

LOCAL ECONOMIC DEVELOPMENT STRATEGY FOR MOLEMOLE LOCAL MUNICIPALITY

Final LED Strategy

Version 1.0



LIMPOPO
PROVINCIAL GOVERNMENT
REPUBLIC OF SOUTH AFRICA

**DEPARTMENT OF COOPERATIVE GOVERNANCE
TRADITIONAL AFFAIRS AND HUMMAN SETTLEMENT**

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Acronyms

B-BBEE	Broad Based Black Economic Empowerment
CDM	Capricorn District Municipality
CPA	Communal Property Association
CSG	Child Support Grant
CSIs	Cooperate Social Investment
DFIs	Development finance institutions
DLGH	Department of Local Government and Housing
DMR	Department of Mineral Regulations
DORA	Division of Revenue Act
EU	European Union
GDP	Gross Domestic Product
GGP	Gross Geographic Product
ICT	Information and communication technology
IDP	Integrated Development Plan
INEP	Integrated National Electricity Programme
IPAP2	Industrial Policy Action Plan 2
LED	Local Economic Development
LEGDP	Limpopo Employment, Growth and Development Plan
Libsa	Limpopo Business Support Agency
Limdev	Limpopo Economic Development Enterprise
MLM	Molemole Local Municipality
NDPG	The Neighborhood Development Partnership Grant
NEF	National Empowerment Fund
NIPF	National Industrial Policy Framework
NIPF	National Industrial Policy Framework
NQF	National Qualification Framework
NSDP	National Spatial Development Perspective
OAG	Old Age Grant
RDP	Reconstruction and Development Programme
ROI	Return on Investment
SAPS	South African Police Services
SDF	Spatial Development Framework
SEDA	Small Enterprise Development Agency
Seda	Small Enterprise Development Agency
SONA	State of the Nation Address

EXECUTIVE SUMMARY

Molemole Local Municipality (MLM) is located in the Capricorn District Municipality (CDM) in the Limpopo Province. The neighbouring local municipalities forming the CDM are Blouberg, Aganang, Lepelle-Nkumpi and Polokwane Municipalities. MLM is located 60 kilometres to the north of Polokwane, the provincial capital with a population of 106,979 people¹. The majority of the population is comprised of black Africans (98.1%) with a minority of whites, Indians and coloureds, which equates to only 1.9% of the population. MLM has a population density of 31.9 persons per square kilometre, which is lower than the district, provincial and national averages of 75.1, 43.2 and 40.9 persons per square kilometres respectively which infers that the municipality is sparsely populated relative to the district, province and South Africa.

The Molemole has the highest proportion (21.9%) of people without schooling in comparison to South Africa, the Limpopo Province and the Capricorn district municipality, which have 14.7%; 20.7% and 17.1% of people without schooling respectively. Though the municipality has approximately the same proportion of people without schooling as the province, it does not compare well to the other municipalities in the district.

The municipality has shown an increase in house or brick structure on a separate stand or yard from 77.3% in 1995 to 82.3% in 2007. Data on types of housing indicate that types which fall below RDP level housing have decreased in the same period (1995-2007) with:

- Traditional dwelling structures made of traditional material decreasing from 9,3% to 1.1%
- Room in the back yard decreasing from 5.4% to 0.9%, and
- The informal dwelling such as shacks in the informal settlement decreasing from 3.1% to 1.6%.

In 1995 only 7.6% of the population of the municipality had access to water inside the dwelling unit. This figure increased to more than 50% of the households in 2010. Also of interest to note is that the percentage of households with access to piped water inside the yard increased from 20.9% in 1995 to 41.4% in 2007. Furthermore 73% of the population of Molemole have access to cell-phones, which is higher than all the municipalities across the district with the exception of Polokwane (79%).

¹ This figures represent the population of the municipality in 2010 according to Quantec Research

The real GDP of the municipality has been modestly growing, implying that the municipality is enjoying some measured positive growth in the size and scale of its economy. The GDP of Molemole has grown from R1 billion in 2001 to around R1.5 billion in 2010. Further disaggregation of the real economic growth of the municipality reveals that the largest contributors by market value in 2010 were finance and business services (R360 million); general government (R315 million); agriculture, forestry and fishing (R207 million); wholesale and retail (R181 million); transport, storage and retail (R171 million); and community, social, and personal services (R111 million);

In terms of employment, there are three dominant occupations in the municipality which account for 55.4% of formal employment. These are: elementary occupations which contribute 30.8%; craft and related trade workers at 12.6%; and service workers - which include shop and market sales workers – at 11.9%. This is slightly different compared to district and provincial trends, which reflect higher proportions of occupation in the 'professionals' category (16% and 12.4%) respectively.

