



**CAPRICORN DISTRICT MUNICIPALITY**

# **CAPRICORN ECONOMIC RECOVERY PLAN**

**Version 6**

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# **CAPRICORN ECONOMIC RECOVERY PLAN**

## **1. INTRODUCTION AND BACKGROUND**

The purpose is to outline the Economic Recovery Plan for Capricorn District Municipality.

### **1.1. Brief discussion on COVID – 19, National State of Disaster and National Lockdown**

The Covid-19 pandemic is having a disastrous impact on the economy (in terms of reduced economic growth, job losses and closure of some businesses) and the economic slowdown is likely to last for more than 3 years.

### **1.2. Purpose of the economic recovery plan**

The economic recovery plan was developed in response to the negative economic effects (such as business closure, widespread unemployment, underemployment, low economic growth, etc.) experienced due to the emergence of the Covid-19 pandemic. Those most vulnerable are the poor, poverty is our proverbial 'Achilles Heel' in fighting the virus and will remain so unless we act. Our dense and overcrowded informal settlements, the inhumane conditions of people living in shacks and the needs of those working in the informal economy makes social distancing a luxury. The risk of going hungry far outweighs the threat of the virus.

The Capricorn Economic Recovery Plan will determine the most effective strategy to resuscitate the economy of the Capricorn District.

## **2. ECONOMIC IMPACT OF COVID-19**

The economic impact of the COVID-19 pandemic is divided into 3 parts, i.e. the National, Provincial and District perspectives.

## **2.1. National picture**

### **2.1.1. Analysis of Gross Domestic Product 2020: Q2**

COVID 19, declared a global pandemic by the World Health Organisation, has crippled economies around the world because most countries trade openly and extensively in the global economy. South Africa as an open economy was also expectedly affected, and achieved an all-time record of 51.0% decline of economic production in the second quarter of 2020.

The country is operating in times of recession preceded by persistent low economic growth rates coupled with high rates of unemployment, poverty and inequality. The trajectory thus requires socio-economic recovery policy interventions, innovative solutions, strengthened private and public partnerships as well as resilient effort to implement policies, strategies and plans outlined in the various economic development legislative frameworks.

The South African Reserve Bank (SARB) expects national GDP in 2020 to contract by -8.2%, compared to the earlier forecast of -0.2%. The economy will however recover and grow by 2.2% and 2.7% in 2021 and 2022 respectively.

### 2.1.2. Real GDP Growth Rate

Real gross domestic product (measured by production) decreased by a record 51,0% in the second quarter of 2020 owing to the impact of the COVID-19 lockdown restrictions since the end of March 2020.

Figure 1: GDP Growth Rate



Source: StatsSA – GDP 2020: Q2

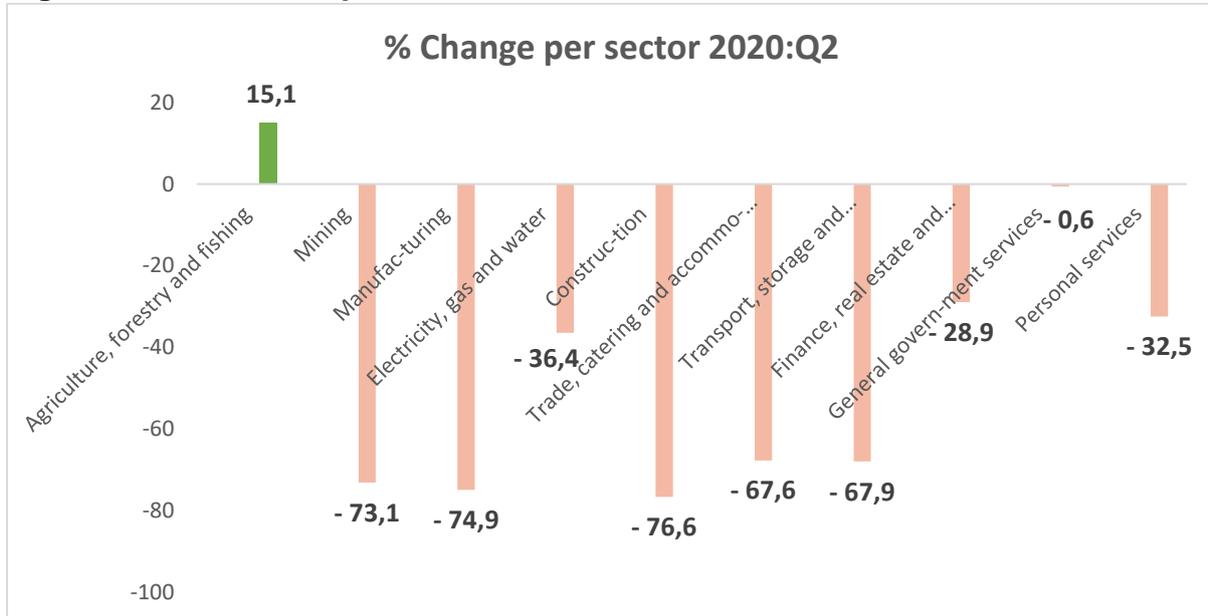
Should the country experience relentless spread of the pandemic, long-lasting negative consequences for livelihoods, job security, and inequality will become more daunting. However, effective policy implementation can help slow the deterioration of those prospects and set the stage for a speedier recovery that benefit all in society across the income spectrum and skills distribution.

### 2.1.3. Growth rate per sector

The strict regulations as contained in the Disaster Management Act no.57 of 2002 as amended by various Gazettes in 2020 to address, prevent and combat the spread of the corona virus also included restrictions on the movement of goods and persons. The lockdown started with a total shut down of the economy at alert level 5 proceeding to gradual opening of sectors at different stages of the lockdown. As a result, main economic sectors that contributes to the economy collapsed.

The agriculture, forestry and fishing industry was the only positive contributor to GDP growth.

**Figure 2: Growth rate per sector**



Source: StatsSA – GDP 2020: Q2

The largest negative contributors to growth in GDP in the second quarter were the manufacturing, trade and transport industries. The manufacturing industry decreased by 74,9% and contributed -10,8 percentage points to GDP growth. The trade, catering and accommodation industry decreased by 67,6% and contributed -10,5 percentage points. The transport, storage and communication industry decreased by 67,9% and contributed -6,6 percentage points.

#### 2.1.4. Concluding Remarks

The South African Government have devised the stimulus package worth R500 billion to support their industries and people in mitigating against the economic slowdown caused by the lockdown. The effective implementation of the stimulus relief package will soften the impact of COVID 19 and re-ignite the economic activities in order to address the socio-economic challenges outlined in the economic outlook.

