



Capricorn District Municipality (CDM)

Local Economic Development Strategy: Capricorn District
Municipality (CDM)

March 2014

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Section 1: Introduction

1.1 Project Background

The fundamental purpose of this Project is to ensure that Capricorn District Municipality has a credible Local Economic Development Strategy that is practical and implementable. The Department of Trade and Industry together with Capricorn District, COHGSTA and LEDET will work in partnership to assist the District to develop and implement a credible local economic development strategy, whilst in the process capacitating the municipality to lead the process in the future.

1.2 Project Objectives

In summary the goal of this study is to formulate a Local Economic Development Strategy based on the identified development needs, opportunities, competitive and comparative advantages to inform and guide Capricorn District Municipality and its local municipalities to facilitate development, unlock economic development potential of the area, encourage private sector investment and create a conducive environment for enterprise development and job opportunities for the community.

Given the above-mentioned goal of the exercise, the following project objectives have been identified:

- ✓ Conduct an in-depth analysis of the real (but underlying) development opportunities in the key economic sectors in the study area.
- ✓ Identify practical sectoral programmes that could be used as basis for pro-active economic development initiatives.
- ✓ Apply a nodal development philosophy to address rural specific economic problems such as isolation from markets, dispersed service delivery, etc.
- ✓ Identify financing sources and investment options that could enhance practical implementation
- ✓ Emphasise local job creation, alleviation of poverty and redistribution of opportunities and wealth
- ✓ Focus explicitly on opportunities for small enterprise and cooperatives development in all economic sectors
- ✓ Promote the creation of an enabling environment for economic development by addressing, human resource development (labour market) and an appropriate institutional framework as integral components of programmes and projects
- ✓ Achieve skills transfer as part of the interaction with the local municipality and key stakeholders by utilising known approaches such as counterpart training
- ✓ To apply an objective prioritisation process for project and programme selection

- ✓ Ensure that the strategy aligns with and add value to the existing policies and strategies such as the IDP's and Spatial Development Framework as well as private sector initiatives.

1.3 The Concept of LED

There are quite a number of definitions that have been adopted globally when it comes to defining what Local Economic Development (LED) is, but in South Africa the World Bank adaptation has been adopted and is as follows: *“Local Economic Development (LED) is the process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation with the objective of building up an economic capacity of a local area to improve its economic future and the quality of life for all”*

Local Economic Development is an ongoing process, rather than a single project or a series of steps to follow. It involves identifying and using local resources, ideas and skills to stimulate economic growth and development. The aim of LED is to create enterprise development and employment opportunities for local residents, alleviate poverty and redistribute resources and opportunities to the benefit of all local residents.

In order for Local Economic Development (LED) to be effective, a community (local ordinary people, entrepreneurs and local government) with the support of knowledgeable individuals and experts needs to identify and consider its own economic strengths, weaknesses, opportunities and threats and agree on a shared strategy.

LED is characterised by the following objectives:

- ✓ Creating an enabling environment for enterprise development;
- ✓ Establishing a job-creating economic growth path;
- ✓ Embarking upon sustainable rural development and urban renewal; and
- ✓ Bringing the poor and disadvantaged to the centre of development

1.4 Methodology

The following approach was followed in developing the LED Strategy for the Capricorn District Municipality:

Diagram 1: Methodology



Step One: Introduction and orientation

The purpose of this step was to orientate the project team in terms of the local study area. The initial Project Steering Committee meeting held a meeting where the District presented the draft they have developed as a District and requested support from COGHSTA and **the dti** to finalise the LED Strategy. The district availed the draft strategy and other potential sources of additional information were identified and this information was sourced to complement the work already done by the District. This included all studies previously done and currently underway within the Limpopo Province and Capricorn District Municipality. Some of these documents include, Spatial Development Frameworks, Limpopo Employment Growth and Development Plan to name a few.

As part of step one the Project Steering Committee discussed and finalised the framework for the LED strategy and allocated responsibilities to different members. Research was conducted in terms of the policies around LED as well as the area specific legislative frameworks.

Step Two: Economic Profiling

The purpose of this step is to obtain an overview of the issues and problems facing the District Municipality. This phase provides a situational analysis, providing background information that would help to identify and inform LED interventions.

Step Three: Opportunity Analysis

This step identifies key economic sectors and programmes that should be pursued to enable economic development within the local municipality. Various sources and techniques were utilised in identifying these opportunities which includes consultations with key stakeholders and analysis of strategic documents regarding the local municipalities.

Step Four: Economic development strategy and implementation

Based on the opportunity analysis in step three above, economic strategic priorities are identified and analysed. Programmes and projects that will kickstart the implementation of the strategy are identified.

Step Five: Strategic Alignment and Institutional Framework

This step examined the various structures that could be established or strengthened that would be able to efficiently and effectively assist in the implementation the identified projects and programmes.

1.5 Remainder of the Report

The remainder of the report includes the following sections:

Section Two: LED Policy and Legislative Framework

- ✓ Background information is provided in terms of the context and legislative framework within which the Local Economic Development Strategy for the municipality should be undertaken. National, provincial and local initiatives are reviewed.

Section Three: Situational Analysis

- ✓ The situational analysis provides an analysis of the existing economic and socio-economic situation of the region. The economic analysis provides an analysis of the existing economic situation of each of the economic sectors in the region.

Section Four: Opportunity Analysis

- ✓ The sectoral analysis brings the analysis down to the district and local level, setting out the current socio-economic situation of the municipality and provides an indication of the local economy and the key economic sectors in the municipality. Through this analysis the potential for development in these sectors is identified, setting out the overall constraints and opportunities identified in the municipality.

Section Five: Economic development strategy and implementation

- ✓ The section deals with the identification and analysis of key strategic priorities that will drive the economic development in the district. It also deals with the development of the implementation plan of these priorities and projects.

Section Six: Strategic Alignment and Institutional Framework

- ✓ The section examined the various structures that could be established or strengthened that would be able to efficiently and effectively implement the identified projects and programmes. This sections also deals with monitoring and evaluation framework and concludes with recommendations

Section 2: LED Policy and Legislative Framework

2.1 Introduction

Local Economic Development (LED) strategies are informed and are done within certain parameters of national, provincial and local government policies, programmes and initiatives. In this section the analysis on the broad legislative framework within which Local Economic Development on a local level is conducted. The policies and programmes discussed are by no means the only legislative frameworks to be considered, but gives a general indication of legislation that is linked to matters of employment, poverty eradication and economic growth. Taking these frameworks into consideration when formulating and implementing Local Economic Development initiatives will ensure wider government support and easier access to support instrument from government and donor organisations.

2.2 National Policies and Programmes

The most relevant policies and legislation to the LED process are:

- The Constitution of the Republic of South Africa (Chapter 7)
- The 2013-2018 National LED Framework for RSA
- The New Growth Plan
- Industrial Policy Action Plan
- The National Spatial Development Perspective
- Local Government Municipal Systems Act
- Regional Industrial Development Plan
- Municipal Integrated Development Plan
- Municipal Spatial Development Framework

2.2.1 The Constitution

The most important legislation is the Constitution of the Republic of South Africa (Act 108 of 1996). Section 152(1) outlines the objectives of local government as follows:

- To provide democratic and accountable government for local communities
- To ensure the provision of services to communities in a sustainable manner
- To promote social and economic development
- To promote a safe and healthy environment
- To encourage the involvement of communities and community organisation in the matters of local government

2.2.2 The 2013-2018 National LED Framework for RSA

The 2013-2018 National LED Framework for RSA is a guide and strategic implementation approach for all bodies involved in improving local economies. The framework focuses on the role of the state in assisting and supporting local municipalities, leaders and communities in realising own collective objectives. The National LED Framework is based on four strategic pillars:



2.2.3 The New Growth Path

The New Growth Path (NGP) is government’s action towards targeting mass joblessness, poverty and inequality. The growth plan identifies where employment creation is possible with success indicators being jobs, equity growth and environmental outcomes. The short to medium term outcomes are to support labour absorbing activities especially in infrastructure, agriculture value chain and light manufacturing services. Whilst also promoting Small Micro Enterprises (SMEs), Black Economic Empowerment (BEE), education and skills development.

The NGP aims to create five million jobs by the year 2020 with contributions from various government sectors and private sectors. The job drivers with potential for mass employment creation identified in the growth plan are:

- Infrastructure for employment and development; infrastructure including energy, transport, water, telecommunication infrastructure and housing

- Improving job creation in economy sectors; agricultural value chain, agro processing and mining value chain, manufacturing sectors, tourism and certain high level services
- Seizing potential of new economies; green economy and growing knowledge in this industry
- Investing in social capital and public services
- Spatial development, especially in rural development

The identified job drivers will influence provinces and localities in a different manner due to different factors, therefore localities must adopt the broad drivers in the NGP to their circumstance and locality.

2.2.4 The Industrial Policy Action Plan

The Industrial Policy Action Plan (IPAP) 2013/14 – 2015/16 is Department of Trade and Industry (**the dti**) efforts to continuously build on industrial development and IPAP is the core contributor. IPAP addresses South Africa's economic challenges through industrial development, identifying key sectors that can generate employment and government lead by **the dti** investment towards the sectors.

The IPAP's contributes to the NGP through identifying sector clusters that can contribute towards job creation in the country.

The identified sector clusters are:

- Metal fabrication, capital equipment and transport equipment
- Green and energy saving industries
- Agro-processing
- Automotives, components and medium and heavy commercial vehicles
- Plastics, pharmaceuticals and chemicals
- Clothing, textiles, leather and footwear
- Bio fuels
- Forestry, paper, pulp and furniture
- Cultural industries, crafts and films
- Aquaculture
- Business process services
- Advance manufacturing
- Sawmilling sectorcturing
- Downstream mineral beneficiation
- Furniture manufacturing

- Upstream oil and gas

2.2.5 The National Spatial Development Perspective

In order to address the distortions of the past apartheid space economy, the National Spatial Development Programme (NSDP) was adopted in 2003. This perspective programme provides an indication of potential in different geographic spaces across the country and is used as an instrument that informs the respective development plans of the national, provincial and local government, which include Integrated Development Plans, Provincial Growth and Development Strategy and the Medium Term Strategic Framework.

The NSDP is to fundamentally reconfigure apartheid spatial relations and implement spatial priorities that meet the Constitutional imperative of providing basic services and alleviating poverty and inequality. It provides a set of principles and mechanisms for guiding infrastructure investment and development decisions. The NSDP serves as a tool for identifying key areas of tension and/or priority in achieving positive spatial outcomes.

The NSDP identified six categories of development potential which cover the spectrum of economic functions in a modern economy:

- Innovation and experimentation
- High value, differentiated goods
- Labour-intensive, mass-produced goods
- Public services and administration
- Retail and services

2.2.6 The Municipal System Act

The Municipal Systems Act (Act 32 of 2000) lists the duties of a municipal council, within its financial and administrative capacity, as follows in Section 4(2):

- Exercise the municipality's executive and legislative authority and use the resources of the municipality in the best interest of the local community.
- Provide, without favour or prejudice, democratic and accountable government.
- Encourage the involvement of the local community
- Strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner.
- Consult the local community about
 - The level, quality, range and impact of municipal services provided by the municipality, either directly or through another service provider; and
 - The available options for service delivery.

- Give member of the local community equitable access to the municipal services to which they are entitled.
- Promote and undertake development in the municipality.
- Promote gender equity in the exercise of the municipality's executive and legislative authority.
- Promote a safe and healthy environment in the municipality.
- Contribute, together with other organs of state, to the progressive realisation of the fundamental rights contained in sections 24, 25, 26, 27 and 29 of the Constitution.

2.2.7 The Regional Industrial Development Strategy

The Regional Industrial Development Strategy (RIDS) calls on all regions to build their industrial economies based on local competitive advantage and opportunities. It aims to bridge the first-second economy gap in South Africa based on the spatial development principles of the NSDP. The Regional Industrial Development Strategy outlines a series of measures that are aimed at unlocking the long-term industrial and economic development potential of all regions, especially the under-developed ones. The ultimate goal is to ensure that all of South Africa's regions contribute meaningfully to national growth, employment generation and development. Furthermore, this Plan is intended to make a very specific contribution to local economic development which relates to industrial development in the various regions which is based on their potential.

- Building value chains and clusters
- Functional Regions
- Smart specialisation strategies
- Strategic partnerships; and
- Long term planning

2.2.8 National Development Plan

The overall purpose of the National Development Plan (NDP) is to develop an economy that will create more jobs, is more inclusive, more dynamic and in which the fruits of growth are shared equitably and poverty is eliminated. The plan envisages an economy that serves the needs of all South Africans and proposes the creation of 11 million jobs by 2030 by means of:

- Realising an environment for sustainable employment and inclusive economic growth;
- Promoting employment in labour-absorbing industries;
- Raising exports and competitiveness;
- Strengthening government's capacity to give leadership to economic development, and
- Mobilising all sectors of society around a national vision

2.3 Provincial Policies and Programmes

Provincial Policies and Strategies that have an impact on LED encompass the following:

- Limpopo Employment, Growth and Development Plan (LEGDP) 2009-2014
- Limpopo Spatial Rationale (LSR)
- Provincial LED Framework

2.3.1 Limpopo Employment, Growth and Development Plan (LEGDP) 2009-2014

The Limpopo Employment Growth and Development Plan (LEGDP) is a provincial framework to chart the way in terms of socio-economic development of Limpopo Province. It assists the province in making strategic choices in terms of prioritising catalytic and high impact initiatives.