The strength, weakness, opportunities and threats of the municipality could be summarised as follows

- Strengths- Arable land which is able to produce potatoes, tomatoes, and vegetables; Profitable commercial livestock industry; Proximity to Polokwane and National highways.
- Weaknesses- Lack of sufficient water to expand the agriculture sector; Low education profile, with 21.9% of the population with no schooling; Lack of skilled human resources; Lack of adequate entertainment and leisure facilities; Lack of organisation among historically disadvantaged populations in optimising the potential of the vast productive communal land; Weak cooperative sector
- Opportunities- Abundant agricultural land that is mainly communal; harness the power of cooperatives in achieving economies of scale and scope in potato, vegetable and livestock farming; the opportunities in agro-processing of agricultural produce in the municipality utilising the competence and experience of the Molemole Food Processing such as the development of an Agri-hub in the municipality (agro-processing and logistics hub)
 - harness synergies in socio-economic activity in the municipality such as integrated tourism promotion (Mutomo Trading Post, Tropic of Capricorn, Machaka Game Reserve, and Agri-Tourism)

- policy and regulatory framework in government that's advocating agro-processing through the New Growth Path that seeks to harness low skilled human resource, BBBEE Act that seeks to enable supplier development of HDI firms, thereby enabling and enhancing market access of agri-products from HDI owned firms
- Threats- Lack of water to expand the agricultural sector and Environmental challenges such as global warming and climate could affect agricultural activities and bio-diversity of the municipality

Analysis of potential in the economy of Molemole reveals the following

- There is opportunity for the formalisation of livestock farming in the western parts of Molemole, where there is approximately 7000 livestock located on the communal land.
- There is a potential to stimulate the sector through marketing the tourist attraction points in the municipality. Currently, there are three main tourist attraction points in the municipality, this includes Mutumo Trading Post, Tropic of Capricorn and Machaka Nature Reserve, which could be repackaged and be marketed.
- There is Molemole Food Processing which is currently producing Marula Jam, Marula Archar, and Marula Juice. This factory has the potential for expansion and could be linked to similar initiatives in the provinces such as the processing of Marula in Ba-Phalaborwa, which is currently selling the products to Stellenbosch, Cape Town. Some of the challenges that the cooperative faces is access to raw material and governance issues which has led it to be somewhat dysfunctional since its inception.
- There is an opportunity to process the waste that is generated from the quarries, which can be generated into crusher stone. Currently, there is existing waste that could be processed to manufacture crushed stone. This could be linked to the current and future construction projects to supply roads and other infrastructure projects that are commissioned by various spheres of government including parastatals.

1. INTRODUCTION

Molemole Local Municipality is faced with a myriad of economic development challenges. This ranges from unemployment, low skills, young population, and migration among the economically active age cohorts. The percentage of people within the 'no income' category are very high within the Molemole municipal area, even though higher than the provincial average, with the percentage of the households falling into the 'no income' category in MLM being 50.1%.

The statistics on sanitation in MLM indicate that the dominant sanitation method is the pit latrine (72.1%), though its use has declined marginally. The use of flush or chemical toilets as a sanitary method grew fastest, increasing from 9.5% (2199 households) to 20.3% (6020 households) between 1995 and 2010. This could be attributed to increasing development and occupation of permanent or brick dwellings (urbanisation and growth in Mogwadi). There are still, however, a high number of households (just over 10%) that receive low levels of service.

Not all the data paints a negative picture, however. The amount of households with access to electricity increased significantly to 93% in 2010. The marked improvement could be attributed to the successful government effort in the design of a dedicated grant - Integrated National Electricity Programme (INEP) – purposed for the electrification of various areas across the country. It is important to acknowledge that the use of other sources of energy which were and are potentially hazardous to the residents (such as candles and paraffin) decreased from as high as 43% and 8.91% in 1995 to 5% and 1% in 2010, respectively. This increased rate of electrification could serve as a potential driver for economic activity, as most of the challenges faced in MLM are as result of lack of economic opportunities.

The Limpopo Department of Cooperative Governance, Traditional Affairs and Human Settlement in conjunction with Molemole Local Municipality commissioned Procurement Dynamics to develop a LED strategy for MLM in order to address these challenges. This report is the third draft of the LED strategy. It reflects on the challenges, opportunities, strength and threats which the municipality is faced with, potential solutions, and areas which the municipality should improve to perform better in addressing the

challenges through stimulating economic activities. It also lists some of the major projects that the municipality could pursue in order to address some of these challenges.

