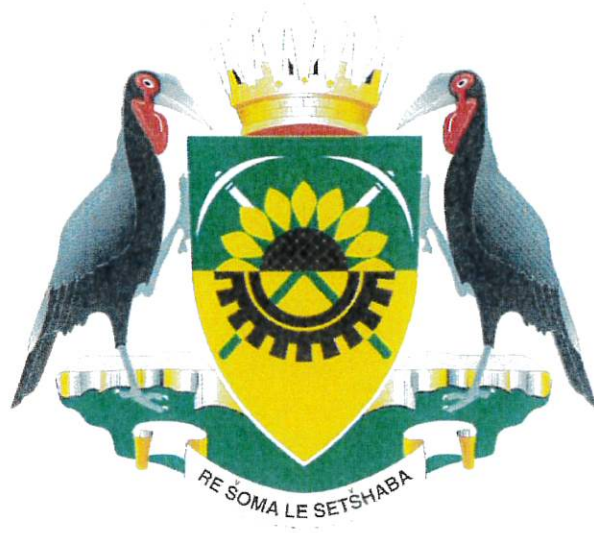


# **CAPRICORN**

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## **DISTRICT MUNICIPALITY**



**PUBLIC PRIVATE PARTNERSHIP FOR THE DEVELOPMENT AND MANAGEMENT  
OF TOURISM OPPORTUNITIES AT MOTUMO TRADING POST**

**Contract Management Plan**

November 2024



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## 1 Statement

The Motumo Trading Post, situated along the N1 north to Makhado in Limpopo, has been a white elephant since its inception more than a decade ago. The Capricorn District Municipality (CDM) has since identified the need to revitalise the two distinct sites collectively known as the Motumo Trading Post as part of government's vision to stimulate the local economy and create jobs for rural residents. The two sites are:

- The **Conference Facility** is situated on the foot of the beautiful Motumo mountains. Its facilities include a conference hall (with a maximum carrying capacity of two hundred persons), four breakaway rooms with a carrying capacity of forty people, kitchen, a restaurant, workshops, swimming pool, tennis court, clubhouse, lapa and ablution facilities.
- The **Machaka Game** Lodge located across the road, on the opposite side of the Conference Facility site. The site includes eleven chalets (i.e. two sleeper) with thatched roofs.

The CDM, alongside the MTA - as the owners of land portions comprising the Motumo Trading Post, wishes to realise the tourism and income generating potential of the Motumo Trading Post by making this PPP available to an appropriate and reputable tourism operator.

The CDM is empowered by the MTA, through the signed Community Resolutions, to manage the Motumo Trading Post and be responsible for developing and managing tourism-related businesses and to continue to facilitate the commercialisation process in the Motumo Trading Post.

CDM and the Local Communities wish to utilise the inherent natural and other assets of the Motumo Trading Post to generate local economic development and jobs through the commercialisation of the Motumo Trading Post in a manner which will also generate sufficient income to CDM to fulfil its statutory and legal obligations.

The Private Party has expertise in the provision of tourism-related services for visitors to the Motumo Trading Post and facilities in connection therewith. The Local Communities, through the signed Community Resolutions, mandated and authorised CDM to enter into a PPP contract for the purposes of undertaking the project.

The Parties desire to implement this PPP contract in the spirit of co-operation and mutual support to achieve the Private Party's commercial objective of operating a profitable tourism destination, whilst at the same time generating local economic development and jobs for the benefit of the Local Communities and allowing CDM to conserve the Motumo Trading Post as it is enjoined to do so in terms of Law.

## 2 Project Purpose and Objectives

The project seeks to achieve the following objectives:

- To revamp and upgrade the conference facility at Motumo Trading Post;
- To revamp and upgrade the Machaka Nature Reserve;
- To maximise revenue generation for the municipality; and
- To create sustainable jobs.

The Private Party will be required to:

- rehabilitate the two properties of the Motumo Trading Post and convert the facility into an economically viable tourism destination; and
- propose a tourism development of their choice, whether this may require a complete demolition and reconstruction of the current properties or a simple revamp of the sites, provided that the newly proposed development fits within the context of the Motumo Trading Post and its surrounds.