The combined effects of COVID-19 and the recession will be a double-edged sword for the South African economy. In the last quarter of 2019, the South African economy experienced a technical recession, as the economy slowed down to -2% in 2020: Q1 from -1.4% in 2019: Q4 following a decline of -0.8% in the preceding quarter. The COVID-19 pandemic has resulted in the slowdown of the global economy and countries have applied various measures in an attempt to curb the spread of the virus. The most effective measure that countries have adopted from the “Wuhan lesson” is the measure for social distancing and subsequently locking down the territories to flatten the curve of new infections.

The results of the measures against COVID-19 does, unfortunately, impact negatively on the economy everywhere in the world. Therefore, there is a strong correlation between the application maximum measures such as lockdown and slowing down of economic and industrial activities and subsequently, the economic decline.

Before the COVID-19 pandemic, the long-term global outlook appeared positive. The coronavirus will have a negative impact in the short to medium growth outlook. According to the International Monetary Fund forecast, the global economy will contract by -3.1% in 2020 from a growth of 2.9% in 2019 before recovering to 5.1% in 2020. The Advanced and Emerging Market Economies are expected to contract to -6.1% and -1.0% in 2020, respectively. China, which has been a growth engine of the world for more than a decade will also decline and their growth outlook has been revised from 6.1% t to 4.8%.

## **2.2. Provincial picture**

### **2.2.1. The impact of COVID-19 on the Limpopo Economy**

In terms of Disaster Management Act Regulations of March 2020, certain services and goods have been categorized as essential during the lockdown. The majority of enterprises in the agricultural value chain and mining (coal and phosphate) qualify as essential services under the regulations published by the Minister of Co-operative

Governance and Traditional Affairs, Dr Nkosasana Dlamini-Zuma. The Regulations permit activities involved in the production and sale of essential goods, such as food items, to continue operating under the national lockdown, but subject to strict hygiene, sanitation and social-distancing protocols.

#### **2.2.1.1. Agricultural Sector**

Agriculture and food supply services have been categorised as essential services. Consequently, most activities within the food production value chain system continue to function during the lockdown. Although the impact of the outbreak of COVID-19 on the sector is projected to be minimal in the immediate term according to the analysts, the softening of the demand on agricultural products cannot be overruled.

#### **Local supply and demand**

Locally, the supply and availability of agricultural products locally is reported to be adequate for the immediate term. This is boosted by the expected bumper maize harvest for 2020. Maize production is estimated at 15.5 million tons, of which 9.1 million tons is white maize. However, the demand for agricultural produce could somewhat be affected by loss of income on the part of consumers. This would imply less income for farmers.

#### **Input supply**

South Africa is highly dependent on imports of agricultural inputs. It is estimated that more than 80% of domestic fertilizer demand and more than 95% of plant protection chemicals are imported (BFAP, March 2020). This implies that local prices are subjected to the same supply and demand forces that drive international markets. Therefore, possible disruptions in the global supply chain would mean low supply and in turn higher production costs for producers.

#### **Jobs**

Harvesting of most horticultural crops, as well as potatoes has started in most parts of the province. Harvesting of maize will start soon, along with preparations for winter crop planting. The period from April to September is the most critical and busy period for the agriculture sector in Limpopo.

The potential impact of COVID-19 is therefore on the numbers of workers, particularly on managing harvesting teams to permissible numbers in order to comply with social distancing requirements.

Another potential challenge is workers not showing up at work or becoming unproductive because of fear or uncertainty around the pandemic. To address this, employers were urged to promote and allow continuous information sharing to raise awareness on the pandemic.

#### **2.2.1.2. Mining Sector**

Except for the coal industries that were deemed essential services during the first phase of the lockdown starting on 26 March 2020, the majority of mines were shut down during that period. Coal mining and phosphate were deemed essential, as they are an input into electric generation and agriculture respectively. The closure was, of course, detrimental to the economy, as mining contributes 24.8% or R90 billion value addition to the economy and employs 86 000 of the total workforce of 1.2 million. The indirect impact will have been felt throughout the mining input supplier companies in manufacturing, retail, agriculture, utilities, finance, banking and real estate, etc. Whilst the impact of the lockdown has not been quantified yet, the social and socio-economic manifestation of the lockdown point to the fact that the lockdown has contributed immensely to increased levels of poverty within the mining towns and the rest of the province.

In Limpopo Province, the current measures used to curb the spread of the virus are impacting on mining operations resulting in downscaling their supply chains, manufacturing industries and, consequently, the demand for minerals and metals. The new reality for the mining industry includes increasingly volatile commodity prices,

executives taking pay-cuts, staff being retrenched or forced to go on unpaid leave, limited mining and processing operations.

COVID-19 has caused uncertainty around the immediate future of many mining operators and this is going to be a further motivation for automated and digital mine solutions.

#### **2.2.1.3. Tourism Sector**

Tourism is currently one of the most severely affected sectors by the outbreak of the COVID-19 pandemic. It is furthermore stated that this impact is felt across the whole tourism value chain. The UNWTO also indicated that estimated impacts at this point in time must be treated with caution and is likely to be updated as the pandemic prolongs. Continuous monitoring of the impact of COVID-19 on international tourism should therefore receive priority on international, national, regional and local levels.

While certain accommodation establishments are permitted to operate that provide services to essential workers and/or serve as quarantine sites, as per the required regulations and protocols (Government gazette No. 43200, Government Notice No. 235 of 2 April 2020), a drive to de-risk the tourism industry is underway. The aim is to open certain tourism activities and domestic travel as a matter of priority. This will not only assist the industry to recover earlier than anticipated, but also lead to the development of operating protocols to ensure compliance to COVID-19 regulations and all other health and safety requirements at tourism facilities that are in operation.