The provincial spatial development framework has identified a number of district and municipal growth nodes which provide indications on some potential areas for economic development. This LED strategy explores those possible growth points further in order to address some of the key challenges and the economic potential of the municipality. Most importantly it highlights some of the salient issues that will enable and enhance the ability of various stakeholders involved in the implementation of this strategy to respond through identifying some of the key sectors to be diversified with the aim of increasing employment and SMME development.

The structure of the report is as follows:

- Section two of the report deals with the policy that impacts on the development of Molemole Local Municipality, this includes national, provincial as well as local government policies.
- Section three thereafter outlines the situational analysis of the municipality, beginning with an analysis of the spatial characteristics of the municipality, demographic trends, access to basic services, economy, environmental analysis as well as infrastructure analysis (including access to information and communication technology such as broadband). This section also analyses access to basic services such as water and electricity, and social services such as health facilities.
- Section four outlines the proposed LED framework for Molemole. It begins by reviewing the vision and mission of Molemole LED, the drivers of Molemole economy, a detailed analysis of how a region develops and how MLM fits into the regional development, and a detailed analysis of potential, opportunities and challenges of various sectors to steer development. This is followed by a detailed analysis of major projects which could drive and stimulate development in Molemole at a larger scale.

2. Methodology

The project was initiated by the meeting with the key implementing agencies that were involved in the development of the strategy. This include Department of Cooperative Governance, Human Settlement and Traditional Affairs,, the project sponsor, Molemole Local Municipality; project beneficiaries as well as Procurement Dynamics (Pty) Ltd, the consulting team. The meeting was followed by meeting which involved the representatives from latter mentioned organisations as well as officials from Capricorn District Municipality (CDM), Office of the Premier, Limpopo Economic Development and Tourism (LEDET), to form a project management team. This served as reference group for the project which was mainly responsible for guiding the development of MLM's LED Strategy.

Baseline Review

The first step undertaken in the formulation of this strategy was to comprehensively review literature and documents produced by various spheres of government and organisation that impact on the economic development of MLM. Some of the key documents reviewed include the Spatial Development Framework, National Spatial Development Perspective, Limpopo Employment Growth and Development Plan, MLM's Integrated Development Plan (IDP) 2010-2011 and as well as their five year IDP 2011-2014, Mineral and Mining Development Study of Molemole, CDM Investment and Marketing Strategy among others. This was augmented by comprehensive statistical data sourced from various institutions such as Quantec Research, Statistics South Africa (StatsSA) and Department of Agriculture Database to mirror social and economic trends in the municipality.

Core to the development of the LED strategy was the identification of the spatial, demographic, environmental and economic trends as well as infrastructure spread in the municipality. This review was also augmented by detailed interviews with informants in key economic sectors to understand the economy of Molemole from their perspectives, their future expansion plans, the constraints to their present activity, and areas where they need government support.

The outcome of the review is a clear picture of the economy of Molemole: what the key drivers of growth are; how they can be supported; constraints to present and future growth of the key sectors; how the

economic activity shapes the demographic profile of the area presently and into the future; what infrastructure exists and its adequacy for present and future economic activity.

Stakeholder Mobilisation

Also critical to the successful development of this strategy was the broader consultation and involvement of stakeholders ranging from various sectors such as tourism, agriculture, the business associations, labour, SMME, the youth, government and non-profit sector. Two stakeholder workshops were held, each with satisfactory attendance. In the first workshop the baseline strategy was presented to the stakeholder and number of areas which needed to be followed up were identified. Most importantly, number of other stakeholders whom did not form part of the meeting were identified and followed. Specific key issues that affect the operationalisation and implementation of economic development programmes in the municipality were also identified and follow-up discussions scheduled and held with various organisations. For example, issues affecting business were followed in a much greater details with National African Federated Chamber of Commerce (NAFCOC) Limpopo while there was another follow up discussion with Department of Agriculture and Limpopo Business Support Agency (LIBSA) to follow on issues such as the development of emerging agriculture produce and cooperatives.

The rational for undertaking this approach is that one of the key contributors to economic growth is the presence of strong and effective institutions that create and support the competitive and comparative advantages required for growth and development. These non-economic sectors constitute the institutional base of this municipality and unless they are fully involved and their views captured they may frustrate what is otherwise a promising economic development strategy. In addition, the pro-poor focus of the strategy makes these sectors important as they are generally more in touch with the poor.

Also important was to involve the district and the province particularly officials who are responsible for local and regional economic development. This sought to strengthen and align the Molemole LED strategy with other economic development frameworks in government.