## 3 Contract Details:

The contract details are summarised below:

<b>Title:</b>	Public Private Partnership for the development and management of tourism opportunities at Motumo Trading Post
<b>Institution:</b>	Capricorn District Municipality
<b>Community Representation:</b>	Machaka Traditional Authority
<b>Private Party:</b>	Phepele Projects (Registration Number: 2008/238115/23)
<b>Contract Type:</b>	Public Privat Partnership (PPP) Contract
<b>Duration of the PPP Agreement:</b>	<p>This Agreement and the rights and obligations of the Parties under this Agreement shall take effect on the Signature Date and shall endure for the Project Term.</p> <p>The Development Period shall commence on the Signature Date and shall endure for no more than 36 months (or such longer period as may be agreed to between the Parties, in writing). The Development Period is applicable to phase 1 of the Master Plan, with the next phases commencing if phase 1 is successfully operational and the Agreement's terms met within the operation period.</p> <p>The Operation Period shall commence on the Operation Commencement Date and terminate on the earlier of the Expiry Date or the Termination Date.</p>

<b>Title:</b>	Public Private Partnership for the development and management of Tourism opportunities at Motumo Trading Post
<b>Expiry Date:</b>	The last day of the month in which the fifteenth (15th) anniversary of the Operation Commencement Date occurs, subject to amendments in accordance with the terms of this agreement.
<b>PPP Fee</b>	<p>With effect from the Operation Commencement Date and for the duration of the Project Term, the Private Party shall pay to the Institution the PPP Fee.</p> <p>The Annual Lease Rental, which will be adjusted annually by the CPIX rate:</p> <ol style="list-style-type: none"> <li>1. R130 800.00 for FARM DE GLADDE KLIPKOP 763 LS (Machaka Game Reserve)</li> <li>2. R120 700.00 for FARM DE GLADDE KLIPKOP 763 LS (Motumo Trading Post)</li> <li>3. Discount for 1 and 2 is 75% in the first year, 50% in the second year, 25% in the third year and 0% discount from the fourth year onwards.</li> <li>4. 5% of the Gross Revenue earned in respect of the relevant Project Year, which amount shall be called the "Variable PPP Fee".</li> </ol> <p>The Lease Rental shall be paid monthly in advance [on the 5th Business Day of the month preceding the month in respect of which that Lease Rental is being paid].</p> <p>The Variable PPP Fee shall be paid within 30 Business Days of the end of each Project Year.</p>
<b>Institution Representative:</b>	<p>Ellen Mashakoe</p> <p>Email: mashakoe@cdm.org.za Tel: +27 15 294 1000 Address: 24 Thabo Mbeki Street, Polokwane, 0699</p>
<b>Private Party Representative:</b>	<p>Motlhatlego Mishack Raphasha</p> <p>Email: mishack1975@icloud.com Tel: +27 76 141 1730 Address: Stand A01920 Ga-Ramokgopa Village Next Mokomene Capricorn FET, P O BOX 112, Soekmekaar, 0810</p>

#### 4 Contract Administration Team

The following table lists individuals who have direct oversight responsibility to monitor whether the municipality receives and accepts the deliverables and services identified in the contract.