#### **2.2.1.4. Transport Sector**

The Department of Transport has suspended all new projects due to the reprioritization of programmes necessitated by the COVID-19 pandemic and the subsequent budget cut. The development of new subsidy networks and contracts and the development of

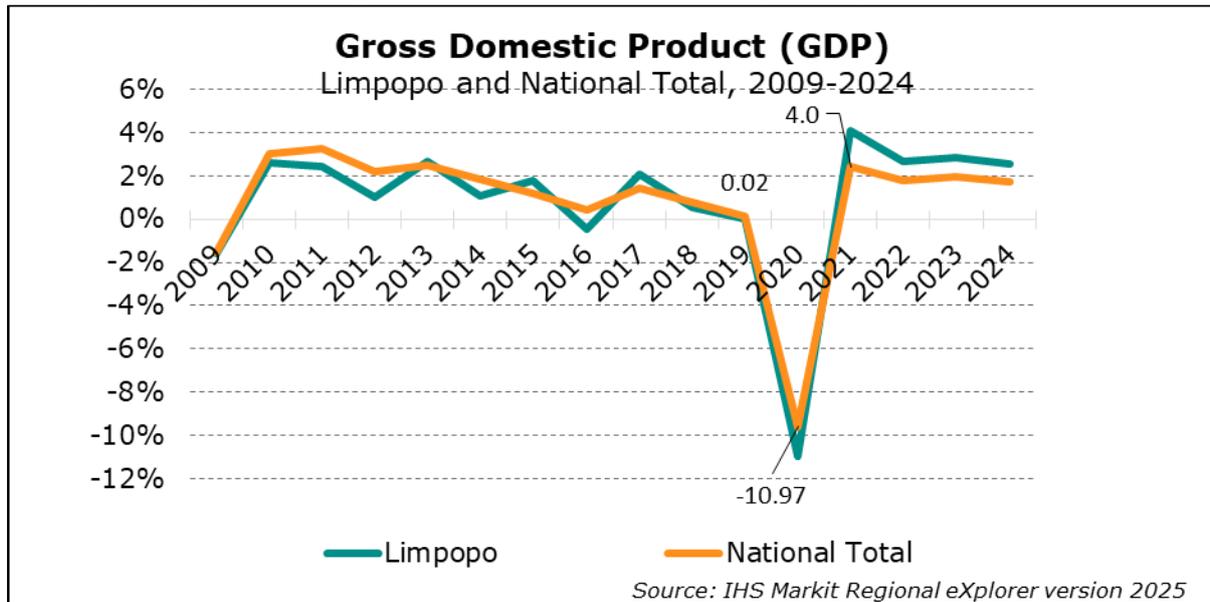
the Collins Chabane Integrated Transport Plan will also be delayed due to distorted travel patterns caused by COVID-19 Public Transport directives. Both these projects require transport surveys, which can only commence once all businesses, schools and services are in full operation.

The public transport industry is one of the industries mostly affected by the outbreak of COVID-19. COVID-19 Public Transport directives, limiting travelling and loading capacity, has had a devastating financial impact on the industry. Buses were not allowed to operate during lockdown level 5, except those that were contracted to transport essential workers. In terms of COVID-19 Public Transport directives, buses are allowed to load only 50% of their capacity and minibus taxis 70%. With the current limitations on buses, 50% fewer commuters will benefit from subsidised transport. It is difficult to project the number of passengers who will be benefitting from the bus subsidy programme in the 2020/2021 financial year not knowing for how long the loading capacity restrictions will apply. The department has used a worst-case scenario when setting the targets for the number of passengers who will be benefitting through subsidized bus transport. Targets will have to be reviewed on a quarterly basis, depending on lockdown levels and the loading capacity restrictions.

### **2.2.2. Provincial Economic Outlook**

It is expected that Limpopo Province's GDP will grow at an average annual rate of 0.08% from 2019 to 2024. South Africa as a whole is forecasted to grow at an average annual growth rate of -0.46%, which is lower than that of the Limpopo Province.

**Figure 3: Gross Domestic Product (GDP) - Limpopo and National Total, 2009-2024 [Average annual growth rate, constant 2010 prices]**



The provincial economy is expected to decline at 10.97% due to a shutdown in the economic activities followed by gradual phasing in or re-opening up of the economy in 2020. In 2024, Limpopo's forecasted GDP will be an estimated R 227 billion (constant 2010 prices) or 7.4% of the total GDP of South Africa. Limpopo increased in importance from ranking sixth in 2019 to fifth in 2024, with a contribution to the South Africa GDP of 7.4% in 2024 compared to the 7.2% in 2019. At a 0.08% average annual GDP growth rate between 2019 and 2024, Limpopo ranked the highest compared to the other regional economies.

**Table 1: Gross value added (GVA) by broad economic sector - Limpopo Province, 2019-2024 [R billions, constant 2010 prices]**

<b>Economic Sectors</b>	<b>Average Annual growth</b>
Agriculture	2.97%
Mining	-1.46%
Manufacturing	-0.98%
Electricity	0.02%
Construction	-2.38%
Trade	-0.79%
Transport	-0.19%
Finance	1.14%
Community services	-0.82%
<b>Total Industries</b>	<b>-0.56%</b>

Over a 5-year period Agriculture seems to be the only sector with a bigger positive average growth of 2.9% due to less lockdown restrictions and increasing global and domestic demand of agricultural commodities. The negative impact of COVID-19 is projected to be prolonged in the Construction, Mining and Manufacturing sectors. Tourism sector is also expected to recover gradually following the relaxation of lockdown restrictions.

## Gross Value Added by Sector

**Figure 4: Gross value added (GVA) by aggregate economic sector - Limpopo Province, 2019-2024 [Annual growth rate, constant 2010 prices]**