The key strategic interventions highlighted by the LEGDP include the following:

- Enterprise development including the SMME's and Cooperatives Development Programme.
- Agriculture and rural development programme
- Education and skills development programme
- Green economy and the creation of green jobs
- Corporate governance

2.3.2 Limpopo Spatial Rationale (LSR)

The Limpopo Spatial Rationale has created a hierarchy of settlements from provincial growth points to scattered settlements. Development interventions are proposed in terms of infrastructure provision and government services in such a manner that the natural economic potential of growth points is realised. Interventions at scattered settlements are such that basic services are provided to ensure that the quality of life objective in the Growth and Development Strategy is achieved, but that prevents over investment in places that are depopulating.

The LSR has identified 12 growth points in the CDM. Most of these are situated in the Blouberg, Polokwane (Provincial Growth Point) and Molemole municipal areas – 3 growth points each. Approximately 24% of the district population is found in these growth points (CDM IDP, 2006).

2.3.3 Provincial LED Framework

The Provincial LED Framework was developed in November 2006 to provide a set of guidelines and principles for a shared provincial approach to local economic development in Limpopo. Primarily these principles are “an attempt to create greater awareness and consensus with regards to LED in Limpopo”.

The Provincial LED Framework also addresses the crucial matter relating to the role of the provincial government in LED. This role is described as to:

- a) Assist local governments by making available or facilitating access to provincial resources, including human and capital resources on a demand-basis;
- b) Provide clear frameworks and definitions to guide the development of local strategies;
- c) Encourage linkages and coordinated efforts whilst preventing duplication.

2.4 District and Local Level policies and programmes

The most important policy documents for local economic development at the district and local level are briefly summarised below:

2.4.1 Local Government Municipal Structures Act

This act specifically refers to the functions and powers of local and district municipalities: “Social and economic development “of its area as a whole is listed as a responsibility of the district municipality and specific reference is made to the enhancing of the capacity of local municipalities:

83(3): A district municipality must seek to achieves the integrated, sustainable and equitable social and economic development of its area as whole by

- Ensuring integrated development planning for the district as whole
- Promoting bulk infrastructure development and services for the district as a whole
- Building the capacity of local municipalities in its area to perform their functions and exercise their power where such capacity is lacking; and
- Promoting the equitable distribution of resource between the local municipalities in its area so as to ensure appropriate levels of municipal services within the area

2.4.2 Capricorn District Investment and Marketing Strategy

The Investment and Marketing Strategy aims to promote sustainable economic developments and attract investors to opportunities within the Capricorn District Municipality. The rationale being that

the opportunities and resources within the Capricorn District Municipality have not been fully marketed and developed to stimulate economic growth within the District.

The competitive advantage of the Capricorn District Municipality is in the agriculture and community services sectors, which have a high level of specialization in the District compared to the national economy. However, these sectors' prospects are limited due to external trends and declining competitiveness. At the same time, the trade, energy and financial services sectors, which contributes a relatively large percentage towards local employment, needs to be prioritised for a retentions strategy.

2.4.3 CDM Tourism Plan

The Tourism Plan that was developed in 2009 sets out the following strategic priorities:

- Development of a strong destination brand
- Improve coordination and communication
- Directional and product signage improvement, and
- Catalytic Tourism infrastructure investments

2.4.4 CDM Agricultural Development Strategy

The CDM Agricultural Development Strategy proposes anchor projects for each of the five local municipalities in the Capricorn District Municipality (CDM). The anchor projects for Aganang, Blouberg, Molomole and Polokwane are analysed at a pre-feasibility level, whereas the anchor project for Lepelle-Nkumpi is dealt with in greater detail in a separate document. In addition, a number of reference commodities are analysed at concept level.

The identification of anchor projects was based upon a multi-criteria analysis which considered various spatial planning elements, land capability, resource availability, existing support infrastructure and current agricultural produce markets.

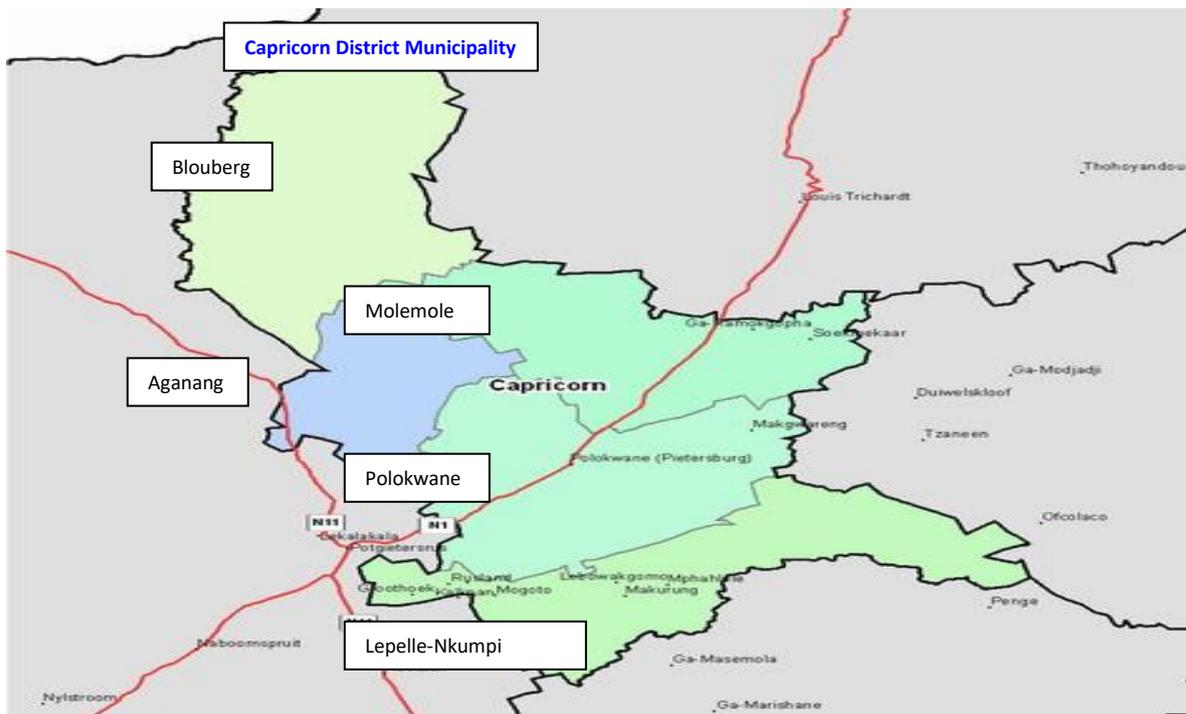
Section 3: Situational Analysis

3.1 Defining the area of analysis

Capricorn District Municipality (DC35) is situated in the centre of the Limpopo Province, sharing its borders with four district municipalities namely; Mopani (east), Sekhukhune (south), Vhembe (north) and Waterberg (west). The district is situated at the core of economic development in the Limpopo Province and includes the capital of the province, that is, the City of Polokwane. One national and various major provincial roads pass through the district municipal area, i.e. the N1 - National Road from Gauteng to Zimbabwe and the rest of Africa, the P33/1 (R37) from Polokwane to Burgersfort /Lydenburg, the P94/1 (R521) from Polokwane to Alldays and Botswana and the P17/1 (R71) from Polokwane to Tzaneen and Phalaborwa. The District is made up of five local municipalities which are Aganang LM, Lepelle-Kumpi LM, Polokwane LM, Molemole LM and Blouberg LM.

Map 1: Capricorn District Municipality and its local municipalities

Source: Demarcation Board, 2013



3.2 Demographic and socio-economic analysis

Table 1: Population numbers and growth rate between 2001 and 2011

Municipality	Population		Population growth (% per annum)	
	2001	2011	1996-2001	2001-2011
Blouberg LM	171 721	162 629	1.57	-0.54
Aganang LM	146 782	131 164	0.07	-1.13
Molemole	109 441	108 321	0.33	-0.10
Polokwane LM	508 277	628 999	3.59	2.13
Lepelle-Nkumpi	227 970	230 350	-0.60	0.10
Capricon District Municipality	1 164 281	1 261 463	1.64	0.80

Source: Census 2011

The table above shows that Molemole LM is the least populated local municipality which experienced negative growth between 2001 and 2011 of -0.10 percent. Polokwane is the most populated municipality within the District and it experienced the biggest increase between 1996 and 2001 as well as between 2001 and 2011 which was 3.59 percent and 2.13 percent respectively. Polokwane is experiencing inward migration as most people move from their mostly rural municipalities to Polokwane for job opportunities both in government and the private sector since Polokwane is the site of Provincial government. This in-migration to Polokwane has implications for the District in the fact that it has to monitor and provide support to Polokwane and ensure that the basic infrastructure will be able to cope with the population increase.

Table 2: Age structure of population

Municipality	< 15		15-64		65+	
	2001	2011	2001	2011	2001	2011
Blouberg LM	43.6	39.0	50.2	53.7	6.1	7.3
Aganang LM	42.6	37.4	49.3	52.7	8.0	10.0
Molemole LM	39.0	35.6	54.4	56.9	6.7	7.6
Polokwane LM	36.0	30.1	59.2	64.8	4.9	5.1
Lepelle-Nkumpi LM	41.1	36.0	52.2	56.2	6.7	7.8
Capricon DM	39.2	33.6	54.8	59.9	6.0	6.6

Source: Census 2011

The table above shows that in the district over 90 percent of the population falls under the age of 65 percent. This is consistent between both periods 1996-2001 and 2001 and 2011. Amongst the final LMs Aganang has the highest number of people who are 65 years and older, whereas Polokwane has the lowest number of people over 65 years sitting at 4.9 percent in 2001 and 5.1 percent in 2011.

Table 3: Level of Education

Municipality	No Schooling		Higher Education		Matric	
	2001	2011	2001	2011	2001	2011
Blouberg LM	44.9	28.3	4.7	5.2	8.5	15.3
Aganang LM	30.1	15.5	5.5	6.5	12.0	21.4
Molemole LM	37.6	20.2	6.3	8.9	11.2	18.5
Polokwane LM	15.7	6.7	11.2	17.3	23.6	29.5
Lepelle-Nkumpi	35.1	18.5	7.8	11.1	15.3	22.2
Capricon DM	26.8	13.2	8.6	13.1	17.6	24.9

Source: Census 2011

The statistics above shows that in the district in general there has been an increase in the number of people who have higher education qualifications which moved from 8.6 percent in 2001 to 13.1 percent in 2011. The good news is the number of people who have no schooling in the district has decreased by half from 26.8 percent in 2001 to 13.2 in 2011. For all municipalities under Capricon there has been an increase in the number of people who have matric. Polokwane LM is the leading municipality in terms of educational improvement in the district.

This has implication on the type of skills development interventions that will have to be introduced in the district as part of developing learning and skillful economies.

Table 4: Total number of unemployed

Municipality	Unemployment		Youth unemployment	
	2001	2011	2001	2011
Blouberg LM	41.7	39.2	47.4	47.2
Aganang LM	59.8	50.4	75.7	65.0
Molemole LM	39.0	42.7	46.4	52.5
Polokwane LM	41.5	32.4	53.2	42.0
Lepelle-Nkumpi	60.6	48.1	76.4	62.4
Capricon DM	45.9	37.2	57.5	47.4

Source: Census 2011

The table above shows that unemployment rate in the district in general was sitting at 37.2 percent and even more alarming is the youth unemployment rate which is sitting at 47,4% in 2001. Even though this shows a positive picture since it was an improvement from 2001 statistics, the rate is still too high as it is higher than even the national average. Aganang LM followed by Lepelle-Nkumpi are the two LMs that have the highest unemployment rates within the district. This has implications for the district in terms of ensuring that the lessons learnt are shared between local municipalities as well as in terms of designing specific programme for Aganang and Lepelle-Nkumpi which could be slightly different from those of other municipalities and assist these areas to address this challenge.

Table 5: Household dynamics

Municipality	Households		Female headed households %		Formal dwellings %	
	2001	2011	2001	2011	2001	2011
Blouberg LM	36 930	41 192	57.7	56.3	72.5	92.8
Aganang LM	32 042	33 918	60.3	56.2	90.2	96.5
Molemole LM	27 888	30 043	54.8	53.0	92.2	95.8
Polokwane LM	124 978	178 001	49.9	44.8	79.3	89.4
Lepelle-Nkumpi LM	51 245	59 682	60.7	56.0	88.8	94.5
Capricon DM	273 083	342 838	54.7	49.9	82.8	92

Source: Census, 2011

On average the statistics above show that there has been a general increase in the number of households in all municipalities in the district between 2001 and 2011, coupled with a general decline in the number of female headed households in the district moving from 54.7 percent in 2001 to 49,9 percent in 2011. The number of formal dwellings in the district increased as well from 82,8 percent in 2001 to 92 percent in 2011. The statistics further show that Polokwane have the lowest number of households who have formal dwellings compared to other municipalities in Capricon District. This could be happening as a result of an increase in the number of people who are moving to Polokwane for work opportunities. This has implications for the district that it needs to pay special attention to this municipality and ensure that it does not regress in terms of service delivery due to the in-migration that it is experiencing.