Potential Analysis

A number of proposals and ideas arose from the first stakeholder engagement process and the baseline review, which were subsequently analysed for their potential. The approach to potential analysis was

mainly through a process of ranking of all possible projects based on their economic and social impact, investment (human, physical, financial capital) requirements and feasibility. Estimated financial requirement for implementing all identified projects and programmes were also conducted where applicable. This analysis resulted in a list of programmes and projects which were presented and workshopped with the project management team. Furthermore, the projects and programmes were also presented to broader stakeholders where broader stakeholders were allowed to make inputs and suggestion. They were also given the opportunity to challenge some of the programmes and projects which were presented.

Some of the key aspects which were analysed for all the programmes, projects and activities include the following

- Potential economic impact
- Investment requirements
- Support measures and leverage that is available to support identified sector
- Identification of forward and backward linkages in growth sectors
- Assessment of human development

Draft Strategy

The above activities resulted in the development of draft LED strategy which combined all the above activities into a comprehensive LED strategy. The draft LED strategy was presented to both the project management team and also to broader stakeholders for inputs and comments. This resulted in a revised and final strategy being developed for final workshop with the project management team, indicating how different ideas cohere, how they can be packaged, and how they lead to the realisation of the development objectives of Molemole Local Municipality.

Institution and Implementation Plan

This phase focused on institutional options to support the success of the strategy. The institutional options included the creation of linkages between the various institutions at the municipal level, the district, province and national. The effectiveness of existing institutions within Molemole and how they could be augmented to support the proposed LED strategy was examined at this stage. This involved an

institutional analysis, formulation and appraisal of various options for appropriateness to an MLM LED strategy.

Monitoring and evaluation

A robust Monitoring and Evaluation framework was developed which designed to provide intelligence, both in real time and in retrospect, on the changing strategic context and on the differences that the plan and its components might have.

The development of the framework proposed a mechanism (together with the identification of institutions to be involved and their role) to monitor the performance of the strategy and evaluate its impact, and proposed measures for future review and updating of the strategy.

Final LED Strategy

This stage culminated in the consolidation of the above task deliverables into one document which forms the MLM's LED strategy. Key activities were to incorporate the institutional and implementation plan as well as Monitoring and Evaluation for the strategy.

3. SOUTH AFRICA'S LEGISLATIVE AND POLICY ENVIRONMENT

The purpose of summarising the relevant Policy and legislation is to illustrate the importance of the challenges that need to be addressed by the proposed Local Economic Development Strategy, as well as to indicate the alignment of the LED strategy with various National, Provincial and Local government policies and initiatives of alleviating poverty, stimulating economic activities as well as industrialisation. Essentially, this is meant to demonstrate the alignment of MLM LED strategy with various policy imperatives at all spheres of government and also to identify development opportunities that could be captured to the benefit of MLM.

3.1 NATIONAL POLICIES

National LED Framework: The Department of Cooperative Governance and Traditional Affairs (COGTA) introduced the National Framework for Local Economic Development in 2006, which aimed at guiding all stakeholders involved in LED. The key objective is to shift towards a more strategic approach to the development of local economies and overcome challenges and failures in respect of instances where municipalities themselves try to manage litany of non-viable projects or start-ups. It put emphasis on the role of institutions in supporting economic development and the importance of strengthening institutions, both the hard infrastructure and soft infrastructure of social networks and interactions. It includes, for example, strengthening business associations, SME networks, inter-municipal collaboration, partnerships with institutions of higher education and research institutes, and growth coalitions involving municipal government, business, workers and civic society. The National LED Framework thus emphasises developing institutional strength through building associational networks.

State of the Nation Address (SONA): In the 2011 SONA, the president of South Africa brought special attention to the governments inclined focus to incorporate the private sector as primary initiators for job creation within the country. He pledged the governments support for the private sector where intervention may be needed. He announced the establishment of R9 billion fund, stretched over the next three years to finance new job-creation initiatives. In addition, the Industrial Development Corporation set

aside R10 billion over the next five years for investment in such economic activities with high job creation potential. One of the most outstanding announcements was the R20 billion in tax allowances or tax breaks aimed to promote investments, expansions and upgrades in the manufacturing sector. Therefore, it would be fitting for MLM LED strategy to tap into this initiative that could be impetus for economic development and job creation. Furthermore, it can also take advantage of financial support that has been set aside with the aim of developing the municipal economy.