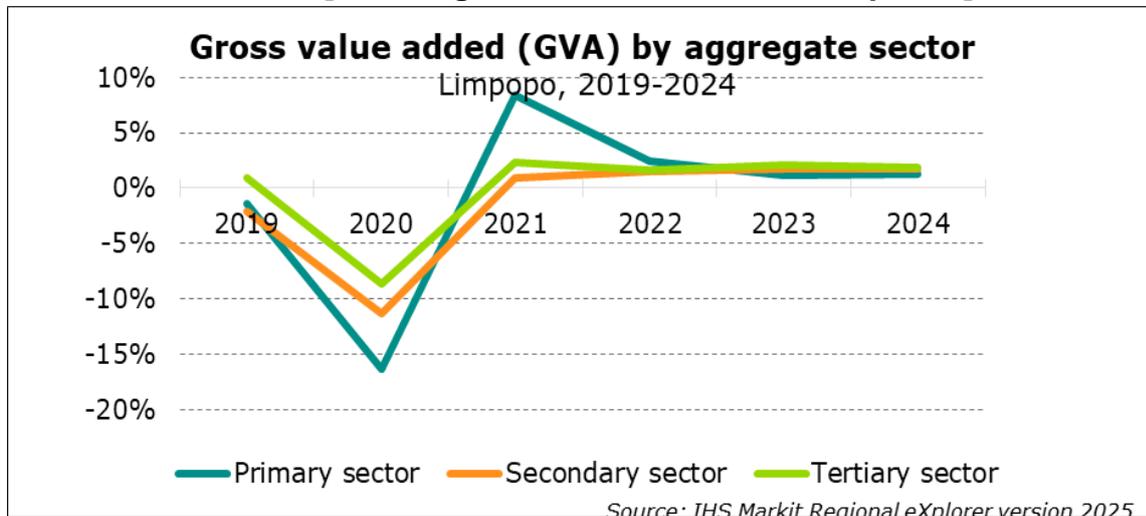


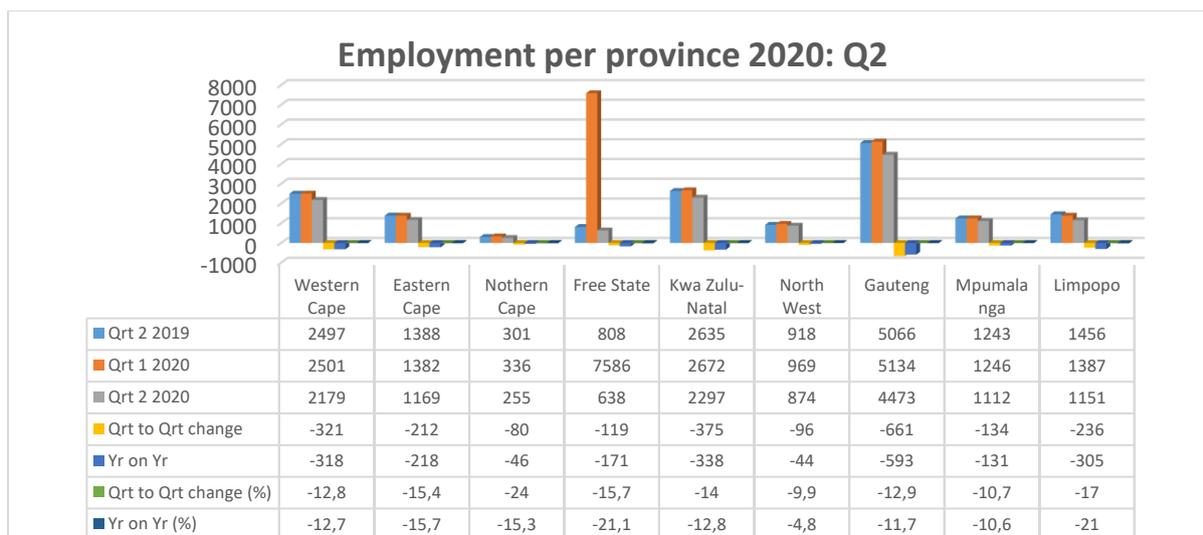
Figure 4 above depicts the growth pattern of all industries for the 5-year period. Although there was a general decline in all sectors, a recovery is expected in 2021 to 2024 with the Agriculture sector substantially driving the recovery in the primary sector. The secondary and tertiary sector are also expected to recover in the preceding years.

## Labour Statistics

The number of people employed in the province in 2020:Q2 are 1.15 million. In total, the province lost 236 000 jobs in the same period.

## Employment

**Figure 5: Employment per province**

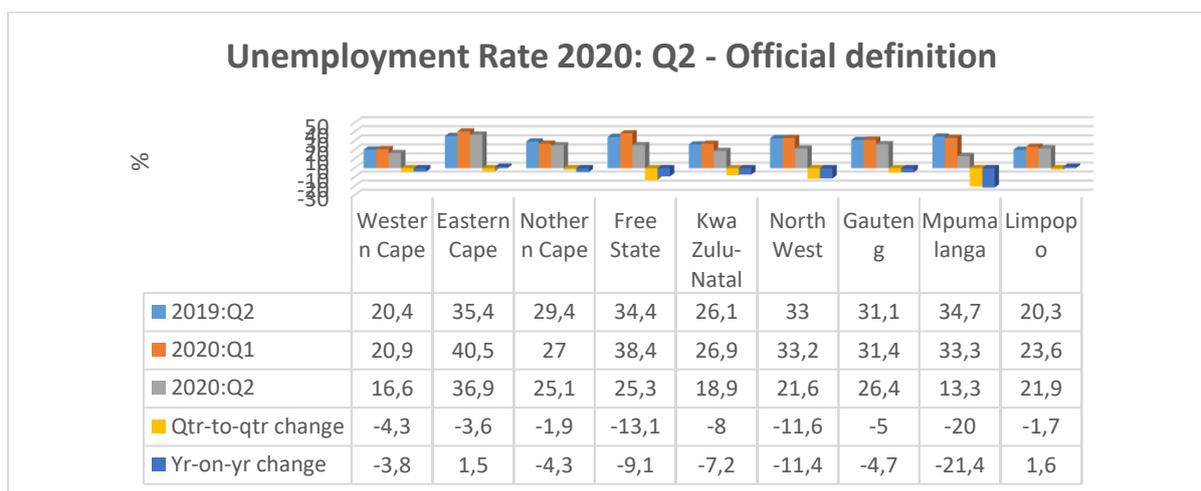


Source: StatsSA, QLFS 2020: Q2

## Unemployment rate

The official unemployment rate decreased from 23.6 in 2020:Q1 to 21.9% in 2020:Q2. However, the expanded unemployment rate has been increasing since 2019 and is now at 46.5% (almost 50%). This means that there are more people who are discouraged to look for employment.

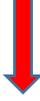
Figure 6: Official unemployment rate



Source: StatsSA, QLFS 2020: Q2

All the sectors with the exception of Agriculture experienced a decline in employment in April-June 2020. This was as a result of restrained supply and demand for labour as result of the lockdown.

**Table 2: Employment per sector**

Sector	Q1	Q2	Change
Agriculture	126	142	16 
Mining	93	76	-17 
Manufacturing	96	65	-31 
Utilities	13	13	0 
Construction	142	96	-46 
Trade	288	231	-57 
Transport	57	38	-19 
Finance	123	93	-30 
Community and Social Services	341	296	-45 
Private Household	107	100	-15 