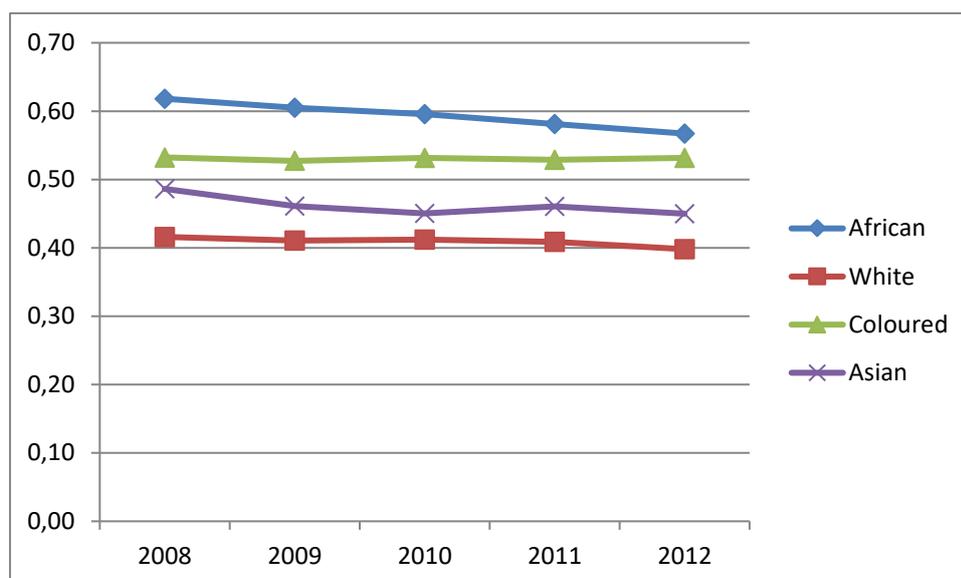
Table 6 : Household Services

Municipality	Flush toilet connected to sewerage %		Piped water inside dwelling %		Electricity for lighting %	
	2001	2011	2001	2011	2001	2011
Blouberg LM	4.1	6.1	3.4	7.7	41.6	88.0
Aganang LM	1.2	1.7	1.5	7.0	39.0	94.6
Molemole LM	6.8	13.2	4.1	9.4	74.7	95.7
Polokwane LM	32.6	41.1	21.1	33.7	64.6	83.0
Lepelle-Nkumpi LM	16.8	18.4	12.6	19.3	61.1	91.9
Capricon DM	19.8	26.6	13.2	23.3	59.0	87.4

Source: Census, 2011

The statistics above shows a general increase in the provision of basic infrastructure in the district overall, but looking closely at individual municipalities the statistics differ. For flush water connected to sewerage and piped water inside dwelling the municipality is not performing that well as the statistics shows that just over 20 percentage of the district residents have these household services. This will have an effect in the way external people in particular view the living conditions in the district and might cause it to struggle to attract scarce skills to the district and find it difficult to keep skilled locals in the area.

Figure 1: Gini- coefficient for Capricorn District Municipality



Source: Global Insight, 2013

Gini- coefficient is one of the widely used measures of inequality and it varies between 0 and 1, with 0 reflecting complete equality and 1 reflecting complete inequality. Others define inequality as a situation where one person has all the income or consumption and all others have none. The figure above shows that in the District since 2008 there has been a consistent decline in inequality with Africans in particular moving from 0.62 in 2008 to 0.57 in 2012. The figure also shows that Africans Asians and Coloured have higher inequality than whites who had a gini-coefficient sitting at 0.42 in 2008 and has further declined to 0.40 in 2012.

3.3 Structure of the economy

Table 7: Sector contribution to GVA (2010)

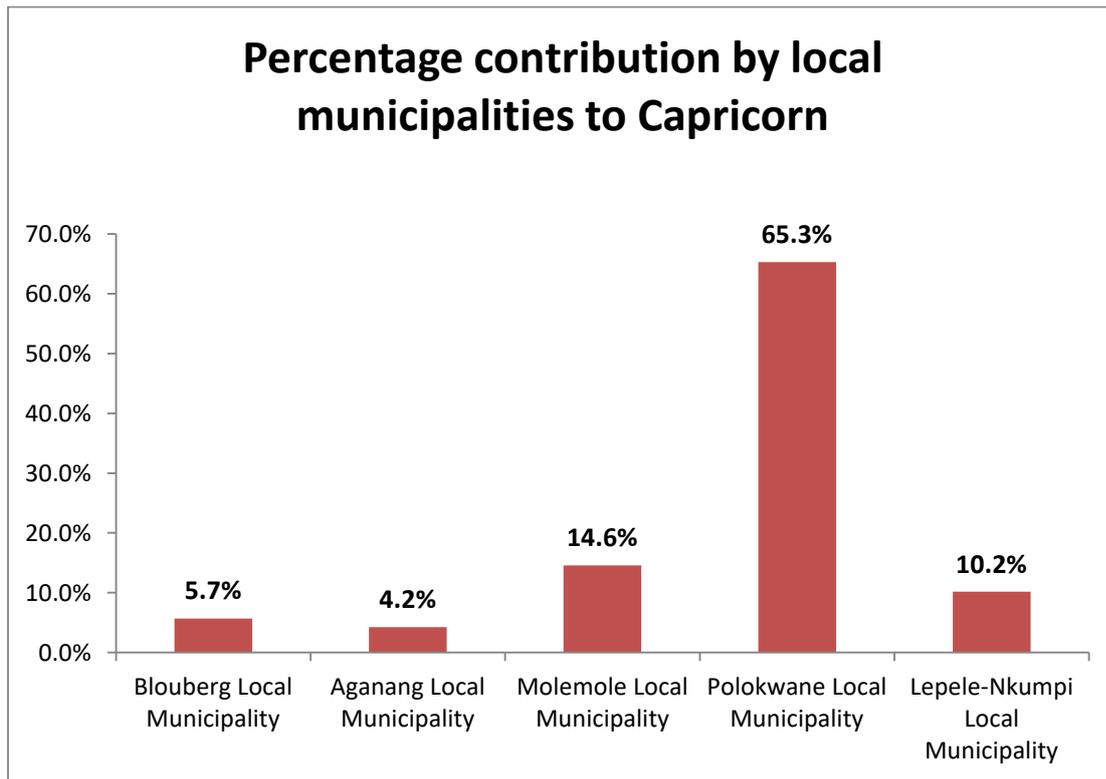
Sectors	GVA at current prices (R 1 000)	District share (%)
1 Agriculture	1 037 343	2.7%
2 Mining	342 991	0.9%
3 Manufacturing	1 601 666	4.1%
4 Electricity	1 356 721	3.5%
5 Construction	1 292 854	3.3%
6 Trade	5 441 867	14.0%
7 Transport	4 690 160	12.0%
8 Finance	10 630 811	27.3%
9 Community services	12 547 729	32.2%
Total Industries	38 942 142	100.0%

Source : Global Insight Database, October 2011

The highest contributor to the district economy is the Community services sector which accounts for 32.2% of the total economy. It is followed closely by the Finance, Trade and the Transport sectors which contribute 27.3%, 14.0% and 12.0% respectively to the district GVA at current prices.

With a tress index of 57.28, the district economy is more concentrated than national (TI: 40.38) and provincial (TI: 52.86) economies. This reflects the over-dependency of the economy on Finance and Community Services

Figure 2: Percentage contribution by LMs to Capricorn economy



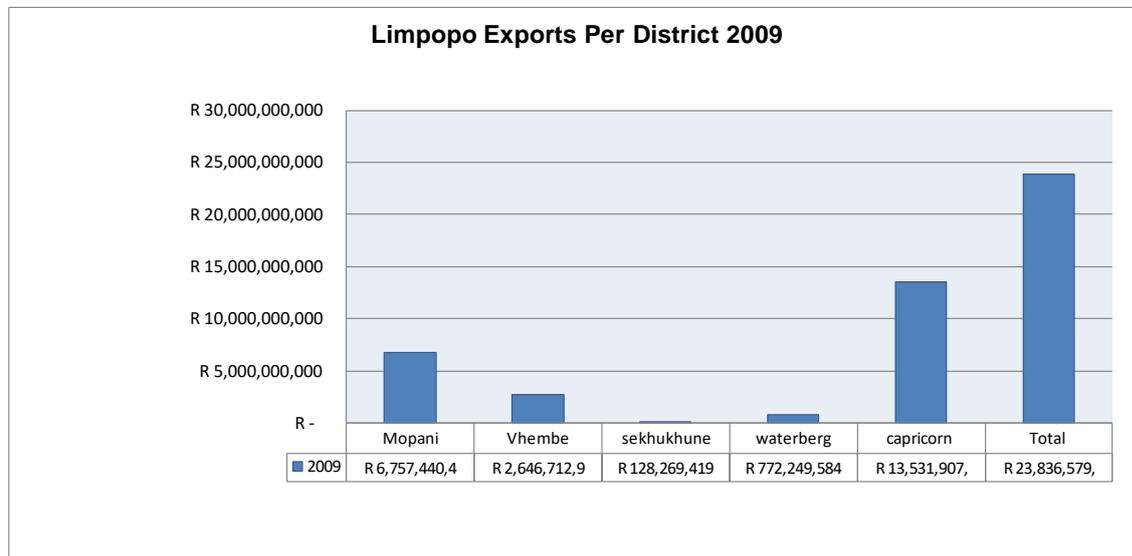
In terms of local economies making up the CDM, Polokwane is by far the largest of the five local municipal economies (65.3%), followed by Molemole (14.6%) and Lepelle-Nkumpi (10.2%). The economies of Blouberg and Aganang contributes (5.7%) and (4.2%) respectively (Global Insight Database, October 2011).

Production and Consumption in Capricorn

Capricorn District is the largest contributor to Limpopo’s exports, accounting for 56.77% of provincial exports in 2009, according to TIL Investment Lekgotla Presentation 2011.

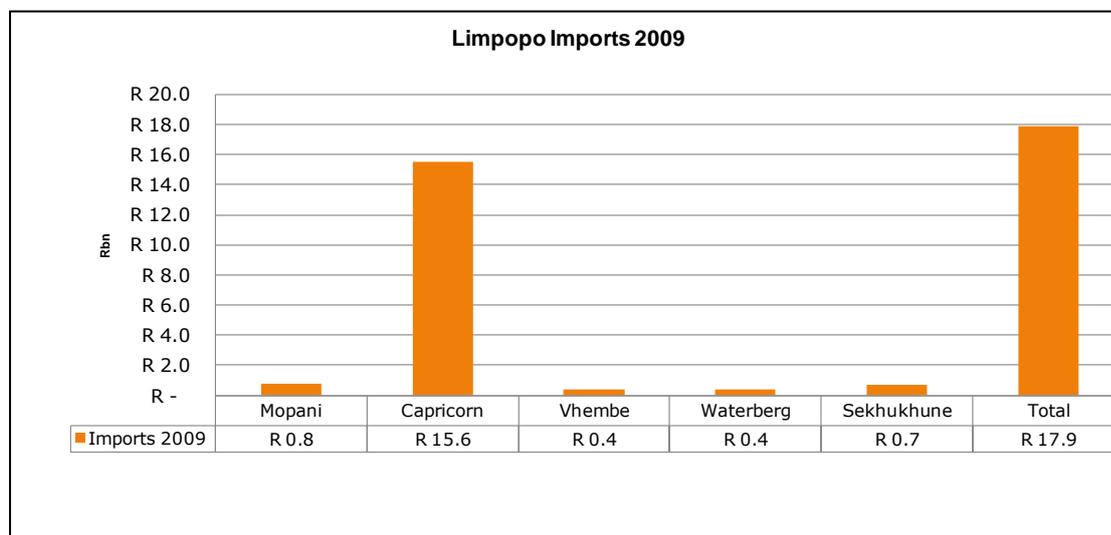
According to the CDM Investment and Marketing Strategy, 2009, Asian countries such as Japan, China and India are the recipients of 45% of Capricorn’s exports ranging from silicon, juices, oranges and pharmaceutical products, just to name a few products.

Figure 4.2. : Exports per district (2009)



Source: TIL Investment Lekgotla Presentation 2011

Figure 4.3. : Imports per district (2009)



Source: TIL Investment Lekgotla Presentation 2011

Capricorn accounts for approximately 88.64% of Limpopo’s imports, making it the largest importer amongst the districts of Limpopo. However, the fact that Capricorn District has realized a negative trade balance (comprising of value of exports less the value of imports) does not augur well for the district, as this represents a leakage in the economy.

3.3 Economic Nodes

Get information from the Spatial Development Framework

3.4 Implications

Section 4: Opportunity Analysis

4.1 Introduction

The purpose of this section is to evaluate some key economic activities and look at opportunities for further development in those sectors that are already dominant or have a potential to grow in Capricon District Municipality. The economic sectors that are going to be assessed in the district are namely Agriculture, Tourism, Manufacturing and Mining. There will be a brief analysis of each sector according to its local context and then development opportunities and potential constraints will be discussed.

4.2 Agriculture

Agriculture accounts for 2.7% of the total district economy and contributed R1.0 billion to the district economy in 2010 (Global Insight Database, October 2011). Potatoes are by far the most produced and important crop in the CDM. The production value of potatoes totalled R200 million in 2000. This is followed by tomatoes (R98 million), eggs (R88 million) and broilers and beef almost equal at R61 million. Pork and citrus production are also substantial at R37 million respectively. Polokwane's farmers produce 60 000 tons of onions, generating R50 million per annum, but import all of their agricultural inputs comprising 65% of production value (Steyn: Agricultural Cluster Study).

The CDM is home to one of the largest citrus estates in the country, namely, Zebediela Citrus Estate (13 785 ha) which is located in the Lepelle-Nkumpi Municipality in Zebediela. This estate produces citrus mainly for the international market. The Zebediela Citrus Plantation exports most of its produce and supplies the rest to local markets.