National Industrial Policy Framework (NIPF): The NIPF was adopted by the Cabinet in January 2007 in order to align public and private sector efforts and initiatives by means of enhancing and enabling the industrialisation of the country through better growth and employment opportunities. The primary target was identified as the low skills intensity industries which have high labour absorbing capacity, particularly those industries that may absorb the majority of the historically disadvantaged populations.

The essential conditions to foster industrial development are identified as:

- A stable and supportive macroeconomic regulatory environment
- Needed education and specific skills for industrialisation
- Infrastructure
- Technology and innovation

In support of the essential conditions needed of industrial development, the NIPF aims to provide strategic direction and overcome constraints which may inhibit industrial development.²

Industrial Policy Action Plan 2 (IPAP2): IPAP2 was introduced to parliament in February 2010 and builds on the National Industrial Policy Framework (NIPF) and the 2007/8 IPAP. It represents a significant step forward in scaling up efforts to promote long term industrialisation and industrial diversification beyond current reliance on traditional commodities and non-tradable services. Its purpose is to expand production in value-added sectors with high employment and growth multipliers that compete in both export markets and the domestic market against imports. In so doing, the IPAP2 places emphasis on more labour-absorbing production and services sectors, and the increased participation of historically disadvantaged people and regions in the South African economy. It should facilitate, in the medium term, South Africa's contribution to industrial development in the African region. This will aim to sequentially increase competitive local procurement and supplier development opportunities, minimise 'leakages' from

² Capricorn District Municipality – Investment and Marketing Strategy 2010.

the domestic economy, and support meaningful Broad Based Black Economic Empowerment (B-BBEE) in all three spheres of government and in SOE's.

New Growth Path: The New Growth Path was introduced by National government through the Ministry of Economic Development in November, 2010. It advocates a more labour-absorbing economic growth plan intended to mitigate inadequacies within the economy by reducing unemployment and inequality. Core to this policy is the creation of 5 million sustainable new jobs by 2020. It builds on other interventions such as AsgiSA and the National Industrial Policy Framework (NIPF) in achieving inclusive and sustainable growth. The following three areas were highlighted as the possible steps that should be taken over time to achieve a vibrant and viable economy:

- In the very short run, the state can accelerate employment creation primarily through direct employment schemes, targeted subsidies and/or a more expansionary macroeconomic package.
- Over the short to medium term, it can support labour-absorbing activities, especially in the agricultural value chain, light manufacturing and services, to generate large scale employment. Government can provide effective inducements to private investment in targeted sectors principally by prioritising labour-absorbing activities for the provision of appropriate and cost-effective infrastructure, regulatory interventions that effectively address market and state failures, measures to improve skills systems, and in some cases subsidies to production and innovation.
- In the longer run, as full employment is achieved, the state must increasingly support knowledge- and capital-intensive sectors in order to remain competitive.

The New Growth Path identifies the following ways in which the job creation could be accelerated in the economy, which MLM could take the advantage of:

- Substantial public investment in infrastructure both to create employment directly, in construction, operation and maintenance as well as the production of inputs, and indirectly by improving efficiency across the economy.
- Targeting more labour-absorbing activities across the main economic sectors – the agricultural and mining value chains, manufacturing and services.
- Taking advantage of new opportunities in the knowledge and green economies.
- Leveraging social capital in the social economy and the public services.
- Fostering rural development and regional integration.

The Neighbourhood Development Partnership Grant (NDPG): The National Treasury announced the **NDPG** in February 2006. The primary focus of the programme and the associated grant is to stimulate and accelerate private sector investment in poor and underserved neighbourhoods – with a spotlight on township areas. The funds are disbursed to municipalities in the form of a conditional grant through the Division of Revenue Act (DORA).

The NDPG is driven by the notion that public investment and funding can be used creatively to attract private and community investment to unlock the social and economic potential within neglected townships and neighbourhoods and that this in turn will contribute to South Africa's macro-economic performance and improve quality of life among its citizens. Put simply, the programme is founded on the principle that economic growth is a fundamental prerequisite for achieving other policy objectives including poverty alleviation and quality of life improvement in the townships.

