFERENCES


APPENDIX 1: Key Stakeholder Interview Questions

Questions for Research: Creative Cities and Regional Development

Questions for Tony Lankaster:

1. How was the Creative City project designed?
2. What were/are the goals that the project aims to achieve?
3. What are the challenges you have faced in implementing and running the project?
4. What aspects of success have you seen since implementing the project?
5. Do you believe that the geographical location of Grahamstown limits the town’s ability to foster a creative economy?
6. Does the development of skills, from the ‘Creative City’ project, allow for the community to better participate/accrue economic benefits from the National Arts Festival? (i.e. Fingo Festival) *criticisms are that the NAF is exclusive/doesn’t benefit the larger community.

Questions for key stakeholders in the Makhanda creative economy:

1. Has the project been successful in developing and fostering skills that are required to be active in the creative and cultural industries?
2. Does the development of skills, from the ‘Creative City’ project, allow for the community to better participate/accrue economic benefits from the National Arts Festival? (i.e. Fingo Festival) *criticisms are that the NAF is exclusive/doesn’t benefit the larger community.
3. Has the level of employment and activity risen with the efforts of the ‘Creative City’ Project and do you see the level of employment in the Creative and Cultural industries rising in the future?
4. Do you feel that there is a centralization or adequate concentrated space allocated for the creative and cultural industries? i.e. could the Black Power Station
5. Do you believe that the project has provided social/economic benefits and social cohesion?
6. Do you believe that there is, or there is the potential for, a flourishing creative economy in Grahamstown?
7. Do you believe that the project has equipped members of the community and/or others with the skills necessary to be creatively productive and whether they have been provided the opportunity to use these skills?
8. Do you have any suggestions or requests for the project moving forward?