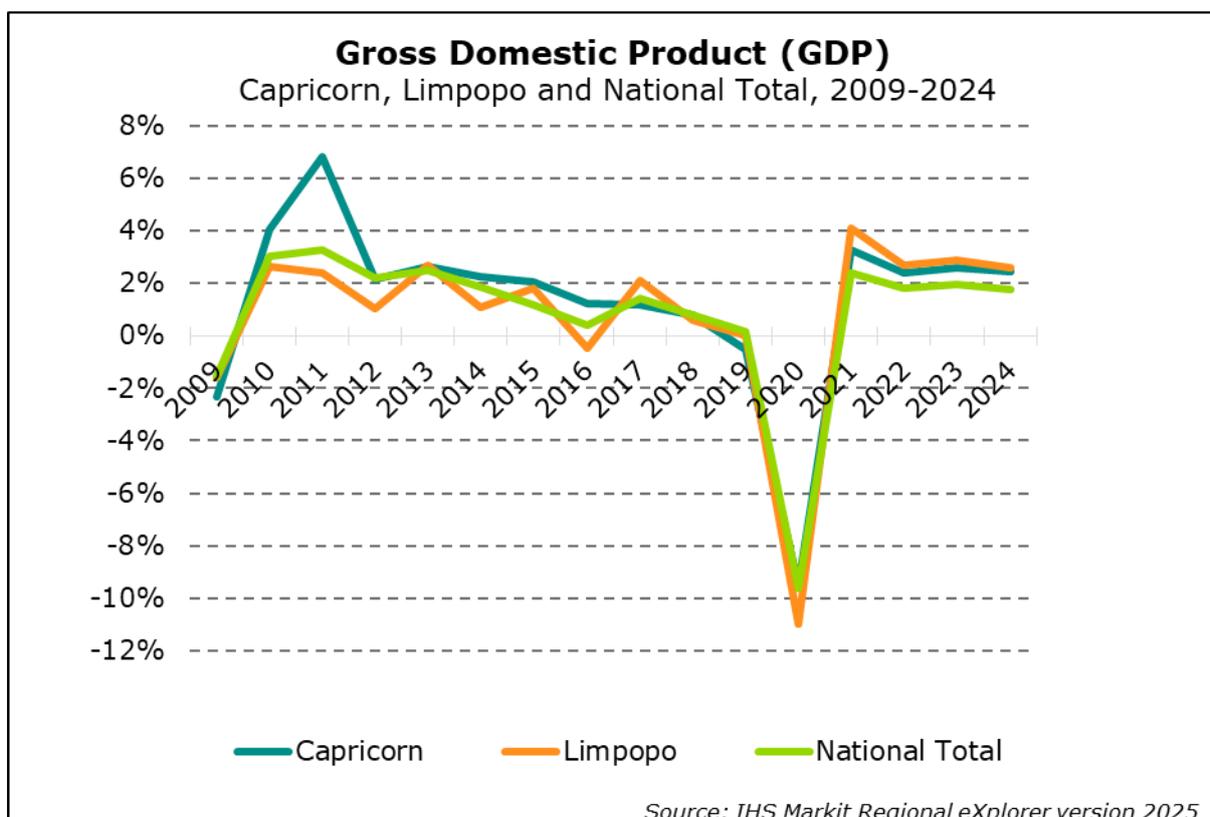
Source: StatsSA, QLFS 2020:Q2

### 2.3. Capricorn District Municipality Outlook

#### Economic Growth Forecast

It is expected that Capricorn District Municipality will grow at an average annual rate of 0.10% from 2019 to 2024. The average annual growth rate of Limpopo Province and South Africa is expected to grow at 0.08% and -0.46% respectively.

**Figure 7: Gross Domestic Product (GDP) - Capricorn, Limpopo and National Total, 2009-2024 [Average annual growth rate, constant 2010 prices]**



In 2024, Capricorn's forecasted GDP will be an estimated R 67.2 billion (constant 2010 prices) or 29.6% of the total GDP of Limpopo Province. The ranking in terms of size of the Capricorn District Municipality will remain the same between 2019 and 2024, with a contribution to the Limpopo Province GDP of 29.6% in 2024 compared to the 29.6% in 2019. At a 0.10% average annual GDP growth rate between 2019 and 2024, Capricorn ranked the second compared to the other regional economies.

**Table 3: Gross Domestic Product (GDP) - local municipalities of Capricorn District Municipality, 2019 to 2024, share and growth**

Economic Sectors	Average Annual growth
Agriculture	<b>3.01%</b>
Mining	<b>2.02%</b>
Manufacturing	<b>-0.87%</b>
Electricity	<b>0.01%</b>
Construction	<b>-2.33%</b>
Trade	<b>-0.72%</b>
Transport	<b>0.00%</b>
Finance	<b>1.33%</b>
Community services	<b>-0.78%</b>
<b>Total Industries</b>	<b>-0.03%</b>

**Table 4: Gross Domestic Product (GDP) - local municipalities of Capricorn District Municipality, 2019 to 2024, share and growth**

	2024 (Current prices)	Share of district municipality	2019 (Constant prices)	2024 (Constant prices)	Average Annual growth
Blouberg	8.9	6.40%	4.4	4.3	<b>-0.30%</b>
Molemole	14.3	10.23%	6.8	6.8	<b>-0.06%</b>
Polokwane	102.6	73.72%	49.4	49.7	<b>0.15%</b>
Lepelle-Nkumpi	13.4	9.65%	6.3	6.3	<b>0.15%</b>
<b>Capricorn</b>	<b>139.2</b>		<b>66.8</b>	<b>67.2</b>	

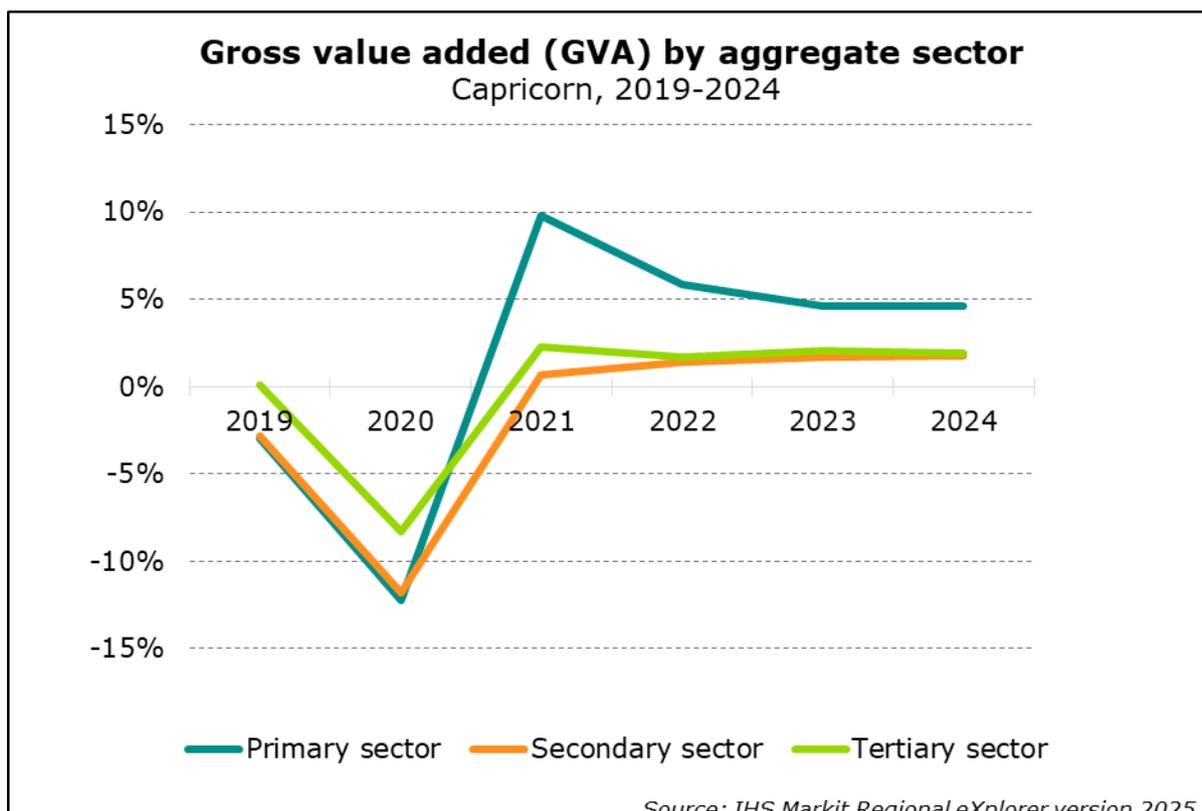
When looking at the regions within the Capricorn District Municipality it is expected that from 2019 to 2024 the Polokwane Local Municipality will achieve the highest average annual growth rate of 0.15%. The region that is expected to achieve the second highest average annual growth rate is that of Lepelle-Nkumpi Local Municipality, averaging 0.15% between 2019 and 2024. On the other hand the region that performed the poorest relative to the other regions within Capricorn District Municipality was the Blouberg Local Municipality with an average annual growth rate of -0.30%.