Name and Contact Details	Role	Responsibilities
<b>Ellen Mashakoe</b> Email: <a href="mailto:mashakoe@cdm.org.za">mashakoe@cdm.org.za</a>	Contract Manager	<ul style="list-style-type: none"> <li>- Liaise with Private Party</li> <li>- Liaise with Traditional Authority</li> <li>- Liaise with local, provincial and national authorities</li> <li>- Monitor performance in terms of the contract</li> </ul>
<b>Sello Maebela</b> Email: <a href="mailto:maebelas@cdm.org.za">maebelas@cdm.org.za</a>	Secretariate	<ul style="list-style-type: none"> <li>- Meetings invites and agenda</li> <li>- Meeting minutes</li> <li>- Contract documentation administration</li> <li>- Knowledge sharing and management</li> <li>- Performance tracking</li> <li>- Administrative support</li> <li>- Action execution from meeting/plans</li> </ul>
<b>Tshepo Solomon Letswalo</b> Email: <a href="mailto:letswalot@cdm.org.za">letswalot@cdm.org.za</a>	Legal	<ul style="list-style-type: none"> <li>- Review PPP Agreement</li> <li>- Evaluate execution of partnership in terms of the contract</li> <li>- Determine amendment, expiry and termination clause application</li> <li>- Enforce the contract before, during and post contractual period</li> </ul>
<b>Tiro Pilusa</b> Email: <a href="mailto:pilusat@cdm.org.za">pilusat@cdm.org.za</a>	Finance	<ul style="list-style-type: none"> <li>- Evaluation of Annual Audited Financial Statements submitted by the Private Party</li> <li>- Arrangement and monitoring of annual payments received from Private Party in accordance with the PPP Fee</li> <li>- Arrangements and monitoring of payments to be made to the Traditional Authority on the annual lease rental</li> <li>- Arrangements and review of other municipal rates and taxes in accordance with the contract</li> </ul>
<b>Jabu Masondo</b> Email: <a href="mailto:masondoj@cdm.org.za">masondoj@cdm.org.za</a>	Community liaison	<ul style="list-style-type: none"> <li>- Liaise with relevant community structures</li> <li>- Address issues of concerned groups</li> <li>- Undertake action to protect the partnership structure and assets</li> <li>- Ensure community benefits from employment and transformation opportunities</li> </ul>
<b>Mashiloane Doris</b> Email: <a href="mailto:thabar@cdm.org.za">thabar@cdm.org.za</a>	Town and Regional Planning	<ul style="list-style-type: none"> <li>- Assist with planning process and applications during the development phase.</li> <li>- Liaise with local municipality regarding by-laws and applications in accordance with the contract.</li> <li>- Assist with the application for exemption of Bulk Services Contribution.</li> <li>- Provide supporting services with the EIAs, Town Planning and Zoning aspects.</li> </ul>

## 5 Contract Execution Plan

The table below provides a preliminary execution plan for the institution to complete the signing of the PPP Agreement.

Table 1: Execution Plan for PPP Agreement Signing

Action Step	Task	Responsibility	Timeline	Status
<b>Feasibility Study</b>				
1. Feasibility Study Review and Approval from GTAC	a. Resent re-dated cover letter for the feasibility study	CDM	Oct-18	Complete
	b. GTAC official submit feasibility study to review committee	GTAC	Nov-18	Complete
	c. Views and recommendations made by GTAC	GTAC	Nov-18	Complete
	d. Update feasibility study	UE	May-20	Complete
2. Draft RFP Approval	a. Request DRDLR, GTAC and CDM for inputs on Draft RFP	UE	Oct-18	Complete
	b. Readjust RFP including draft PPP agreement	UE	Nov-18	Complete
	c. Submit draft RFP for views and recommendations by GTAC	CDM	Nov-18	Complete
	d. Treasury Views and Recommendations: IIA	CDM	Sep-19	Complete
<b>Request for Proposal</b>				
3. Issue request for proposal	a. CDM supply chain management committee approval	CDM	Aug-21	Complete
	b. Issue request for proposal	CDM	Aug-21	Complete
	c. Re-issue request for proposal	CDM	Nov-21	Complete
	d. Consult with potential bidders	CDM	24-Aug-21	Complete
	e. Receive bids	UE	16-Nov-21	Complete
4. Bid Selection	a. SCM verification process	CDM	Dec-21	Complete
	b. Compare bids with feasibility study and each other	CDM	Jan-22	Complete
	c. Select preferred bidder	CDM UE	Aug-22	Complete
	d. Prepare value assessment report	CDM UE	Aug-22	Complete
		CDM	Oct-22	Complete