CDM has thriving livestock farming. The majority of livestock are goats (44%) followed by cattle (38%), pigs (10%) and sheep (9%). The district had 240 000 goats, 200 000 cattle, 55 000 pigs and 50 000 sheep in 2001. The proportion of cattle in the district increased between 1995 and 2001 while the proportion of goats lessened. Commercial livestock farming constitutes 25% of livestock farming in the district, whilst communal represents 75%.

The Limpopo Department of Agriculture is a key partner of the district's agriculture development programme. More than 100 different agriculture development projects are being supported across the district. These are focused on poultry, vegetables, lucerne production, livestock, diary farming and agro-processing. The district has budgeted for the establishment of a chicken abattoir, broiler chicken farming and processing (R1 million), fishing farm (R1.3 million), secondary vegetable cooperatives (R80 million), Paprika Beneficiation (R3.2 million) and hydroponics (R177 million) amongst other major agricultural developments.

The following strength and weaknesses were identified with regards to agriculture development in the district (Summit, 2007):

Strengths	Weaknesses
Agro- processing	
<ul style="list-style-type: none"> • Variety of products • Export opportunities • Central business hub - CDM • Available infrastructure • Easily accessible • Proximity advantage to neighbouring countries 	<ul style="list-style-type: none"> • Underutilised infrastructure – airport, rail, factories • Extreme climatic conditions • Lack of skills development • Costly transport, road and air • Communication /facilitation of incentives • Poor technological support systems • Insufficient water • Land locked. Airport inadequate as a cargo depot
Livestock	
<ul style="list-style-type: none"> • Market availability on products • Favourable conducive climatic conditions • Availability of knowledge base • Availability of supportive institutions – Eg: LIBSA, Onderstepoort, LIMDEV 	<ul style="list-style-type: none"> • Access to finance • Slow land reform process • Stock theft, drought and fire • Ineffectiveness of collaborative structures • Lack of ICT infrastructure for information provision • Lack of competition with subsidized farmers (EU)
Crops	
<ul style="list-style-type: none"> • Best quality potatoes in SA • Arid conditions good for yield of tomatoes and potatoes • Good planning and marketing strategies by farmers 	<ul style="list-style-type: none"> • Over production • High production costs for tomatoes /potatoes in the commercial and emerging sectors– diesel & labour • Inadequate water supply

- | | |
|--|--|
| <ul style="list-style-type: none"> • Good use of municipal market gives advantageous prices | |
|--|--|

4.3 Manufacturing

Value-adding activities in the CDM accounts for 4.1% of the total economic output of this area, amounting to . It amounted to R1.6 billion in 2010. Out of 114 manufacturers in the district, 105 are located in the Polokwane Municipality, 5 in the Lepelle-Nkumpi Municipality. The majority of the area's manufacturers are involved in the food and beverages sub-sector (50%) and include the following big names: SA Breweries, Enterprise Foods, several milling companies and bakeries. Other important sub-sectors are steel-product manufacturing (i.e. door and window frames, cutlery, etc – 15%), concrete products (10%), wood and timber products (furniture and coffins), the weaving of polypropylene bags and sisal products, electronic products and canvass manufacturing (Polokwane LED Strategy, 2005).

The Polokwane LED Strategy (2005) identified the need to strengthen forward and backward linkages in the manufacturing sector as one opportunity area. This is based on the fact that local manufacturers tend to source the majority of their inputs from outside the Limpopo Province, and then convert them into manufactured goods as a result the manufacturing sector has a relatively small multiplier effect. The food and beverage sub-sector is considered as one key area to start in promotion of multiplier effects. Other areas include encouraging the local production of raw materials, fertilizers, chemicals, seed production, research on cultivars and transportation, and the development of equipment. Forward linkage opportunities include the conversion of waste products into animal feed, creating a bio-technology food hub, and producing packaging and the further processing of final goods for existing concerns (Steyn: 2001: 8).

Lepelle-Nkumpi Municipality follows Polokwane in terms of concentration of value adding activities in the district. Most of value adding activities in this area are linked to the existing agriculture production (citrus, deciduous, fruit, vegetables and livestock) and focus on the beneficiation of the local produce. Customised factories for meat and hide processing that are currently vacant in the Lebowakgomo Industrial Park present an opportunity to participate in the meat cluster as identified in the PGDS.

4.4 Tourism

Tourism figures are largely incorporated into Trade and Transport. It is estimated that about 80% of tourists to the Capricorn district are South Africans. More than half of these are from Gauteng and about 44% from within Limpopo. An estimated 14% of all foreign tourists into the district are predominantly from Zimbabwe and Europe, with a smaller proportion from the USA. Business and conference-related activities are the main travel motivations for 82% of visitors in Capricorn (M Gardner, 2003).

Capricorn serves as a provincial tourism gateway for Limpopo. It is situated between Gauteng and the Northern areas of Limpopo and between the North Western areas and the Kruger National Park. It is a gateway to Botswana, Zimbabwe and Mozambique. The district boasts a number of Natural Heritage

Sites such as Brackenhill and Goedehoop, Makgabeng Rock Art and the ZCC pilgrimage (Moria). Capricorn is considered to have a high rate of tourists influx wherein demand is higher than supply.

Polokwane is the tourism Mecca of the district. The City of Polokwane is endowed with a casino, museums, shopping facilities, art gallery, cultural village facilities, and nature reserves. The Polokwane Municipality also boasts a good supply of accommodation establishments and an inter-modal transportation system. The City of Polokwane is also one of few host cities of the FIFA 2010 Soccer World Cup to be held in South Africa between 11 June and 11 July 2010. Domestic tourists are expected to stay an average of 2 nights each with an average spend of R750 per day while international tourists are expected to stay an average of 16 nights with an average spend of R1400 per day. It is expected that Polokwane will easily draw visitors from neighbouring countries such as Botswana, Mozambique and Zimbabwe during this time. Although attracting 40000 plus people, about 19 900 people will require accommodation during this period as 70% of the tourists are expected to stay with friends and relatives. The present supply of beds in Polokwane is 15% of the required 19 900 beds – presenting a brilliant investment opportunity in the hospitality and tourism industry!

The tourism potential of the district is also evident in municipalities such as Molemole and Lepelle-Nkumpi and Blouberg. Blouberg has two nature reserves – Malheur and Blouberg Nature Reserves. In Lepelle-Nkumpi there is the Zebediela Citrus – one of the largest citrus farms in the Southern Hemisphere as well as the Wolkberg Wilderness which consists of 40 000 hectares of almost pristine Afromontane grasslands, indigenous forests and spectacular mountain scenery and clean running streams and rivers. Molemole has the Tropic of Capricorn stopping point on the N1 which includes the Motumo Trading Post and the agricultural region around Mogwadi – well known for its annual potato festival. The Aganang Municipality has developed a Tourism Development Plan which seeks to position it as cultural / heritage centre for domestic tourists.

The following strengths and weaknesses were identified through a rapid appraisal of the tourism sector (Summit, 2007):

Strengths	Weaknesses
<ul style="list-style-type: none"> • Business tourists (Public sector, mining growth, agriculture and business opportunities -MICE – city focus • Retail and services hub - city focus • International airport - city focus • Moria ZCC - rural focus • Unique cultural diversity + Culture (Tours, Heritage, Diversity) - rural focus 	<ul style="list-style-type: none"> • No functional tourism centre; • Transport shuttle services – urban focus; • Shotgun marketing instead of niche marketing + brand confusion - urban; • Tourism signage - rural focus • Route development and accessibility – rural focus • Lack of available communications systems I.e. e-mail, internet , phones; • No 4 X 4 cars for hire - Tour operators; • Lack of skills and training • Lack of service standards • Tourism awareness • Crime • Lack of coordination for marketing of products and other programmes/initiatives • Lack of entertainment facilities (e.g. <i>night life</i>)

4.5 Mining

Mining is the smallest contributor to the CDM economy and accounts only for 0.9%. It is the only sector that experienced negative growth (-4.8%) during the period 1996 to 2010.

However, although mining may proportionally be of less significance at the district level, it remains an important sector to the Lepelle-Nkumpi where it contributes more than 20% to the local GVA. Between 1999 and 2004 the mining sector in Lepelle-Nkumpi experienced a 10% average annual growth. The mining sector in Lepelle-Nkumpi contributes 40% of the mining sector output in the district.

The district, through Lepelle-Nkumpi forms part of the Platinum Mining Cluster on the Dilokong Corridor. Three types of mining activities are being performed in this region i.e. surface, opencast and underground mining.

The commissioning of the new Mussina Platinum Mine in Lebowakgomo is a major positive step for the district. The mine's anticipated revenue for 2002 was R230 million and it is now projected at R610 million per annum.

Other mining operations in the district include LONMIN which is situated in Ga-Mphahlele. This operation employs 1800 people and approximately 60% are locally based. Other products include chrome, platinum and granite. There are also the Roibosch, Granite and Diepsloot mining operations located in or closely to Zebediela.

Mining (Platinum group metals) holds major possibilities for the district, especially the Lepelle-Nkumpi Municipality. Corridor Mining Resources is planning an exploration for platinum group metals in Ga-Mphahlele. The value of this operation is estimated at R100 billion, with a lifespan of 22 years and is expected to create full-time employment for 1500 people. Other prospecting opportunities include granite, chrome, coal, gold and silica.

The mining sector presents a number of backward and forward linkage opportunities for the entire district, but perhaps more so for industries in Lepelle-Nkumpi and the Polokwane Municipalities because of close proximity and existing industries. Most mining inputs are sourced from outside the district. The tourism and manufacturing industries stand to benefit greatly should the backward and forward linkages be optimised.

4.6 Conclusion

Section 5: Development Thrusts

5.1 Introduction

The principal goal of this Strategy is to improve the quality of life in the district through pro-poor economic growth that creates high quality jobs, generates wealth and investment, and helps ensure the district's long term fiscal health.

The economic strategy development explores programmes aimed at enhancing the competitive position of individuals, households, business and the district as a whole in an ever changing global economic landscape. It is for this reason that this Strategy is not for Capricorn District Municipality to undertake in isolation, but rather a strategy for all key partners with an interest in building a strong district economy and the betterment of the livelihood of the most vulnerable.

5.2 Economic vision and strategic objectives

This Strategy seeks to position *"Capricorn as the centre for sustainable economic growth and development in the Limpopo Province"*. This Vision is in line with the District's overarching IDP principal goal of positioning Capricorn as the *"home of excellence and opportunities for a better life"*.

To fulfil this vision the municipality has set out the following strategic objectives that this Strategy aims to achieve are as follows:

- Grow the overall district economy above 4.0% between 2012 and 2016;
- Reduce unemployment below the current 22.3% by 2016;
- Increase the number of households living above the poverty line;
- Improving access to the mainstream economy for the poor;
- Contribute towards an expanded municipal revenue base;

The municipality has further identified five strategic priorities that it wants to focus on for the next five years in order to achieve the objectives set above and they are as follows:

- Growing the First Economy
- Developing the Second Economy
- Building a Knowledge Economy
- Land and Infrastructure
- Governance and Partnerships

5.3 Strategic Priority 1 : Growing the first economy

5.3.1 Objective

- a) To diversify the existing industrial base by developing and strengthening the attractiveness and competitiveness of the district in:-
 - Tourism
 - Transport and Logistics
 - Manufacturing and Agro-Processing
 - Retail Trade
 - Community Services

- b) To grow the export sector through a range of initiatives aimed at supporting local businesses.

5.3.2 Rationale

The development of a strong business and industrial base will drive economic growth in the district and thus create opportunities for improved municipal fiscal health and benefits for the

Second Economy (in terms of jobs, small business opportunities, increased household incomes etc).

The tourism Actions/projects need to be classified in themes and be packaged. The suggested themes are as follow:

- Cultural Tourism e.g. Mapungubwe, Bakoni malapa
- Eco tourism e.g. Game Farms, Kruger park, wild life
- Business Tourism e.g. Shopping Malls, Convention Centre
- Paleo Tourism e.g. Mapungubwe, Makapan valley
- Adventure Tourism e.g. biking, hiking, horse back safaris.
- Sports tourism and special events e.g. soccer matches and fun runs

5.3.3 Key Programme

5.3.3.1 Sub-Objective: Driving Growth through Tourism (TO)

Actions	Initiator	Implementer	Timing	Recommended Funding Source
FE-TO1. Develop and implement a district-wide Tourism Branding and Marketing Strategy	CDM	Local Municipalities (LMs)	Short-term	CDM and Limpopo Tourism & Parks (LTP)
FE-TO2. Design and implement a reliable Tourism Information System and Tourism Information Centre.	CDM	CDM	Short to Medium-term	CDM, LTP and Tourism Operators (TO)
FE-TO3. Facilitate the establishment of local and district Community Tourism Forums to promote tourism products and destinations through information dissemination	CDM	LMs and Tourism Stakeholders (TS)	Short-term	CDM, LTP and Tourism Operators (TO)
FE-TO4. Improve tourism Directional and Product Signage leading to major tourism facilities	CDM	CDM and LMs	Short-term	CDM, LMs, Roads Agency Limpopo (RAL) and LTP
FE-TO5. Facilitate investment access for Strategic Tourism Infrastructure	CDM and LMs	CDM and LMs	Ongoing	Public and Private TS
<i>FE-TO6. Encourage hosting and support of Strategic Events and Festivals.</i>	CDM	LMs and TO	Ongoing	Public and Private TS