**Table 5: Gross value added (GVA) by broad economic sector - Capricorn District Municipality, 2019-2024 [R billions, constant 2010 prices]**

<b>Economic Sectors</b>	<b>Average Annual growth</b>
Agriculture	<b>3.01%</b>
Mining	<b>2.02%</b>
Manufacturing	<b>-0.87%</b>
Electricity	<b>0.01%</b>
Construction	<b>-2.33%</b>
Trade	<b>-0.72%</b>
Transport	<b>0.00%</b>
Finance	<b>1.33%</b>
Community services	<b>-0.78%</b>
<b>Total Industries</b>	<b>-0.03%</b>

The agriculture sector is expected to grow fastest at an average of 3.01% annually from R 1.21 billion in Capricorn District Municipality to R 1.4 billion in 2024. The community services sector is estimated to be the largest sector within the Capricorn District Municipality in 2024, with a total share of 31.5% of the total GVA (as measured in current prices), growing at an average annual rate of -0.78%. The sector that is estimated to grow the slowest is the construction sector with an average annual growth rate of -2.33%.

**Figure 8: Gross Value Added by aggregate sector**



The Primary sector is expected to grow at an average annual rate of 2.23% between 2019 and 2024, with the Secondary sector growing at -1.40% on average annually. The Tertiary sector is expected to grow at an average annual rate of -0.16% for the same period.

### 3. SOUTH AFRICA'S RESPONSE PLAN

The South African government has set aside an economic stimulus of R500 billion to mitigate against the impact of COVID-19 on the population and the economy. The stimulus is equivalent to 15% of GDP and this is in line with the precedent of stimulus that have been developed by industrialist countries. Of the stimulus, 26% or R130 billion will be sourced from reprioritizing funds from South Africa's existing budget. About US \$4.2 billion will be sourced externally from international finance institutions like the New Development Bank, the World Bank, IMF and the African Development Bank. An estimated R300 billion will be injected from the monetary and fiscal policy operations. The remainder will be sourced from existing programmes in public

institutions like the Unemployment Insurance Fund and the Industrial Development Corporation.

Briefly, the stimulus will be spent as follows:

- **R200 billion loan scheme with major banks** - A R200 billion loan guarantee scheme will be introduced in partnership with major banks, National Treasury and the South African Reserve Bank to help companies with operational costs, salaries, rent and supplier payments, amongst other things.
- **R50 billion boost for grant recipients** - A six-month coronavirus grant will be introduced for those "most desperately affected by the coronavirus". Child support grant beneficiaries will get an extra R300 in May and from June to October; they will receive another R500 per month. All other grant beneficiaries will get an extra R250 per month for the next six months. An additional special Social Relief of Distress grant of R350 per month will be available for the next six months to those who are unemployed and not receiving other forms of grants or UIF payments.
- **R100 billion for jobs** - To date, the Unemployment Insurance Fund's COVID-19 benefit has already paid out R1.6 billion, assisting over 37 000 companies and thousands of workers. An additional R100 billion will be set aside to protect and create jobs. Government will also continue to give assistance in the form of loans, grants and debt restructuring to small businesses, spaza shops and other informal businesses, which have been given R100 million so far.
- **R70 billion in tax relief** - A range of tax relief measures will be introduced to ease the pressure on businesses and individuals such as a four-month holiday will be granted for companies' skills development levy contributions; VAT refunds will be fast-tracked; and a delay will be granted for the filing and payment of carbon tax. Businesses will also be given some relief measures, including an increase in the turnover threshold for tax deferrals to R100 million per year, while the proportion of PAYE payments that can be deferred will be

increased to 35%. Moreover, no penalties will be applied for late payments if taxpayers can show they were disadvantaged by the coronavirus pandemic.

- **R20 billion for municipalities** - Municipalities will get a boost in the form of an additional R20 billion in funding for emergency water supply to assist sanitation, as well as public transport and providing food and shelter for the homeless.
- **250 000 Food parcels** - The Department of Social Development is working with NGOs, the Solidarity Fund and others to distribute 250 000 food parcels across the country.
- **Over R100 billion to help protect frontline workers** - This fund will be managed by IDC support companies for the procurement of personal protective equipment in addition to the earlier allocation.

Phase 1	Phase 2	Phase 3
Mitigate worst impact of virus and provide relief due to lockdown	Extraordinary health budget to respond to Coronavirus, the relief of hunger and social distress, support for companies and workers and the phased re-opening of the economy	Implement the Economic strategy to jumpstart the recovery of the economy as the country emerges from the pandemic We must position the City to benefit from structural change in Phase 3
Disaster	Stabilisation	Recovery/ structural

#### 4. LIMPOPO ECONOMIC RESPONSE PLAN

Limpopo government has set aside R3,5 billion to mitigate against the impact of COVID-19 on the economy and the population. The larger proportion of the provincial government funding is allocated to the social cluster, that is health, education and social development. Of this total amount, the economic stimulus has been budgeted for R500 million for financial year 2020/21 for enterprise development, farmer support and road infrastructure.