3.2 PROVINCIAL POLICIES

Limpopo Employment, Growth and Development Plan (LEGDP) 2009-2014: The Limpopo Employment Growth and Development Plan (LEGDP) is a policy document to aid the decision making process of provincial government, municipalities, the private sector and civil society. The framework is informed by strategic priorities expressed in the Premier's State of the Province Address on the 11th of June 2009. It is designed to pull together in an accessible manner the greater variety of actions that constitute a successful delivery. It assists the province in making strategic choices in terms of prioritising catalytic and high impact initiatives. Some of the key strategic interventions highlighted by the LEGDP include the following:

- Enterprise development including the SMME's and Cooperatives Development Programme. The aim is to promote the development and transformation of the provincial economy by promoting SMME's sector, ensuring SMMEs that they are better able to contribute to and benefit from sustained economic growth by becoming more competitive, profitable and able to create more and better employment opportunities. Regional economic development and integration programme- this focuses on addressing the key obstacles to the functioning of the economy, primarily through infrastructural interventions which will enable all regions better to access markets and resources and

to attain the full economic potential of which they are capable. Public infrastructure investment programme- this aims at assisting the government to accelerate sustainable socio-economic development by rolling out a mass scale physical, social and economic development. The core focus of this programme is on bulk infrastructure; social infrastructure such as housing, school and hospitals; and economic infrastructure such as freight and logistics.

- Agriculture and rural development programme - some of the key priority projects in this programme provide extension services that provide farmers with technical advice and assist them to plan, cooperate and gain access to the resources they need. The programme also includes assisting in the identifying farmers that should qualify for support from the LDA, in the following categories: off farm infrastructure, on farm infrastructure, capacity building infrastructure, and input costs.
- Education and skills development programme - the objective is to design and implement a targeted skills development strategy aimed at job creation by way of competitive industrial cluster promotion and at raising the quality of life of citizens through improved service delivery. The skills development target is aimed at increasing the number of persons who successfully completed NQF accredited training courses relevant to LEGDP by 10% per year from 2009 to 2014.
- Green economy and the creation of green jobs- this mainly focus on agriculture, manufacturing, construction, installation and maintenance as well as scientific and technical, administrative and service related activities that contribute substantially to preserving or restoring environmental quality.
- Corporate governance- this is aimed at improving government in terms of the way it conduct its business. The main aim is to improve the following risk management, audit committee, internal audit, internal financial controls and financial management capabilities as well as in avoidance of conflict of interest.

3.3 LOCAL GOVERNMENT POLICIES

Capricorn District Municipality Local Economic Development Strategy: The Capricorn District Local Economic Development Strategy was a product produced as part of the Limpopo LED Capacity Building Programme. The 2006 Capricorn District LED Strategy was initiated through the collaboration of the European Union (EU) and the Limpopo Department of Local Government and Housing (DLGH). The Strategy was designed to ease the integration within different levels of action by partners with the same objectives. It should be used in conjunction with other initiatives as part of a network of ideas to realise

the ultimate objective – to improve the quality of life of the people within the district. Inherent within this core objective is to support pro-poor economic growth and the creation of quality jobs. Attention has already been directed to infrastructure and service delivery, socio-economic development, institutional transformation and social development.

Capricorn District Municipality Investment and Marketing Strategy (2010): The aim of the investment and marketing strategy is to coordinate and facilitate the District Municipality's efforts to achieve the high growth through increased investment. The rationale of the strategy relies on the assumption that investment will generate economic growth and human development. As a result, it formulates an investment strategy for the district to encourage integrated and sustainable development in the local economy. This implied a strategy and dynamic needed to address the high levels of poverty in the isolated rural settlements.

The strategy assessed the capacity of the Local Municipalities with regard to promotion of investment and development of local economies. It concluded that Local Municipalities, with the exception of the Polokwane LM, are not equipped to market the area and do not have the human resource capacity, as well as financial capacity to support such investment promotion initiatives as incentives packages, marketing activities, investment promotion centres. Essentially, it is an instrument which guides Capricorn District Municipality's support for existing businesses, assists in their development and attracts new investments.

MLM IDP: The MLM Integrated Development Plan (IDP) captures the review process of the municipality which is informed by the changes in service delivery within the municipal area.

The main objective of MLM IDP is to achieve institutional effectiveness and efficiency through providing quality service to the residents of MLM. The IDP provides a five year strategic development plan indicating short, medium and long term goals for the area. It also serves as an instrument to manage the vision into a form of action, producing the needed results. The IDP is an umbrella document, guiding all forms of planning within the municipality regarding the allocation of resources. This includes budgeting, management and strategic decision making on issues such as poverty eradication, municipal budgets, land management, local economic development, job creation and the promotion of reconstruction and

development and infrastructure development. It is aimed at the formulation of supportive plans based on development priorities and intervention and the optimised allocation of resources.

The MLM is particularly focussed on community-based planning and has had relative success in the implementation thereof. The community has the opportunity to influence the planning and budgeting of the municipality during the IDP consultations.