5.3.3.2 Sub-Objective: Driving Growth through Transportation and Logistics (TL)

Actions	Recommended Initiator	Recommended Implementer	Timing	Recommended Funding Source
FE-TL1. Support the establishment of the Polokwane Industrial Development Zone (IDZ)	Polokwane Municipality (PM) and CDM	Limpopo Department of Economic Development (LEDET) and Polokwane LM	Medium-term	DTI, National Treasury, CDM and Polokwane LM
FE-TL2. Promote use of the Maputo Port (Mozambique) to reduce transportation costs for exporters and importers.	TIL	TIL	Ongoing	Limpopo Freight Logistics Forum (LFLF)
FE-TL3. Support the development of Polokwane International Airport (PIA) as a major cargo hub serving sub-Saharan Africa and as an alternative to the OR Tambo International Airport.	CDM and PM	Limpopo Department of Roads and Transport (DRT)	Ongoing	Limpopo Freight Logistics Forum (LFLF)
FE-TL4. Work closely with the Department of Roads and Transport in ensuring that PIA secures a full Category 9 International Licence to handle fully laden aircrafts.	CDM and PM	Limpopo Department of Roads and Transport (DRT)	Ongoing	Limpopo Freight Logistics Forum (LFLF)
FE-TL5. Conduct an investigation into Commercial Rail Transportation as an alternative to road	CDM	CDM and DRT	Ongoing	CDM

Actions	Recommended Initiator	Recommended Implementer	Timing	Recommended Funding Source
transportation in the district.				
FE-TL6 Passenger Rail Line Between Seshego and Polokwane	DRT			

5.3.3.3 Sub-Objective: Driving Growth through Manufacturing & Agro-Processing (MA)

Actions	Recommended Initiator	Recommended Implementer	Timing	Recommended Funding Source
FE-MA1. Undertake a Forward and Backward Linkages Study in Manufacturing and Commercial Agriculture to identify high value-add opportunities.	CDM	CDM and Industry	Short-term	TIL and CDM
FE-MA2. Support the establishment of Agro-Processing Clusters in Polokwane and Lepelle-Nkumpi Municipalities.	CDM, Polokwane and Lepelle-Nkumpi LMs	CDM, LMs and Industry	Short-term	Department of Agriculture (DOA), LMs and CDM
FE-MA3. Promote backward and forward linkages between the Mining and Manufacturing sectors	CDM, Polokwane and Lepelle-Nkumpi LMs		Ongoing	–
FE-MA4. Develop a Comprehensive Manufacturing Development Strategy.	CDM	CDM and Industry	Short-term	CDM and TIL

5.3.3.4 Sub-Objective: Driving Growth through Retail Trade (RT)

Actions	Recommended Initiator	Recommended Implementer	Timing	Recommended Funding Source
FE-RT1. Support the Redevelopment of the Polokwane CBD as an Urban Development Zone (in line with National Treasury Requirements).	CDM	Polokwane Municipality	Ongoing	DTI, National Treasury, CDM and Polokwane
FE-RT2. Support the implementation of the Public Transport Plan for the District to ensure an affordable public transport system.	CDM	DRT, CDM and LMs	Ongoing	DRT, CDM and LMs
FE-RT3. Investigate the establishment of a regional Traders Flea Market in Polokwane.	CDM	Polokwane LM	Medium-term	DTI, National Treasury, CDM and Polokwane
<i>FE-RT4. Develop a Comprehensive Retail Development Strategy.</i>	CDM	CDM and Industry	Short-term	CDM and TIL

5.3.3.5 Sub-Objective: Driving Growth through Community Services (CS)

Actions	Recommended Initiator	Recommended Implementer	Timing	Recommended Funding Source
FE-T1. Support the development of a Government Precincts to accommodate government departments in the district.	CDM	CDM and LMs	Short-term	CDM, LMs and National Treasury

FE-T2. Strengthen Municipal Governance and Administration at both District and Local Municipal Levels.	CDM	CDM and LMs	Short to Medium-term	DBSA, DHLG
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5.3.3.6 Objective: To grow the export sector through a range of initiatives aimed at local firms (EX)

Actions	Recommended Initiator	Recommended Implementer	Timing	Recommended Funding Source
FE-EX1. Development of a Trade and Investment Framework within which to promote exports	CDM	CDM	Short-term	CDM and TIL
FE-EX2. Support hosting of 4 Export Promotion Workshops annually.	TIL	TIL and SEDA	Ongoing	CDM, TIL, SEDA
FE-EX3. Facilitate participation of local firms in Local and international Trade Missions.	TIL	TIL	Ongoing	DTI, TIL, SEDA

5.4 Strategic Priority 2: Developing the Second Economy (SE)

5.4.1 Objectives

- (a) To promote sustainable small business and co-operatives development by improving access to a holistic support system;
- (b) To facilitate; improve economic access and participation for the poor through co-operatives development;
- (c) To address hunger and starvation amongst the poor by promoting self-help subsistence and livelihood methods.

5.4.2 Rationale

Small businesses are the source of economic and employment opportunities for many households in both urban and rural areas. Assisting the poor to organize themselves and providing them with the necessary skills and knowledge enables them to take charge of their own lives.

5.4.1 Key Programme

5.4.1.1.Objective: To promote and encourage sustainable small business and co-operatives development by improving access to a holistic support system

Actions	Initiator	Implementer	Timing	Funding Source
SE1. Develop and implement a district-wide Small, Medium and Micro Enterprise & Co-operatives (SMMEC) Strategy	CDM	Local Municipalities (LMs)	Short-term	CDM and Limpopo Tourism & Parks (LTP)
SE2. Facilitate establishment of Enterprise Support Centres (ESCs) in all local municipalities.	CDM	SEDA and LIBSA	Short-Medium-term	SEDA, LIBSA, CDM, LMs
SE3. Facilitate increased participation by SMMEs and Co-operative entities in Public Sector Procurement.	CDM	CDM, LMs and Public Sector	Ongoing	-
SE4. Work closely with SEDA, LIBSA, LIMDEV and TIL to promote Market Access.	CDM	CDM and LMs	Ongoing	CDM, SEDA, LIBSA, LIMDEV and TIL
SE5. Conduct a Detailed Study on How Best to	CDM	CDM	Short-term	CDM

Actions	Initiator	Implementer	Timing	Funding Source
Facilitate Affordable Access to Financial and Credit Support for SMMEs and Co-operatives				

5.4.3.2 Objective: To facilitate improved economic access and participation for the poor through co-operatives development;

Actions	Initiator	Implementer	Timing	Funding Source
SE. Encourage the establishment of Co-operatives, Stockvels and Saving Clubs.	CDM and LMs	Community Based Organizations (CBOs)	Ongoing	CDM, Social Development Department, NGOs
SE1. Support the implementation of Expanded Public Works Programme in the delivery of the district's public infrastructure.	CDM and LMs	Various Departments	Ongoing	Various Departments
SE. Work closely with National Youth Development Agency (NYDA) to facilitate youth-based economic development in all the LMs.	CDM and LMs	UYF	Ongoing	CDM, LMs, UYF
SE. Encourage enrolments in Adult Based Education and Training (ABET) Programmes in all LMs.	CDM	CDM, LMs and Education Sector	Short-term	CDM and partners

5.4.3 Objective: To address poverty and hunger amongst the poor by promoting self-help livelihood methods

Actions	Initiator	Implementer	Timing	Funding Source
SE4. Encourage establishment of Community Food Gardens across the district by providing free or subsidized fertilisers and implements.	CDM	LMs	Ongoing	CDM and Limpopo Department of Agriculture
SE5. Work closely with the Department of Agriculture to increase the number of Extension Officers providing support to emerging farmers.	CDM	LDA	Ongoing	CDM and Limpopo Department of Agriculture
SE6. Facilitate and support the establishment of Food Co-operatives to encourage bulk-buying to counter increasing food prices.	CDM and LMs	CBOs and NGOs	Short-term	Various Departments
SE7. Work closely with Departments of Welfare and Social Development by ensuring access to advisory and mentoring support for poverty alleviation projects	CDM and LMs	SEDA, LIBSA, LIMDEV, LMs and CDM	Ongoing	All Relevant Departments

Actions	Initiator	Implementer	Timing	Funding Source
SE8. Facilitate Bio-fuel project and alternative energy projects	CDM and LDA	LDA	Ongoing	LDA,LEDET, DST

5.5 Strategic Priority 3: Building a Knowledge Economy (KE)

5.5.1 Objective

- (a) To improve the competitiveness of the district economy through investment in research, ideas, technology, design and creativity;
- (b) To encourage district connectedness by improving access to information, communication and technology (ICT)

5.5.2 Rationale

Increasingly the economic vitality and quality of life depends upon making a successful transition from a traditional manufacturing economy to the knowledge economy. To effect this transition, it is important to invest more in skills and knowledge (intellectual capital, know-how and savvy), design and innovation (creativity, flexibility, research and development), entrepreneurship (mentoring, networking, strategic alliances) and information and communications technology (ICT).

5.5.3 Key Programme

5.5.3.1 Objective: To improve the competitiveness of the district economy through investment in research, ideas, technology, design and creativity.

Actions	Recommended Initiator	Recommended Implementer	Timing	Recommended Funding Source
KE1. Establish an Economic Research and Innovation Cluster (ERIC) consisting of private and public tertiary institutions.	CDM	Industry and Institutions of Higher Learning (IHL)	Short-term	DHLG, TIL, DTI and CDM
KE2. Develop an Industrial Skills Development Strategy to address shortage of priority skills.	CDM	Industry, FET, IHL and Government	Short to Medium-term	DOL, SETA and CDM
KE3. Establish a Science Park in the Polokwane Municipality	CDM	CDM, PM, and Industry	Medium-term	DAST) and Mining Industry
KE3. Introduce an annual Innovative Business Idea Competition (IBIC) for students and undergraduates.	ERIC	ERIC	Ongoing	Private and Public Partners
KE4. Strengthen working relations with relevant SETAs and Department of Labour (DOL).	CDM	All	Ongoing	CDM

Actions	Recommended Initiator	Recommended Implementer	Timing	Recommended Funding Source
KE5. Training Artisans and technicians in engineering skills to support mining and manufacturing sectors	LIBSA, CDM	LIBSA, DOL, industry	Ongoing	SETAs and LIBSA

5.5.3.2 Objective: To encourage district connectedness by improving access to information, communication and technology (ICT)

Actions	Initiator	Implementer	Timing	Funding Source
KE7. Facilitate the establishment of Multi-Purpose Community Centres in all local municipalities.	CDM	LMs and Government Communication Information System (GCIS)	Medium-term	GCIS
KE6. Commission a Feasibility Study for the Establishment of a District Telephony System.	CDM	CDM	Short term	Department of Communication (DOC) and CDM
KE7. Promote the establishment of SMME Broadband and Internet Service Providers across the district.	CDM	Industry	Ongoing	CDM
KE8. Enter into partnerships with USAID for	CDM	CDM	Short-term	CDM

the establishment of Information Technology Centres (ITCs) in rural communities.				
KE9. Enter into partnerships with FET Colleges to develop skills within the district	CDM	CDM and FET Colleges	Ongoing	CDM

5.6 Strategic Priority 4: Land and Infrastructure (LI)

5.6.1 Objectives

- (a) To improve access to affordable land to support growth and development in the first and second economies.
- (b) To improve the availability and provision of water, electricity, transportation infrastructure to support economic development.

5.6.2 Rationale

The availability of serviced industrial and other commercial land in strategic locations is an important factor in attracting new industrial and commercial investments. It also makes it easy for existing businesses to grow.

5.6.3 Key Programme

5.6.3.1 Objective: To improve access to affordable land to support growth and development in the first and second economies.

Actions	Initiator	Implementer	Timing	Funding Source
LI1. Conduct an Assessment of Strategic Land restored to communities to determine economic potential and required development support	CDM	CDM and LMs	Short-term	Land Commission (LC) and Department of Land Affairs (DLA)
LI2. Undertake an Assessment of Private, State and Communal Land with the potential for economic development.	CDM	CDM	Medium-term	DBSA, LC AND DLA

Actions	Initiator	Implementer	Timing	Funding Source
LI3. Implement a Redtape Reduction Programme to improve land and development facilitation within local authorities	CDM	CDM, LMs and German Technical Services (GTZ)	Short-term	Department of Provincial and Local Government (DPLG), GTZ and DBSA.
LI4. Host four (4) Land and Spatial Development Workshops annually across the district to educate communities about spatial-based economic development.	CDM	CDM and LMs	Short-term	Land Commission (LC) and Department of Land Affairs (DLA)
LI5. Working closely with Development Planning Units to improve town planning, land use and management in line with sustainable LED principles.	CDM	CDM and LMs	Ongoing	CDM and LMs
LI6. Commission an Industrial Parks Study to assess how best to optimise existing local industrial facilities.	CDM	CDM and LMs	Ongoing	Trade and Investment Limpopo (TIL) and Limpopo Development Agency (LIMDEV)
LI7. Ensure stronger Political Lobbying to resolve overdue	CDM	Limpopo Department of Housing and Local	Ongoing	DLGH, CDM and LMs

Actions	Initiator	Implementer	Timing	Funding Source
unresolved land claims		Government (DLGH)		

5.6.3.2 Objective: To improve the availability and provision of water, electricity, transportation infrastructure to support economic development.

Actions	Initiator	Implementer	Timing	Funding Source
LI8. Work closely with the Department of Water Affairs to ensure cost effective water access by business.	CDM	CDM and LMs	Ongoing	Land Commission (LC) and Department of Land Affairs (DLA)
LI9. Work closely with RAL and the Limpopo Department of Roads and Transport (LDRT) to implement planned expenditure and the districts Integrated Transport Plan (ITP).	CDM	CDM	Ongoing	CDM, RAL and LDRT
LI0. Commission Proposals for the Establishment of Alternative Renewable Energy Supply as a short-medium measure to the current electricity crisis in South Africa.	CDM	CDM, LMs and Private Sector	Short-term	CDM, DLGH, GTZ and DBSA.
L11. Provision of bulk water supply in partnership with stakeholders	CDM	CDM and other stakeholders	Ongoing	CDM, GTZ and DBSA.