The Limpopo Socio-Economic Stimulus is borne out of the fact that the national funding will not be sufficient to provide the desired relief to enterprises and the population. The provincial government will have to use its own resources and that from cooperating partners to mitigate against the impact of COVID-19 in the short-term and the resuscitation of the economy in the long-term. The short-term measures (R500m) will be implemented in 2020/21.

These measures are meant to be implemented during and the immediate post-lockdown period up to the end of the financial year 2020/21 to ameliorate the effects of the COVID-19 lockdown.

**Table 3: Limpopo provincial short-term measures to resuscitate the economy**

Description of Expenditure	Unit Cost	Number of Items	Cost per Project	Months	Total Cost	Full Description
1. SMME and co-operative Relief Fund (LEDA)	R10 000 000	LEDA loan book	R10 000 000	4 months	<b>R10 000 000</b>	This project entails existing loan book financial relief to SMMEs and co-operatives. Number of job opportunities: 3 600 direct job opportunities.
2. National Empowerment Fund (NEF) funded by Limpopo Government	R10 000 000	NEF provincial loan book	R10 000 000	4 months	<b>R10 000 000</b>	This project entails existing loan book financial relief to SMMEs and co-operatives in Limpopo

Description of Expenditure	Unit Cost	Number of Items	Cost per Project	Months	Total Cost	Full Description
3. COVID-19 relief fund to support waste recyclers/waste reclaimers/waste processors (Environment)	Range from R15 000 to R250 000 per applicant	Varies per application	R7 800 120	Once off	<b>R7 800 120</b>	Purchase of waste bailers, scales and crushers to ensure that waste reclaimers/waste recyclers are supported. This will ensure that waste pickers are back at workplaces and recyclers buy the recyclables. Funding will also include operational costs to revive waste recycling in the province to mitigate stockpiling and the negative earnings suffered by waste reclaimers and waste pickers.
4. Completion of the Vhembe Environmental Management Framework (EMF) and Strategic Environmental Assessment (SEA) (Environment)	R1 792 000	1 EMF 1 SEA	R1 792 000	6 months	<b>R1 792 000</b>	Motivation for appointment of a service provider to finalize the development of the incomplete Vhembe EMF (halted due to lack of funds). A service provider is required to develop a detailed SEA as part of the EMF. The SEA is required for the Musina-Makhado Special Economic Zone and to address objections from interested and affected parties, including the request by the Centre for Environmental Rights (CER).
5. Specialist review of the environmental impact assessment application and specialist reports for the Musina-	R2 939 000	1 EIA	R2 939 000	10 months	<b>R2 939 000</b>	Appointment of main service provider who will appoint other specialists to assist in the review of the environmental authorisation EIA application for the Musina-Makhado SEZ.

Description of Expenditure	Unit Cost	Number of Items	Cost per Project	Months	Total Cost	Full Description
Makhado Special Economic Zone (SEZ) (Environment)						The service provider will also assist in addressing current objections (more than 26 in total) from interested and affected parties, including the request by the Centre for Environmental Rights. The service provider will also assist to handle appeals on behalf of the department and possible litigation that is inevitable.
6. Provincial Tourism Relief Fund (Tourism)	R50 000 per application	200	R10 000 000	6 months	<b>R10 000 000</b>	Support tourism SMMEs, tourist guides, community tourism projects and homestay initiatives with relief funding as per pre-set criteria to supplement relief funds made available from the National Department of Tourism to deal with COVID-19.
7. Production inputs to farmers	Maximum of R50 000 per farmer	1150 farmers	R57 500 000	According to the production cycle of the identified commodities	<b>R57 500 000</b>	Relief support for farmers, as per the set criteria to supplement relief funds made available from the National Department of Agriculture, Land Reform and Rural Development. Support is for the following commodities: <ul style="list-style-type: none"> <li>- Vegetables: seedlings, fertilizer, pesticides, herbicides, and soil correction</li> <li>- Poultry (day old chicks, point of lay, feed, medication, and sawdust)</li> <li>- Other livestock feed</li> </ul>

Description of Expenditure	Unit Cost	Number of Items	Cost per Project	Months	Total Cost	Full Description
						and medication
8. ROADS	As per page 28		R400 m	As per page 28	<b>R400 m</b>	Prioritization of unfinished roads in the Province
9. Provincial COVID-19 Relief for Artists	R10 000 per artist	360 Artists	R3.6 m	4-26 August 2020	<b>R3.6 m</b>	Implementation of the relief fund for artists who lost income as a result of COVID-19
<b>TOTAL LIMPOPO RELIEF SUPPORT</b>			<b>R500 M</b>			

## **5. DISTRICT ECONOMIC RESPONSE PLAN**

The Capricorn Economic Recovery Plan will comprise of various strategies. It is important to review the long-term strategy of the Municipality, as a starting point. Due to the immense impact that COVID19 will have on society and business, it necessitates a review of this growth path based on a 'new normal'.

Another consideration, is to ensure financial sustainability of the District Municipality and its local municipalities while investing in the economic further of the district.

## **6. RELIEF MEASURES TO GROW THE ECONOMY**

The following are the Relief measures to grow to be implemented in the Capricorn District:

### **6.1. Youth Employment Programme**

The objective of the Youth employment Programme is to train 1000 youth in Capricorn District on aspects of the 4<sup>th</sup> Industrial Revolution. CDM has signed an Agreement with SADICO (South African Digital Content) to implement the programme jointly.

#### **The training content will be as follows:**

- Internet of things
- Artificial Intelligence
- 3D Printing
- Nanotechnology
- Robotics
- Autonomous Vehicles

- Cryptocurrency
- Cyber security

The training will be covering both theory and practice in these aspects of 4IR. The trained youth will be organised into at least 100 Technology Co-operatives and located within their communities, with an average 10 youth per co-operative.

## **6.2. Investment Attraction**

The district municipality will seek to attract investment into the district, as a means to create jobs, develop skills and generate economic growth.

### **6.2.1. Investment in Business Process Outsourcing**

Capricorn District Municipality established contacts with BPESA (Business Process Enabling Outsourcing in South Africa) now trading as Cape BPO, at the CDM Investment Summit, which was held in June 2019. A delegation from Capricorn visited BPESA in Cape Town on a fact-finding mission to assess the feasibility of establishing of BPOs / Call Centre initiatives in Capricorn. BPESA has agreed to assist Capricorn District to attract investment into the BPO Sector in the District.

#### **Implementation Plan**

- Development of a Business Plan and Development of Value Statement
- Business Processing Outsourcing (BPO) Roadshow

### **6.2.2. Investment in other sectors of the district economy**

The review of the CDM Investment and Marketing Strategy has identified investment opportunities that are more disposed towards the key sectors in the Capricorn District, which are agriculture, mining, manufacturing and tourism.