MLM Spatial Development Framework: The MLM Spatial Development Framework (SDF) is a document which indicates the spatial characteristics of the municipality. It is informed by policies and strategies incorporated to achieve the desired objectives. The SDF could be interpreted as a spatial representation of the relevant Integrated Development Plan (IDP). Its purpose is to guide planning and decision-making on land development. The purpose of MLM SDF is to provide a strategic, indicative and flexible forward-planning tool to guide planning and decisions on land development by:

- Developing an argument or approach to the development of the area of jurisdiction which is clear enough to allow decision-makers to deal with unanticipated / unexpected situations;
- Developing a spatial logic which guides private sector investment;
- Ensuring social, economic and environmental sustainability of the area;
- Establishing priorities for public sector development and investment; and
- Identifying spatial priorities and places where public-private partnerships are possible.

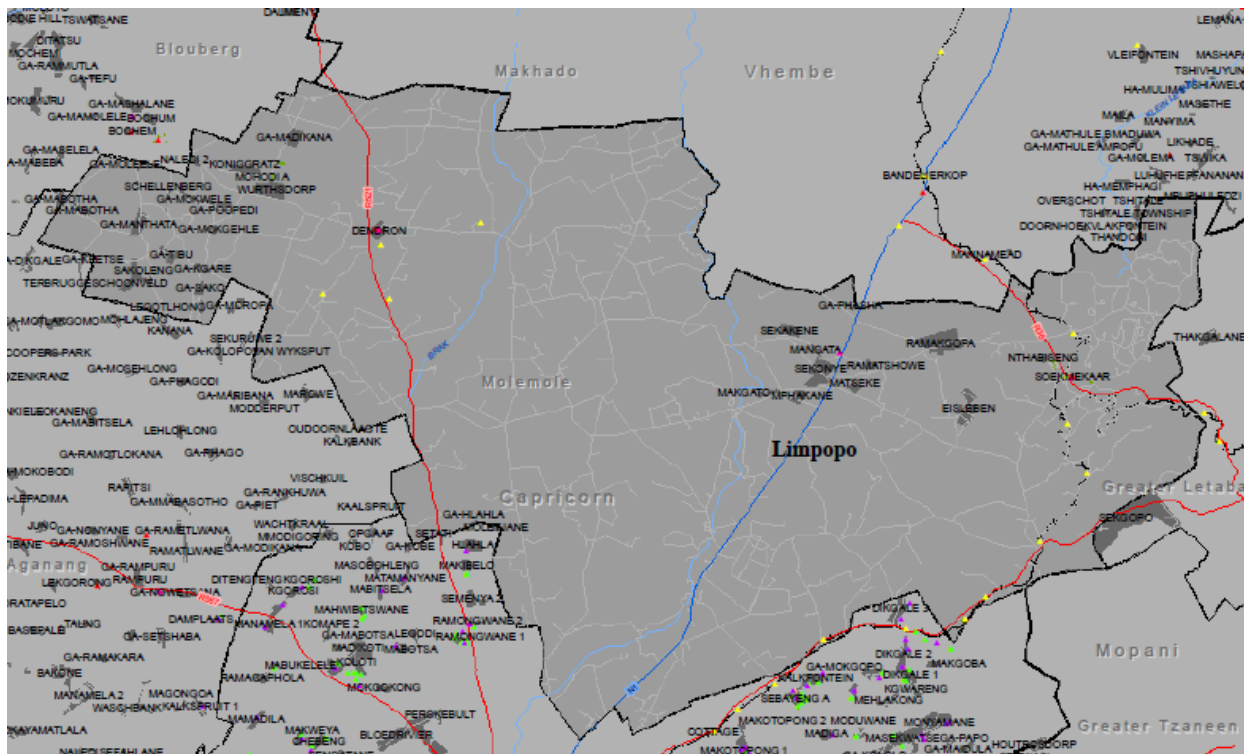
The MLM SDF's approach is in alignment with the Limpopo Province's spatial rationale. Development is required to focus on economic infrastructure and social development, based on the principles of consolidation (economies of scale), building on the existing resource base (spin offs for the region) and emphasising the creation of linkages (increase accessibility).

MLM covers an area of 3347km². The municipality is bordered by:

- Polokwane local municipality to the south;
- Blouberg Local Municipality to the north west;
- Greater Letaba Local Municipality towards the south east; and
- Makhado Local Municipality in the northern direction.

One of the major national routes within the municipality includes the N1 that links Limpopo province with Zimbabwe to the North. In addition, the R521 is the provincial road that passes through the municipality which links the South Africa with Botswana to the west. The map below depicts the abovementioned roads.

Map 2: The N1 and the R521 routes within the Capricorn district municipality and MLM local municipality, which serve as gateways to Zimbabwe and Botswana.