5.7 Strategic Priority 5: Governance and Partnerships (GP)

5.7.1 Objective

- (a) To strengthen LED governance, leadership and coordination within the district;
- (b) To establish a strong LED institutional network by fostering robust partnerships between government, the private sector, donor community and non-governmental organizations;
- (c) To build a strong base of LED understanding and knowledge across the district.

5.7.2 Rationale

Strong institutional relationships and business networks built on a common understanding and vision forms the basis for sustainable LED.

5.7.3 Key Programme

5.7.3.1 Objective: To strengthen LED governance, leadership and coordination within the district;

Actions	Initiator	Implementer	Timing	Funding Source
GP1. Facilitate the establishment of an LED Steering Committee to provide effective leadership across the district.	CDM	CDM and Business	Short-term	CDM and Business
GP2. Commission a Feasibility Study for the Establishment of a District Economic Development Agency to strengthen LED implementation at LM level.	CDM	CDM	Short-term	CDM, DBSA, IDC and DLGH

5.7.3.2 Objective: To establish a strong LED network by fostering robust partnerships between government, the private sector, donor community and non-governmental organizations;

Actions	Initiator	Implementer	Timing	Funding Source
GP3. Facilitate the establishment of a Public Investors Forum to coordinate and align all state economic development assistance directed at district and local municipal levels by various departments and agencies.	CDM	CDM and DLGH	Short-term	CDM and DLGH
GP4. Host Quarterly Economic Updates to exchange information with key stakeholders and promote networking	CDM	CDM (LED Steering Committee)	Short-term	CDM, Private and Public Partners
GP5. Forster stronger relationships with the International Donor Community (IDC) to support implementation of this Strategy	CDM	CDM and DLGH	Ongoing	CDM and DLGH
GP6. Invite proposals on LED Funding strategy	CDM	CDM	Ongoing	Grant makers and Donors

5.7.3.3 Objective: To build a strong base of LED understanding and knowledge across the district

Actions	Initiator	Implementer	Timing	Funding Source
GP5. Work closely with the newly established Limpopo LED Resource Centre to strengthen	CDM	CDM and LMs	Ongoing	DLGH and Limpopo LED

Actions	Initiator	Implementer	Timing	Funding Source
access to training and information for Councillors and Stakeholders.				
GP6. Projects funding plan for bankable projects and for corporate social investments.	CDM	DM	Short term-ongoing	CDM
GP4. Undertake two LED Study Tours (Local and International) annually to promote learning and strengthen regional partnerships.	CDM	CDM and LMs	Ongoing	DPLGH, DLGH and Donor Organizations
GP5. Undertake Project cycle Management and Logical Framework	CDM	Private Provider	Short term	CDM and SETA

5.8 Prioritised projects

5.8.1 Prioritised Projects for Capricorn District Municipality

Prioritised projects for Capricorn District were identified by the CDM Investment and Marketing Strategy and the Draft CDM Agricultural Development Strategy.

Draft CDM Agricultural Development Strategy

The identification of anchor projects was based upon a multi-criteria analysis which considered various spatial planning elements, land capability, resource availability, existing support infrastructure and current and potential agricultural produce markets.

The following projects were identified from the Draft CDM Agricultural Development Strategy and were researched up to pre-feasibility study level:

Local municipality	Anchor Project Name	Description
Aganang	Aganang Grazing Project	Mixed grazing for game / goats / cattle on an area of approximately 6,500 ha 50km west of Polokwane
Blouberg	Glen Alpine Irrigation Scheme	Tomatoes for processing, planted on 1,000ha, under irrigation adjacent to the Glen Alpine Dam
Lepelle Nkumpi	Lepelle Nkumpi Agricultural Hub	Mixed field and horticultural crop farming activities on Land and Agrarian Reform Programme (LARP) farms
Molemole	Molemole Potato Project	Potato production on Land and Agrarian Reform Programme (LARP) farms
Polokwane	Polokwane Poultry Projects	Broiler franchising and egg production projects at Malietzie and other locations

CDM Investment and Marketing Strategy

The identification of trigger projects were based on the following criteria:

- Job Creation
- Business Linkages
- Poverty alleviation
- Contribution to economic growth

The following projects were identified from the CDM Investment and Marketing Strategy and were researched up to feasibility study level:

Agriculture

Project	Short Description
Farming in oilseed for oil extraction	The production of oilseeds in Capricorn District such as sunflower, groundnuts and soya
Production of indigenous medicinal plants	The production of indigenous medicinal plants in Capricorn

Manufacturing

Project	Short Description
Processing of Sorghum	Processing of sorghum into beer and livestock feed
Food processing cluster	Establishment of a food processing cluster, not limited to on vegetable and fruits canning, tomatoe processing into paste and dried tomatoes, juice making and meat processing.
Pharmaceutical Cluster	Establishment of a pharmaceutical cluster

Tourism

Project	Short Description
Development of a Nature Reserve Belt	Developing a Nature Reserve belt by upgrading and renovation of existing reserve, Development of new nature reserves, and linking of nature reserve into a nature Reserve Belt.

5.9 Strategy Implementation

5.9.1 Introduction

This sub section outlines how this Strategy will be implemented as well as identifies a set of critical success factors necessary to underpin implementation.

5.9.2 Critical Success Factors

The success of this Strategy highly depends on the presence of the following factors prior to its implementation:

- Commitment of both the Capricorn District Municipality and its Local Municipalities to implement the contents of this Strategy. Such Commitment needs to be clearly expressed in the Integrated Development Plans of both the District and Local Municipalities;
- Stakeholder buy-in especially from the Business Sector or Industry and the various government Departments and Agencies who hold various resources. This is in fact a pre-requisite before any of the Strategic initiatives can be listed in the municipal IDPs;

- Commitment of financial resources through the IDP budgeting process by relevant partners and financial stakeholders identified in this Strategy;
- Availability of appropriately skilled and dedicated human resource capacity within the District Municipality, Local Municipalities, Provincial Departments and Agencies and Industry to ensure that implementation actually takes place; or at least a commitment to acquire the resources
- Decisive leadership by the District Municipality.
- Each project needs a driver, sponsor /funder and should be demand-driven.
- Developmental projects need to be formulated in a participative manner and a logical framework should be developed prior to implementation.

5.9.3 Sequencing this LED Strategy

The adoption of this Strategy happens in an environment where a number of LED initiatives and projects are already in motion. These initiatives are driven and supported by various partners and stakeholders and are at different phases of implementation. It is therefore not possible to expect that ongoing interventions will cease to accommodate the implementation of this Strategy. However, it is the purpose of this Strategy to introduce an improved systematic way of implementing LED in the district and to ensure that current and proposed initiatives are implemented within a clear and consistent framework.

It is recommended thereof that this Strategy be implemented in the following Sequence of priority:

- Governance and Partnerships.* This should focus on establishing the necessary structures to provide clear and credible LED leadership and facilitation necessary to implement the Strategy. This will involve establishing the LED Steering Committee and engaging with possible partners that have the necessary resources to support the implementation of various projects. It is important that this phase of Strategy implementation is translated into tangible commitments from all affected parties and partners to lay a firm foundation for implementation. This aspect of work requires strong facilitation from the District Municipality.
- Land and Infrastructure.* This area of focus mostly requires facilitation support from the LED Units as the responsibility of land and infrastructure availability is not their direct function. A number of infrastructure projects are being implemented but however require LED guidance and support to ensure that the economic benefit is optimised. Done properly, this will provide a critical foundation for the 4th and 5th priorities.
- Building a Knowledge Economy.* This is important to support all priorities. It is essential to build the capacity to govern and coordinate, to provide economic infrastructure at the right place at the right time, to develop new products and introduce new innovations to the market as quickly as possible. Strong facilitation is required from the Municipalities and strong partnerships with the Education and Industrial Sectors if this is to be successful.

- (d) *Growing the Economy.* The primary focus and efforts should be on Tourism and Transport/Logistics sectors in view of 2010 FIFA World Cup and ongoing work to develop Polokwane as a Trade Hub for Sub-Saharan Africa. A number of short-term interventions to promote exports and value adding activities can also be implemented almost immediately.
- (e) *Developing the Second Economy.* There are a number of low-hanging fruits that can be translated into quick-wins within the ambit of this Strategy. A majority of the current and ongoing initiatives funded by the District Municipality, Local Municipalities and a number of Government Departments are found in this category. Existing resources maybe better challenged to advance the development of the Second Economy by better planning, providing hand-holding support, training, access to information and improved access to funding.

5.9.4 Implementation Guidelines

It is recommended that the following procedure be adhered to when implementing various interventions proposed in this Strategy:

- (a) The CDM will appoint champions that will lead the detailed planning and implementation of actions or interventions;
- (b) The Champions and CDM will work closely to formulate clear terms of reference for the relevant initiatives to ensure that outcomes are clearly defined from the onset;
- (c) A detailed implementation plan and budget for each initiative will be prepared prior to incurring expenditure;
- (d) Projects value chains and/ or spin off to other firms should be taken into consideration. The more products you get from single commodity the better.
- (e) Support organisations in value chain and cluster should be investigated in detail from source (farm) to client, e.g. farm to transport to bulk trade to transport to storage to marketing retail.
- (f) The CDM may decide to establish project task teams to assist the Champions implement complex initiatives;
- (g) The Champions will report to the CDM on relevant initiatives in line with approved implementation plans;
- (h) The CDM will prepare quarterly reports which will be presented to the LED Steering Committee on a quarterly basis.
- (i) The project should be ranked in terms of job creation, capacity building, and project management, relevance to provincial objectives, socio-economic impact, technological availability, and ease of implementation. The ranking should not replace a demand-driven approach.
- (j) The table below depicts elements of a project which need to be captured on project sheets

	Element	Description
1	Project Name and programme type	Name of project and programme or priority type
2	Short Description of project	What is the project intending to achieve and who benefits. OR what problem is the project solving and for who?
3	Project Objective	Each project should have clear purpose statement that meet programme goals
4	Project Inputs	Resource to implement action e.g. Capital and Revenue cost, human resource, land and building, source of funding etc.
5	Main Activities (work packages)	Main activities in an action(project).Estimate costs for each main activity
6	Project outputs	Results of activities that results in a completed project
7	Projects outcomes	Direct result of project outputs. Do outcomes deal with constraints of the economy?
8	Project impact	Impacts are associated with project objective. Is there local benefits
9	Project management and monitoring	Who is the project champion and the funder

Section 6: Strategic Alignment and Institutional Framework

6.1 Introduction

For effective implementation of an LED strategy to happen, there are certain institutional arrangements that need to be put in place. These activities include the formation of a number of structures, organisations and networks which form the mechanisms through which the LED Strategy can be successfully coordinated, managed, executed and most importantly monitored. Putting these relevant institutional arrangements in place will also ensure that the LED Strategy fulfil the developmental goals of the municipality and also contribute to the economic development of the country as a whole.

6.2 LED Roles and Responsibilities

LED is a collective effort that is ongoing and includes a number of roleplayers and initiatives which makes it critical to have an intergrated approach in the development and implementation of a LED Strategy for the municipality.

a. Roles and Responsibilities of the National Government

DCOG's tool for local economic development toolkit defines the roles and responsibilities of national government in LED as follows:

- ✓ co-ordinate and align support to municipalities for LED through the IDP process,
- ✓ provide additional support to municipalities implementing their developmental mandate,
- ✓ provide the overall legislative and regulatory framework for LED through the National Framework for LED,
- ✓ maintain strong inter-governmental relationships using and strengthening existing institutions,
- ✓ provide the technical and knowledge resources for municipalities for the implementation of LED,
- ✓ disburse information to provincial and local government about LED and LED support, and
- ✓ support and provide guidelines to monitor the outcomes and impact of municipal LED activities.

b. Roles and Responsibilities of the Provincial Government

DCOG's LED toolkit defines roles and responsibilities of the provinces in relation to LED as follows:

- ✓ align and co-ordinate led initiatives with national and local priorities,
- ✓ make available financial and technical resources to implement and sustain LED,
- ✓ share information regularly (e.g. provincial economic trends, land use, investment, new developments) with municipalities, and
- ✓ monitor and evaluate the impact of LED initiatives provincially.

c. Roles and Responsibilities of Local Government

According to Section 152 of the Constitution, a municipality must strive, within its financial and administrative capacity, to achieve the following objectives of local government:

- ✓ To provide democratic and accountable government for local government and local communities;
- ✓ To ensure the provision of services to communities in a sustainable manner;
- ✓ To promote social and economic development;
- ✓ To promote a safe and healthy environment; and
- ✓ To encourage the involvement of communities and community organizations in the matters of local government.

Municipalities must play a more of a coordination role with regard to LED whereby they bring together all the resources that are housed in a range of different government support instruments and non-governmental support initiatives into their regions. Since LED is a collaborative effort, municipalities do not necessarily have to run programmes themselves but to focus on establishing forums to build partnerships and to network with a range of other role-players in the LED space. It is also very important not to view LED as a stand-alone programme but everything the municipality does impacts on the local economy.