#### **The Action Plan for the 2021/ 22 financial year is as follows:**

- Publication of the Investment handbook

- Identification of potential investors
- Marketing of the Handbook
- 1 investment initiative undertaken

### **6.3. Supporting the rural, township and informal economy**

- The District Municipality in partnership with the local municipalities will identify informal enterprises likely to be left out in National support programmes for targeted assistance
- Local Municipalities to consider a 6-month rental holiday for Informal Businesses including Street Traders; Hives/Incubators; Retail Markets
- Local Municipalities to consider a provide 0% increase in rentals / fees / trading licences for registered informal traders for 2020/21
- Testing being done to rapidly move to online systems for all planning applications
- Develop programme to help SMMEs to acclimatize and use on-line platforms
- Accelerating the implementation of municipal projects
- Local municipalities to consider reduced rates for those industries / sectors that are in distress for example Property Real Estate Development Sector.

### **6.4. Expediting District Procurement**

The District Municipality and Local Municipalities will expedite procurement as follows:

- Co-operatives and small businesses must be prioritized for PPE procurement (for items such as sanitizers, masks, temperature gauges, etc.).( in line with the 30% set aside policy)
- Procurement Workshops / Webinars to be held on a Quarterly basis for Small businesses and Co-operatives.
- Bid Committees Meetings to be held more regularly to expedite tenders being advertised and adjudicated. Overall Tracking and Monitoring system to be developed to ensure speedy procurement.

- Monthly Reporting on small businesses and co-operatives that were awarded tenders to LED by SCM.

### **6.5. Monitoring of Municipality's Financial Health**

The revenue of local municipalities have dropped due to non-payment, especially during the Phase 5 Lockdown period. The Executive Management Teams of local municipalities will:

- Monitor financial health of Municipality
- Develop modelling techniques to estimate revenue
- Consider 6-month rates holiday / reduced rates for businesses employ people, and are in distress. This is meant to protect jobs.
- Monitor the implementation of the recovery plan

### **6.6. Building partnerships, social coalitions and awareness**

- The Communications Unit will assist with the promotion of the Economic Recovery Plan on all platforms (inclusive of municipal website, and webinars)
- Coalitions and partnerships must be re-purposed to focus on economic recovery.
- Partnerships with key stakeholders must be strengthened. The CDM LED Forum Meetings will be also be used as a platform to consolidate and advocate the District Economic Recovery Plan.
- Municipal Programmes where stakeholder involvement is dominant must be re-visited and adjusted to comply with COVID-19 Health and Safety Regulations.

### **6.7. Development of an Mayoral Economic Relief Fund**

Capricorn and its Local municipalities must consider the development of an Economic Relief Fund. Terms of Reference on the use of funds need to be developed.

The Executive Mayor of the District will be the champion of the fund. A clear and sustained Marketing Plan needs to be developed for the implementation of the fund. The private sector must be given the option to contribute to the fund.

## **6.8. SMME Support**

SMME support is implemented through the incubation of SMMEs, SMME Exhibitions and Farmers Support. These programmes are discussed in further detail below:

### **6.8.1. Incubation of SMMEs:**

CDM will be incubating 20 (twenty SMMES) spread across the four local municipalities in the district. This will be done in partnership with Limpopo Economic Development Agency (LEDA). Capricorn District Municipality will together with LEDA and local municipalities identify 20 SMMES in the district and incubate them for an amount of inputs to the value of R 200 000.00 for the 2020 / 21 financial year. This will help reduce the cost of buying inputs by the SMMES and thus increase their savings that can be reinvested in the business. This will create a job or two for their business and thus reduce unemployment in the district.

### **6.8.2. Exhibitions as a marketing platform**

Over the recent years, Capricorn District Municipality has been promoting the district as an eco-tourism destination of choice at different marketing platforms. The platforms are as follows; SMME exhibitions arranged with the local municipalities, World Travel Market, Marula Festival, Limpopo Holiday Fair and the Durban Tourism Indaba. These shows or exhibitions ranges from two to three days of the display of local tourism products to both buyers and viewers.

In the last financial year CDM facilitated three local exhibitions in the three local municipalities of (Blouberg, Molemole and Polokwane respectively) and participated at the two International Travel Shows (World travel Market and the Durban Tourism Indaba) in the country.

In the 2020 / 21 financial year, Capricorn District will be facilitating SMME exhibitions in the 3 local municipalities and two International Tourism Trade Shows.

### **6.8.3. Farmers Support**

The project aims to link farmers with markets for their agricultural products. It comprises mainly of information sharing sessions where presenters (markets, financial and non- financial) will be invited to share information with farmers on how to access specific markets for their products.

This will ensure the growth and development of small-scale farmers by linking them with sustainable markets, financial institutions and the provision of agriculture inputs as offered by both the public and private sector respectively. Their (small-scale farmers) sustainability will unlock more job opportunities, increase beneficiation in the value chain, boost local economic development and ensure food security in the district.

## **7. ENABLERS TOWARDS DISTRICT ECONOMIC RECOVERY**

The main enablers of the economic recovery plan is as follows:

- Political will and commitment
- Securing a budget for the implementation of the economic recovery plan
- Identification of key stakeholders (local municipalities, provincial government, private sector and business) and definition of their roles in the implementation of the economic recovery plan.
- Adoption of the Economic Recovery Plan by all departments within the District Municipality. The Economic Development Unit cannot drive it alone, as it requires co-operation from other departments / Units. The Executive Management Committee must monitor the implementation of the Economic Recovery Plan on a weekly basis, to ensure success.

## **8. CONCLUSION**

The Capricorn economic recovery plan was developed in response to the negative economic effects (such as business closure, widespread unemployment,

underemployment, low economic growth, etc.) experienced due to the emergence of the Covid-19 pandemic.

Those most vulnerable are the poor, poverty is our proverbial 'Achilles Heel' in fighting the virus and will remain so unless we act. Our dense and overcrowded informal settlements, the inhumane conditions of people living in shacks and the needs of those working in the informal economy makes social distancing a luxury. The risk of going hungry far outweighs the threat of the virus.

The Capricorn Economic Recovery Plan comprises of the following components:

- Youth Employment Programme
- Investment Attraction
- Promoting Economic Transformation
- Supporting the rural, township and informal economy
- Expediting District Procurement
- Monitoring of Municipality's Financial Health
- Building partnerships, social coalitions and awareness
- Development of an Economic Relief Fund
- SMME Support
- Re-starting the Tourism Sector