Action Step	Task	Responsibility	Timeline	Status
	e. Treasury Views and Recommendations: IIB	UE GTAC	Apr-23	Complete
<b>PPP Agreement</b>				
5. Negotiation	a. Negotiate with the preferred bidder (i.e. negotiation of PPP contract) and preparation of PPP agreement management plan	UE CDM	Aug 2023- Jan 2024	Complete
	b. Finalise PPP contract management plan	CDM		In Process
	c. 60 days prior to signing of contract, give public, Treasury, COGTA 30 days to comment	CDM, GTAC	Mar - Oct 2024	In Process
	d. Treasury Views and Recommendations: III	GTAC		In Process
	e. Council passes resolution authorising execution of PPP contract	CDM		
	f. Accounting officer signs PPP agreement	CDM, MTA, Private party		

The table below provides a preliminary execution plan for the institution to manage the contract during the PPP Agreement.

Action Step	Task	Responsibility	Timeline	Status
<b>Development Phase</b>				
1. Private Party Due Diligence	a. Formal introduction of private party to Traditional Authority and site	CDM, MTA		
	a. Management of community stakeholder relations	CDM, MTA		
	b. Provide private party with advisory services with the completion of architectural designs and layout, quantity surveyor estimates, Geotech report, EIA report, etc.	CDM, Private Party	Aug 2023	In Process
	c. Co-development of project management plan for site handover with private party	CDM, Private Party		
	d. Development and agreements with private party on security and site management plan for the development phase.	CDM, Private Party		

Action Step	Task	Responsibility	Timeline	Status
2. Planning Approvals	a. Assist with development and operational requirements from a municipal perspective	CDM		
	b. Assist private party with SPLUMA application	CDM, MMLM,		
	c. Assist with exemption of Bulk Services Contribution	CDM, MMLM,		
3. Financing	a. Make reasonable effort to assist the Private Party in obtaining the consents necessary to fund, develop, and operate the project.	CDM, Private Party		
	a. Implement security and site management plan with the Private Party	CDM, Private Party		
4. Construction	b. Management of community stakeholder relations	CDM		
	c. Implement handover procedure in accordance with the contract and project management plan	CDM, Private Party		
<b>Operational Phase</b>				
5. Operational Launch	a. Support soft and hard launch of the product	CDM, Private Party, LEDET, LTA, Tourism Associations		
	b. Monitor the compliance with the contract in terms of the operational commencement date	CDM		
6. Continuous contract management	a. Management of community stakeholder relations	CDM		
	b. Manage approval of activities under the contract	CDM		
	c. Monitor operational and contractual performance	CDM		
	d. Undertake annual review of audit financial statement and SCM compliance.	CDM, Private Party		
	e. Manage annual PPP FEE payments from Private Party	CDM, Private Party		
	f. Manage Annual Lease Rental payments to Machaka Traditional Authority	CDM		
<b>Exit Strategy</b>				
7. Contract Expiration	a. Undertake review of contract performance over a 15-year period to determine success of PPP.	CDM		

Action Step	Task	Responsibility	Timeline	Status	
8. Exit Strategy	b. Undergo negotiations with Private Party regarding the contract performance and the options for a contract exit or addendum.	CDM, Private Party			
	c. Council passes resolution authorising execution of PPP contract expiration or addendum.	CDM			
	a. Accounting officer signs PPP agreement expiration or addendum	CDM, MTA Private Party			
	a. Undertake review of contract performance over a 15-year period to determine success of PPP.	CDM			
	b. Develop 12 month exit strategy with Private Party	CDM, Private Party			
	c. Develop plan for site management post the PPP Agreement expiration or termination	CDM			

## 6 Performance Monitoring

The following table outlines the schedule of meetings required to monitor the contract management.