Regarding LED projects that the municipalities get involved in, they should strive as much as possible to ensure that all projects are run by the direct stakeholders as real businesses, and be registered companies or co-operatives. The focus on LED should not be about municipalities financing small local projects from the public purse, nor is it about municipal officials trying to run or manage these projects, but the municipality needs to directly and actively work to stimulate the local economy and involve the population in understanding and taking up the economic opportunities present. Thus participation of the local community in LED must be promoted. Economic stakeholder's forums must be undertaken to identify and exploit the local competitive advantages and networking and information exchanges must flow through these forums. The municipality needs to actively promote and support the creation of effective chambers of commerce and other business oriented bodies.

Local municipalities are the key implementation agencies of government and therefore play a significant role in Local Economic Development (LED).

The roles and responsibilities of local municipalities in terms of Local Economic Development are to:

- ✓ Provide information relating to the local economy;
- ✓ To render the operational local socio-economic environment in order to facilitate the creation and the development of local economic activities;
- ✓ Plugging the leaks in the local economy (retaining income in the local economy);
- ✓ Development of social capital (encouraging and developing the presence and capacity of all relevant collective stakeholders in the local economy: chambers of commerce, bodies building and grouping co-ops, NGOs , CBOs, development agencies, local tourism structures etc.);
- ✓ Community economic development (community-based initiatives targeted at community businesses and cooperatives, municipal-community partnerships especially in respect of infrastructure and service delivery);
- ✓ Supporting emerging enterprises through the provision of business infrastructure, financial and non-financial services, access to affordable finance and start up grants, technical support, involvement of SMMEs in government procurement especially in relation to infrastructure delivery;
- ✓ To identify and support business clusters and business opportunities;
- ✓ To facilitate the participation of the population in using the opportunities and stimulating the establishment of new businesses or the growth of existing ones;
- ✓ To organise network of local actors for preparing and elaborating projects and initiatives that can have access to the provincial, national and international resources which are available;

- ✓ To support the creation and/or consolidation of chambers of commerce and business associations and to ensure the full use of all the available social capital resources in the economic development of the territory;
- ✓ To prepare and implement technically appropriate, viable and sustainable LED components for their IDP's, in alignment with the PGDS;
- ✓ To keep a data bank of all relevant information concerning support mechanisms, grants and facilities for assisting LED and human resource, skills and capacity building in LED spheres, from national, provincial, parastatal, donor and other sources;
- ✓ To market the municipality as a business location and to provide marketing assistance and support to businesses from the area and to attract inward investment;
- ✓ To promote local business expansion and retention strategies;
- ✓ To encourage the formation of appropriate partnership and coalition structures;
- ✓ To introduce preferential procurement policies aimed at broad-based black economic empowerment and promoting local suppliers and contractors.

6.3 LED Institutional Framework

This sub-section will focus on presenting several institutional arrangements that can be established in the district municipality. The focus will be on both the LED unit itself, as well as existing support agencies which can be engaged in Local Economic Development. The advantages and disadvantages of each of the various options for the municipality are also highlighted.

LED institutions are needed both at Programme level and Project level. Programme level institutions are broader institutions aimed at co-coordinating development initiatives, while Project level institutions have a defined task, budget and timeframe. The design of the institutional arrangements for Local Economic Development deals with the way in which Programme and Project institutions relate to one another. It should, however, be stressed at the outset that:

- ✓ Municipalities remain politically accountable for LED and cannot delegate political responsibility to other institutions; and
- ✓ Municipalities remain responsible for public funds, even if projects are delegated to project-level institutions, such as a Section 21 Company or a Community Trust.

At a Programme level, institutions are required to take responsibility for the co-ordination and management of the LED programme as a whole, and for the identification and mobilisation of resources necessary for the planning and implementation of LED. At the Programme level, institutional arrangements function to:

- ✓ Act as a driving force for development;
- ✓ Coordinate actions and communication between all stakeholders;
- ✓ Build capacity among various stakeholders to be able to fulfil their individual functions;
- ✓ Allow for improved participation and input at community level; and

- ✓ Additionally, it is the responsibility of the Programme level institutions to select the appropriate Project level institutions to carry out the implementation of individual projects associated with LED programmes.

At this level, the development of institutional arrangements is not restricted to the LED unit itself, but extends to the development of institutions to create public involvement in the community, including partnerships and forums. This mechanism should not constrain the function of the municipal level institutions, but rather ensure alignment of various implementation activities.

Once a Programme level LED institution has been established, it will be responsible for selecting the appropriate institutional arrangements for the implementation of specific LED projects. Due to the wide range of possible projects, it is impossible to provide details of specific institutional arrangements for each project. However, certain aspects are characteristic of successful project-level institutions. These characteristics are listed under the Option 2 management structure discussed below.

6.4 LED Unit Management Structure

As the District Municipality is made up of five local municipalities, it is important to understand how the District Municipality fits into the larger organisational structure of the province and how it functions in implementing LED projects. Certain anchor projects could be identified by the District LED, but they are still physically located within the boundaries of the five local municipalities. The role of the district is to identify such anchor projects which can have a major impact on the economy of the region, while local municipalities should identify and implement smaller projects which have a more local impact.

It is possible that LED projects may also be managed and driven through different institutions, where the municipality plays a less direct role. In this case the municipality should, therefore, seek to coordinate various project initiatives by drawing them together into a coherent LED Programme for the region. Both Programme level and Project level institutions are developed to interact with the municipality's LED unit, in order to facilitate the implementation of the LED programmes.

In order to ensure the successful implementation of the LED Strategy Programmes and Projects, as identified in the previous Section, as well as the fulfilment of the abovementioned functions by the District Municipality's LED unit, two possible management structures are suggested.

- ✓ Strengthening/capacitation of internal LED Unit for implementation; or
 - ✓ Outsourcing projects for implementation
- *Option 1: Strengthening of internal LED Unit for implementation*

Municipalities have limited capacity in terms of both financial and human resources, which makes the strengthening of the LED unit the biggest challenge. A capacitated LED Unit is essential in creating an enabling institutional environment aimed at the successful implementation and management of LED initiatives. In strengthening the municipality's LED unit, it should not only be about warm bodies, but the Unit should be capacitated with people who can perform certain functions, and they continually receive the necessary training, to do so. Furthermore, the financial capacity of the LED unit to perform its tasks must also be improved.

Based on the sectors identified through this Strategy, the most appropriate focus areas would be that of Agriculture, Tourism, Manufacturing and Mining as well as SMME Development. The functions of these officers would, therefore, entail the strategic planning and management of the LED Strategy's various Programmes. These officers would also be involved in the identification of priority Programmes and Projects and the undertaking of feasibility studies for each. Some of these functions could be combined at the beginning for example Agriculture and Tourism could be driven by one person and Infrastructure and Clothing and Textile by another person.

In the beginning these officials should undertake both the roles of planning and implementing the identified projects which necessitate closer collaboration with Planning and infrastructure departments within the District as well as with the Province and local municipalities.

The following Diagram sets out the proposed management structure for the implementation of LED initiatives locally.

Diagram 6.1: Proposed LED Management Structure (ideal setup)



The Manager: SMME Development will focus on capacity development for SMMEs and ensuring that the SMMEs receive financial and non-financial support from national, provincial governments as well from non-governmental organisations. The two officers below one should be dedicated towards cooperatives enterprises and the other on other forms of enterprises or individual entrepreneurs.

- *Option 2: Outsourcing projects for implementation*

A second option, in view of the limitations in terms of budgets and capacity often experienced by municipalities, could be for the District Municipality LED unit to assume a more coordinating role, particularly at Programme level, concentrating its efforts on the identification of LED Programmes and Projects, the prioritisation thereof and the planning for LED Programmes. This option would, therefore, involve the municipality's LED unit putting the implementation of specific projects out to tender. The implementation agents would be responsible for conducting feasibility studies, marketing programmes, sourcing financing and investors, as well as facilitating the training of participants and the development of capacity. This management structure would, therefore, remain fairly similar to that shown in Diagram 7.3, apart from the implementing function being outsourced to an external party.

As discussed above, certain aspects are characteristic of successful project-level institutions and it is essential that these characteristics are found in the institutions to which tenders are awarded for the implementation of LED Projects. The implementation agencies appointed should:

- ✓ Match LED objectives and strategies of the project;
- ✓ Inspire confidence among stakeholders;

- ✓ Be capable of producing results;
- ✓ Have sufficient staff capacity to implement the project efficiently and effectively;
- ✓ Be able to mobilise sufficient finance and human resources for the project;
- ✓ Be able to transfer skills from any outside agents involved to the municipality and community members where applicable;
- ✓ Be able to minimise the potential liability of the LED programme institution, the municipality and other stakeholders if the project experiences problems; and
- ✓ Monitor the progress of the project and satisfy the requirements of government legislation and commercial law.

It should also be noted that the diverse nature of LED projects and the different contexts in which they are being implemented mean that appropriate institutional arrangements will be determined by the specific objectives of the project and the context in which it operates. Perhaps the most significant factor influencing the choice of institution is the nature of LED strategies. The municipality should, therefore, consider which strategies it is more likely to use, and choose project-level institutional arrangements that are able to manage the implementation of the chosen strategies.

6.5 LED Forum and External Agencies

6.5.1 LED Forum

This sub-section provides a brief overview of the role and recommended structure of an LED forum answering the following questions:

- ✓ What is the primary goal of an LED forum?
- ✓ Who are the role players?
- ✓ How are meetings coordinated?
- ✓ What does the decision-making process involve?

a. Goal

The goal of a LED Forum is summarised into the following:

- ✓ Coordinate and ensure effectiveness of Local Economic Development in the District Municipality.
- ✓ Ensure that all stakeholders have the same understanding and interpretation of Local Economic Development initiatives in municipalities.
- ✓ Mobilise internal and external resources, capacities and skills required for the implementation of LED projects.
- ✓ Ensure optimal utilisation of available resources.
- ✓ Ensure involvement of all potential stakeholders.
- ✓ Ensure the economic development opportunities and needs of local municipalities are identified and addressed.

- ✓ Promote sharing of strategies, priorities, activities and information with other departments, municipalities and service providers.
- ✓ Ensure coordination in terms of implementation and monitoring of LED initiatives.
- ✓ Ensure that programmes are linked to the LED sector plan in IDPs

b. Role Players

The major role players and their contributions to the LED forum are provided in Table 6.1

	Contribution to the LED forum
District and Local government <ul style="list-style-type: none"> • District Municipality • Local Municipalities • Department of Local Government and Housing • Department of Economic Development and Tourism • Relevant sector departments 	<ul style="list-style-type: none"> ▸ Analysis of the local economy ▸ Provision of leadership to local economic development ▸ Administration of economic development projects ▸ Provision of services or ensuring their provision ▸ Provision of financing and other incentives to promote LED ▸ Establishment and maintenance of an enabling environment that stimulates business growth.
Private Sector and Community Sector <ul style="list-style-type: none"> • Commercial Banks • Individual tourism forums • Local community groups • FS Development Corporations • Business Chamber 	<ul style="list-style-type: none"> ▸ Provides the community with a wide range of resources and knowledge ▸ May de-politicise LED projects, thus allowing for their long-term sustainability ▸ The increase in trust, resources and sustainability bolsters the confidence of potential Investors ▸ Developing mobilisation and consensus building skills prepares local government leaders for the challenges that emerge as participation increases and different perspectives emerge.

Stakeholders that are targeted for participation in LED planning should be involved (at a minimum) in the review of the local area profiles and in the review of specific projects that will be identified. Once the stakeholders and LED forum has been established the procedures, requirements and terms of reference of the stakeholders’ forum needs to be developed.

c. Coordination of Meetings

The District Municipality Forum will have to meet on a quarterly basis or when need arises. The provincial department must ensure that the district forum are operational and achieve the set objectives. The District LED unit is however, responsible for coordinating quarterly meetings and

communicating with stakeholders. The district is also responsible for facilitating the meetings and compiling reports/minutes of meetings.

The District Forum meetings will be held at the various local municipalities in rotation. The hosting municipality will identify the venue and carry the costs of the catering on that day if necessary. Forum meetings should not last for more than half a day. Members of the forum should be notified of the meetings at least three weeks in advance and send apologies accordingly for non-attendance. An agenda should be drawn up and will help to achieve consistency.

d. Decision Making

Relevant issues will be discussed and debated at forum meetings according to the set agenda, after which consensus must be reached on a particular issue and a decision made. Decisions made at forum meetings must be integrated with the planning activities of municipalities, through the involvement of municipal LED managers with decision making powers. The relevant LED managers must therefore ensure that decisions of the LED Forum are implemented and must report back to the forum.

6.5.2 Relationship with External Implementation Agencies

Some municipalities in the country have established Development Agencies to assist them with the implementation of economic development projects. The establishment of such an agency has some advantages which will be dealt with in detail below as it enables the municipality to implement projects more 'quicker' without necessarily being hindered by bureaucracy. Such an agency was established in Thabo Mofutsanyane District but currently it is not functional. There needs to be a serious assessment on what happened and probably undertake visits to other agency that are doing well like ILembe Enterprise in Ballito near Durban.

a. Background

A Development Agency is, in essence, a specialised body that acts as a delivery vehicle for economic development in a specific geographical area and an extension of the developmental role of a local authority, where economic ideas are translated into feasible and bankable projects.

According to the Industrial Development Corporation (2003), a Development Agency has the following functions:

- a structure essential to fill the gap between the creation of development plans and their implementation by the local/regional government.
- It is a delivery tool owned by the public authority to co-ordinate and to manage public resources, potential investors and regional investment opportunities in accordance with the development objectives. Additionally, it is also

- a dedicated champion tasked to ensure the delivery of development where all the necessary elements are available.

b. Purpose

A development agency is established to fill certain gaps a municipality does not have the required capacity to fill and also drive implementation of identified projects.

The purpose of establishment of a development agency is summarised as follows:

- The municipalities do not realise or recognise the value of their true assets that can be utilised in economic development initiatives.
- Strategies or projects are in many cases duplicated without consideration to the viability of the project or the adaptation of the project to suit local circumstances (as evident in many LED projects).
- The municipalities are largely concerned with addressing the basic needs of local communities in terms of infrastructure and service provision and often do not have the capacity or expertise to implement significant economic projects.
- A lot of attention is given to projects focusing on social issues such as poverty alleviation. These often address short-term goals and do not have a significant impact on the growth or production level of the broader economy, nor the creation of viable economic solutions for the poverty problem.
- There is often a lack of coordination between projects, resulting in the local municipalities duplicating projects without considering issues such as market rivalry or impact on the broader community, nor the economies of scale that may result from economic conglomeration.
- Bureaucratic processes often constraint the municipalities to respond timely to investment and development needs

d. Benefits of a Development Agency

The Agency could be in the form of an independent organisation that can be used effectively by the local municipality to facilitate the implementation of economic development projects. The Agency could undertake certain functions on behalf of a local municipality.

The benefits of Development Agencies are:

- provide a way of establishing a formal and legal partnership between different stakeholders to integrate development efforts and overcome problems of duplication and lack of co-ordination;
- strengthen the capacity of current LED systems and resources in place within a municipal area, using a semi-external body;
- can be focused drivers of the economic development agenda within a local area, which can raise external resources to support LED;
- able to support specific business sectors or specific geographical areas e.g. a development corridor; and
- provide an opportunity to alleviate bureaucratic processes within a municipality, promote a more private-sector type culture, and accelerate investment and public private partnerships.

It must be stressed that although the Agency is an independent organisation, municipalities remain:

- politically accountable for LED and cannot delegate political responsibility to the Agency; and
- responsible for public funds, even if projects are delegated to project institutions.

6.6 Relationships and Mentorship

6.6.1 Relationships with LM's

The different roles of the Local and District municipalities often determine the relationship between these two spheres of government. As the Local Municipalities are often more involved with the physical implementation of projects, the relationship between the District Municipality and the five Local Municipalities needs to be strengthened. To strengthen the relationship between the Local and District Municipalities the development of clear guidelines to govern the relationship with:

- Regular interaction (meetings, conferences and workshops)
- Communication
- Unrestricted flow of information and data
- Addressing uncertainties by developing clear principle responsibilities, roles and tasks of the District Government and Local Government

6.6.2 Relationships between DM and LM

In the country in general it has been noted that the lack of co-operation between district and local municipalities has compromised service delivery. In some cases the role that is supposed to be played between the DM and its local municipalities remain very blurred. This has severely stalled capacity building at both levels, since the local municipalities are uncertain as to which functions they should build capacity for.

The purpose of this section is to study the existing relationship between the district and local municipalities, by means of outlining the roles and responsibilities of the structures, in order to identify the areas where the two structures currently clash.

The Constitution of South Africa summarised the role and responsibilities of district and local municipalities is as follows:

Table 6.2: Roles & Responsibilities of the District and Local Municipalities

District Municipality (EDM)	Local Municipalities
Development of the district municipality as a whole	Delivery of basic services
Supply of basic services (water, electricity, sewage etc.)	Municipal health services
Provision of a high standard transport system that serve the entire district	Decisions regarding land use
Provision of health services of entire district	Maintenance of local roads
Provision of fire-fighting services	Local public transport
Developing and promoting local tourism within the entire district	Street trading
Public works	Parks and recreational areas
Control of fresh produce market	Libraries and other community facilities
Control of cemeteries	Development of local tourism

The table above does not bring required clarity in terms of clear cut roles between the two spheres of government, which creates serious misunderstanding and miscommunication between these structures. Several challenges promote the current existing bad relationship between the district and local municipalities.

6.6.3 Relationships with Province and National Departments

The District needs continuous interaction with both the provincial and national government for it to be able to carry out its responsibilities successfully. Besides the fact that the District will not have sufficient human and financial resources, some of the expertise and instruments resides with the province or national government and critical for the success of municipality's programmes and projects.

The table will outline the challenges and possible solutions on the issues that strain the current relationships between the municipal structures:

Challenges	Proposed solutions
Lack of inter-municipal coordination	The district should play a more focused and strategic role with regards to ensuring vertical and horizontal intergovernmental relations within the district and between the local municipalities. There should also be increased inter-departmental co-operation within the district and between the local municipalities. This will not only facilitate the flow of information but also facilitate the access of resources to be used by local municipalities in their own development programmes.
Lack of capacity	The district and local municipalities should engage on a more focused and directed training actions. Key training areas include policy making and legislation, financial management and planning, development planning, information management etc. Training should be done according to development priorities of the district and local municipalities. There is an urgent need to enhance capacity building particularly for elected representatives and appointed officials.
Lack of clearly established organisational structures	The district and local municipalities should finalise the organisational structure and explicitly outline roles and responsibilities at all levels in the municipal departments. This will create a clear flow of decision making and roles to be played by each individual, hence avoiding duplication and conflicts
Administrative interface	There is a need to develop guidelines which clarifies the roles and responsibilities of full-time and part time councillors. This should explicitly delineate the areas of authority of executive councillors and municipal managers, in order to limit the influence of political interference.
No communication strategy	Lastly, the district should set in place a communication strategy to focus on the intensification of the communication efforts of the

municipality with its community. This strategy will serve as a reference document and to support councillors and head of departments who find themselves having to communicate the government programmes of as part of their responsibilities.

Most of these proposed solutions will not be implemented by the District Municipality on its own, so it will be critical for the Municipality to mobilise support from the Provincial government and the Department of Cooperative Governance in particular.

6.7 Monitoring and Evaluation

Monitoring and evaluation is important in the implementation cycle and in fact it starts during the project development phase, and it should be built in during the conceptualisation phase to ensure that it does not just become an afterthought. It allows monitoring progress in terms of set targets, resources and quality. It also allows for constant risk assessment and review of the path of the project.

The benefits of M&E in the context of LED are:

- Provides accountability in the use of resources, build trust amongst business and project funders
- Allows modification and enables projects managers to keep track of project progress
- Provides information in using limited resources to projects of high impact
- Helps justify further funding for further development
- Demonstrate impact in terms of job creation, economic growth and allows for mitigation of risk.

6.7.1 Monitoring of Projects

The implementation of this strategy will be monitored using the following three main mechanisms:

- (a) Monthly Champion's Meetings which will be coordinated by the Capricorn District Municipality. Progress will be reported in line with output targets as per Implementation Plan of this strategy. The minutes of the meetings together with monthly reports will act as the basis for future evaluations of the impact of this LED strategy.
- (b) Quarterly meetings of the LED Steering Committee which will be coordinated by the Capricorn District Municipality and attended by relevant stakeholders. The minutes of the meetings together with a quarterly progress report will form the basis for future evaluations.
- (c) Regular progress reports to the District and Local Municipal Portfolio Committees for LED.
- (d) Key questions before project starts
 - Is the project going to create new jobs or does the project displace jobs?

- Is the project going to have spin offs to other firms in terms of value chain, clustering OR are there businesses that are going to be created as a result of having this project?
- Is the project an effective way of achieving the desired result or are there other ways of achieving same results without the project?

6.7.2 Evaluation of projects

(a) Key questions during and at the end of the project

- Has the project contributed to increased jobs?
- Are the outcomes addressing key socio-economic problems of community?
- Has the project unblocked constrains in the economy? Are things now happening faster and easier?
- Are the local people benefiting in terms of ownership, training; employment; have local product been sourced? Check against relevant BBBEE charter.

(c) Key question to long term socio-economic impact of the project

- Does the project contribute to the broader society?
- Has the project reduced inequality?
- Is the project going to reduce poverty?
- Will there be local participation in the project?
- Is the project increasing competitiveness of the locality?
- Is the project not having negative environmental effects like pollution?
- Has crime reduced or increased as a result of the project?

6.7.3 Overall Performance

The impact of this Strategy shall be measured on a five-yearly basis to determine to what extent the set objectives have been achieved. The baseline data (Global Insight, Rex 2) for 2006 will be used as the point of departure. The evaluation of performance will be determined by analysing GDP/GGP growth, employment growth and poverty in five years-time against the 2006 Global Insight Rex 2 baseline data.

6.7.4 Project Performance Management

It is recommended that for any project or initiative with a total implementation budget exceeding R200 000 a Logframe Matrix be developed as the basis for managing performance. Firstly it is recommended that a hierarchy of objectives be prepared and thereafter a logframe matrix be filled in. The logframe matrix will be used during and after the project.

6.8 Conclusion and recommendations

The district needs to have sector implementation plans that will help to focus on economic sectors. The LED department needs to have an economic development agency that will package projects and also seek funds from donors, national government and other Agencies. The Agency might need to have adequate technical capacity to provide 'walk-in support' to existing and aspirant entrepreneurs. The LED department needs to do a lot of facilitation and coordination, and building capacity in the local municipalities together with the Department of Local Government and Housing.

Agriculture

There is a need to separate agriculture into two main sector plans. One plan is for livestock in support for Red and white meat cluster. The second agriculture plan should focus on horticulture and crops in general. The LED department needs to employ personnel with agricultural background and an economic understanding on how agriculture can create jobs and stimulate growth in the sector.

The plans should attempt to identify and quantify value chains and potential number of jobs to be created. The livestock plan should focus on the meat processing industry – beef, poultry, goat meat etc. The field crops such as sunflower, Soya, maize, sorghum and wheat have received national government attention with reference to either the essential oil industry or bio- energy industry.

Rural areas can benefit from Limpopo Department of Agriculture through access to government incentives like CASP, MAFISA. The incentives can help in the feed- lots and agricultural- implements (machinery and equipment for ploughing) etc. There is also a need for linkage between commercial and emerging farmers for mutual benefit.

The institutions like AGRI-SA, NAFU- SA, ARC, CSIR, NERPRO, carry a wealth of information that could help in agricultural growth and job creation. Detailed research is required regarding potential value crops and innovative farming methods in the District. Attention should be given to areas under subsistence agriculture and vacant land with the potential for farming.

Tourism

South Africa is doing well in the tourism sector even with low competitive rating internationally. The countries that do well in tourism are those that market themselves vigorously rather than those that are rated high in competitiveness scoring. It is important that the development of tourism take themes because tourists visit for specific reason e.g. wanting to see Pedi, Tsonga, or Venda culture. The tourists like to have a packaged deal and therefore a tourist centre should link with other tourist centres. Linkages with other tourism routes is important as they provide value for money and encourage lengthy stays in guest house, hotels etc. Special events also create peak times for towns and local business benefit. The CDM should market its brand and also be informed about other tourism routes that enters and leaves the CDM. Route marketing bears better results as there are projects that can be seen and be experienced along the route. Route tourism marketing is also likely to offer different themes that link easily.

Transport and Logistics

Polokwane is the provincial hub for movement of goods and people. However, national roads and provincial roads are a competency out the District's control. The CDM needs to facilitate both the road and rail for passenger and freight movement. This will help the CDM in completing a well informed transport plan.

Due to a lack of exporting in Limpopo, the gateway international airport will find it difficult to be the real gateway to Africa in the air freight industry. It should be noted that air freight is expensive and that Africa in general may not afford to move goods by air. As a result detailed studies undertaken and realistic plans formulated prior to implementation. The CDM should consult with provincial Freight Logistic Forum which is run by the Department of Transport in the freight section.

Manufacturing and Agro processing

Manufacturing is low in the district and strategies that can encourage local and foreign investors to manufacture in the CDM needs to be communicated across economic cluster departments. The skills needed for manufacturing and agro processing have to be promoted with Capricorn FET College and LIBSA in order that we have more artisans. Artisans are needed also by the mining sector. The department of Labour's skills portal indicated that the country needs 9000 artisans per month.

There is a great need for incubation centres in the manufacturing sector. Incubation centres provide space at competitive rate, residential business advice to incubates and share marketing services on products manufactured. The CDM needs resources to facilitate the bio-fuel and renewable energy across the economic cluster both at provincial and national level. Organizing seminars on bio-fuel and bio-diesel could be one way of stimulating agricultural sector and investors in beneficiating the agricultural produce. The essential oil (for fragrant) industry needs international experience in marketing as brands and trends are determined by family cycles. It is therefore advisable to use the essential oil for food purpose and target elite market in food stores.

Infrastructure Development

There is a backlog in social and economic infrastructure. The social infrastructure needed is in housing, water and proper schools. The villages are displaced and cost for travelling is high. Mixed income and mixed land-use developments should be encouraged in strategic locations to provide environments where people can work, play and worship within reasonable distance.

The economic infrastructure like road for freight, electricity and industrial factory space need to be created by both private sector and the government.

Institutional Structure, Knowledge economy and Communication

There is a need to create an environment and institutions to promote research and become a custodian of research efforts. Currently, same studies are done by different departments on the same things trying to tackle same problem. This is due to lack of proper communication between departments. The intergovernmental relations should compile research studies that are done for government and for public consumption. In the final analysis a proper Knowledge Management system is required to serve as knowledge depository, instigate research and support new innovations.

There is a lack of communication on national programmes offered by DTI. The economic cluster departments should compile all DTI programmes and make sure that specific programmes filter through to businesses. The same should be done on programmes offered by DEAT, Treasury, DoA etc. In fact the public-private sector platforms suggested need to provide an opportunity for these government departments and other organs of the state to share their products with local LED stakeholders.

There is a need for communication between business, government and the community to be formalised and institutionalised. Quarterly meetings and when the need arise will help government in helping create the real environment for business to perform better.