Meeting	Frequency	Attendees	Topics
Contract Initiation	Once	<ul style="list-style-type: none"> <li>- Contract Manager</li> <li>- Secretariate</li> <li>- Legal</li> <li>- Finance</li> <li>- Community liaison</li> <li>- Town and Regional Planning</li> <li>- Private Party</li> </ul>	<ul style="list-style-type: none"> <li>- All tasks and proposed PPP</li> <li>- Resources and inputs required</li> <li>- Planned outputs</li> <li>- Financial implications for implementation</li> </ul>
Team Leads Meetings	Bi-weekly/ Monthly	<ul style="list-style-type: none"> <li>- Contract Manager</li> <li>- Secretariate</li> <li>- Private Party</li> </ul>	<ul style="list-style-type: none"> <li>- Progress reporting</li> <li>- Issue for clarity</li> <li>- Action steps and way forward</li> </ul>
Performance Management Meetings	Monthly/ Quarterly	<ul style="list-style-type: none"> <li>- Contract Manager</li> <li>- Secretariate</li> <li>- Community liaison</li> </ul>	<ul style="list-style-type: none"> <li>- Project status</li> <li>- Progress reporting</li> <li>- Issues/bottlenecks</li> <li>- Mitigation plan</li> </ul>
Annual Contract Performance Review	Annual	<ul style="list-style-type: none"> <li>- Contract Manager</li> <li>- Secretariate</li> <li>- Legal</li> <li>- Finance</li> <li>- Community liaison</li> <li>- Town and Regional Planning</li> <li>- Private Party</li> </ul>	<ul style="list-style-type: none"> <li>- Project status</li> <li>- Performance monitoring review</li> <li>- Financial audit review</li> <li>- Issues for clarity</li> <li>- Negotiations and decision-making</li> <li>- Way forward</li> </ul>

The following table contains a list of required documents, reporting frequency, and responsibility with internal monitoring and reporting of contract performance.

Document Name	Frequency	Responsibility
Quarterly Progress Report <ul style="list-style-type: none"> <li>- Project Status</li> <li>- Issues and concerns</li> <li>- Mitigation plan</li> <li>- Way Forward/Next Steps</li> </ul>	Quarterly	Private Party to CDM
Audited Financial Statements	Annually	Private Party to CDM
Compliance documents: <ul style="list-style-type: none"> <li>- BEE Status Verification Report</li> <li>- Tax Compliance</li> <li>- CSD Report</li> <li>- Company Registration</li> </ul>	Annually	Private Party to CDM

Document Name	Frequency	Responsibility
<ul style="list-style-type: none"> <li>- Bank Confirmation Letter</li> <li>- Others</li> </ul>		
Annual Contract Performance Report: <ul style="list-style-type: none"> <li>- Work Specifications</li> <li>- Environmental Specifications</li> <li>- BEE Obligations</li> <li>- Financial Audit</li> <li>- Issues for Clarity</li> <li>- Concerns and Recommendations</li> </ul>	Annually	CDM to Private Party

## 7 Risk Mitigation

Risk management includes: 1) identifying risks, 2) the potential impact of identified risks, and 3) determining how to manage, mitigate, or eliminate identified risks. The following table contains a list of project risks that require management.

Type	Description	Risk Level	Mitigation Measures	Allocation of Risk
<b>Financing</b>	The required capital for Capex and Opex may not be able to be raised; loans may not be able to be repaid; tax obligations may not have been fully taken into account or may change; fluctuating inflation, interest rates, and currencies may affect assumptions	M	<ul style="list-style-type: none"> <li>- Sign PPP agreement</li> <li>- Apply also for rural development, Agricultural and tourism Grants</li> <li>- Appointment of Business Development Officer</li> <li>- Full Compliance with SARS</li> </ul>	<ul style="list-style-type: none"> <li>- Private Party</li> <li>-</li> </ul>
<b>Supporting Infrastructure</b>	Supporting infrastructure may be inadequate to sustain the enterprise	H	<ul style="list-style-type: none"> <li>- Employ all available resources to the project, both personnel and financial</li> <li>- Exemption of Bulk Services Contribution</li> <li>- Municipal provision of electricity to site</li> <li>- Private Party's provision for water and sanitation, waste management and environmental management services.</li> <li>- Obtain approvals for the building plans before construction</li> </ul>	<ul style="list-style-type: none"> <li>- Private Party</li> <li>- CDM</li> <li>- MTA</li> <li>- MMLM</li> <li>- Limpopo Provincial Government</li> <li>- National Government</li> </ul>
<b>Planning, design and construction</b>	Planning consents may not be acquired or granted; the design may not be fit for the purpose; construction may not be completed on time and in budget	M		<ul style="list-style-type: none"> <li>- Private Party</li> <li>- CDM</li> <li>- MMLM</li> </ul>

Type	Description	Risk Level	Mitigation Measures	Allocation of Risk
<b>Utilities</b>	Utilities may not be fully available or may cause delays	H	<ul style="list-style-type: none"> <li>- CDM is not providing bulk utilities, hence, private party will develop the infrastructure</li> <li>- Exemption of Bulk Services Contribution</li> <li>- Private Party's provision for water and sanitation, waste management and environmental management services.</li> </ul>	<ul style="list-style-type: none"> <li>- CDM</li> <li>- MMLM</li> <li>- Private Party</li> </ul>
<b>Environment and heritage</b>	Liability for losses caused by environmental or heritage damage or delays	M	<ul style="list-style-type: none"> <li>- Observe Environment and Heritage protocols all throughout the renovation and construction.</li> <li>- Undertake EIA for new developments if required by SPULMA application.</li> <li>- Comply with Heritage Act.</li> <li>- Respectful management of gravesites.</li> </ul>	<ul style="list-style-type: none"> <li>- Private Party</li> </ul>
<b>Maintenance</b>	The costs of maintenance to required standards may vary from projections or maintenance may not be carried out	M	<ul style="list-style-type: none"> <li>- Appointment of Business Development Officer</li> </ul>	<ul style="list-style-type: none"> <li>- Private Party</li> </ul>
<b>Operations</b>	Any factors (other than force majeure) that may impact on operations	H	<ul style="list-style-type: none"> <li>- Co-development of project management plan for site handover with private party</li> <li>- Development and agreements with private party on security and site management plan for the development phase.</li> </ul>	<ul style="list-style-type: none"> <li>- CDM</li> <li>- Private Party</li> </ul>
<b>Market, demand, volume</b>	The demand for the product may be less than projected	H	<ul style="list-style-type: none"> <li>- Grand Opening</li> <li>- Advertisement to all mediums</li> </ul>	<ul style="list-style-type: none"> <li>- Private Party</li> </ul>

Type	Description	Risk Level	Mitigation Measures	Allocation of Risk
<b>Political</b>	Unforeseeable conduct by any government institution may adversely affect the project, or the government may expropriate private party assets	M	<ul style="list-style-type: none"> <li>- Communications to the public about the renovation of Motumo Trading Post</li> <li>- Currently coalition instabilities hasn't affected Limpopo</li> <li>- Engage with all parties in Council and Legislature</li> <li>- CDM to manage relations with MTA and community</li> </ul>	- CDM
<b>Force majeure</b>	Unexpected events beyond either party's control	H	<ul style="list-style-type: none"> <li>- PPP has covered and made provision</li> <li>- Insurance requirements as per the PPP Agreement</li> </ul>	<ul style="list-style-type: none"> <li>- Private Party</li> <li>- CDM</li> </ul>

## 8 Way Forward

The preferred bidder was pre-awarded and SCM has hosted the initial negotiation meeting with the preferred bidder to determine the needs and commitments between the bidder and CDM (Legal, LED, Finance Departments). From the discussions, the Transactional Advisor and CDM's Legal Department reviewed the draft PPP agreement. The draft PPP agreement has been sent to the preferred bidder for inputs. Several negotiation sessions were held during January to March 2024, where final changes and agreements were made between the two parties.

The Final PPP agreement will be reviewed by CDM's Legal Department before submission to GTAC. CDM will allow 60 days prior to the signing of the contract and give the public, Treasury, COGTA 30 days to comment. The council passes a resolution authorising the execution of the PPP contract, after which the accounting officer signs the PPP agreement with the preferred bidder.

The Contract Management Plan will be monitored and revised with every action step and will be governed by the performance monitoring activities.