The town of Mogwadi (formerly known as Dendron) houses the MLM headquarters also serving as one of the district's growth points. The four other identified growth points are Morebeng, Botlokwa, Mohodi and Ramokgopa³. The municipality include 37 settlements located within the 13 wards of the MLM⁴.

4.2 DEMOGRAPHICS

4.2.1 Populations

MLM has a population of 106,979 people⁵. The majority of the population is comprised of black Africans (98.1%) with the White, Indians and Coloured s population groups comprising , only 1.9% of the population. MLM has a population density of 31.9 persons per square kilometre, which is lower than the district, provincial and national averages of 75.1, 43.2 and 40.9 persons per square kilometres respectively. This indicates that the municipality is sparsely populated relative to the district, Limpopo province and South Africa.

Compared to the other local municipalities in the district and province, MLM has recorded the least population growth. The municipal population growth trend has been unstable escalating between periods of growth and decline which may be attributed to factors such as economic, health issues and immigration/ emigration (socio-economic variables). Through the observation of the data in Figure 1, below, it could be said that since the advent of democracy the municipality has experienced a decrease in population growth rates, from 1.3% in 1995-96 to -0.2% in 1998-99. From 1999-2001 the population portrayed an increase, albeit at a slower rate (increased at less than 0.3%). From 2002-2006 the municipality experience a decrease in population growth moving from 0.3% to -1.0%. As illustrated in Figure 1, below, in recent years (2007-2010) the population has increased from negative growth to 0.7% within the MLM area.

³ Molemole Spatial Development Framework

⁴ <http://www.molemole.gov.za/index.php?page=location>

⁵ This figures represent the population of the municipality in 201 according to Quantect Research

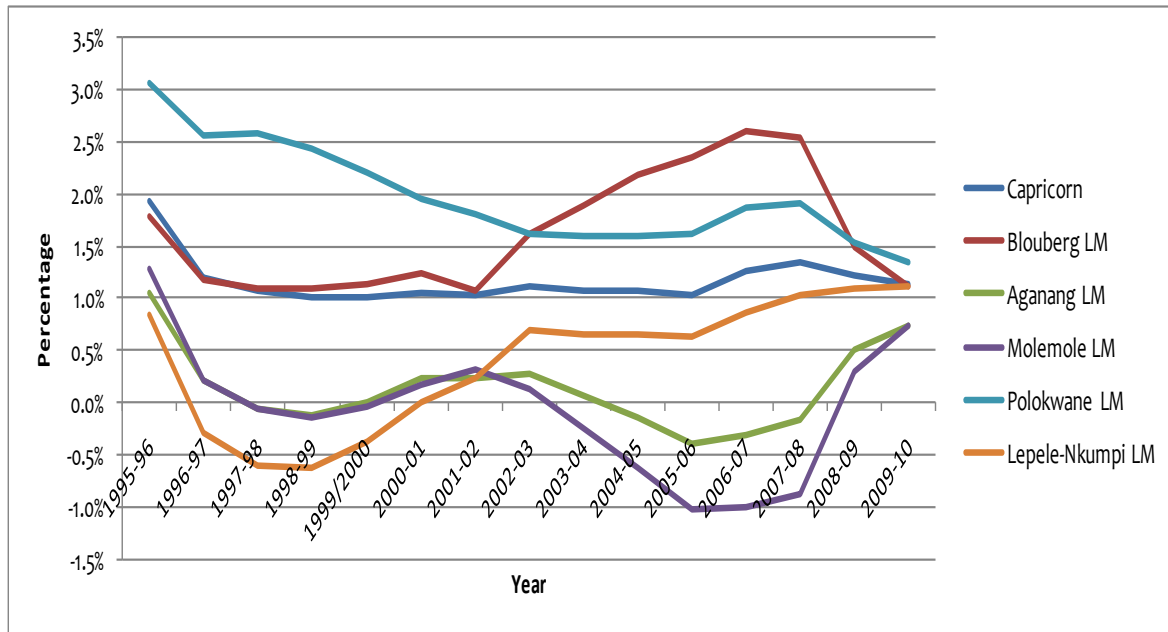


Figure 1: MLM population trends

Source: Quantec, 2010

4.2.2 Age Profile

As can be observed from the Figure 2, below, in the period 1995-2010 the major segment of the population fell within the 0-19 age cohort. This proportion has however been decreasing over time, with 0-4 years decreasing from 12.9% in 1995 to 11.7% in 2010. Moreover, the second age cohort, 5-9 years, has also indicated a decrease from 15.3% in 1995 to 10.8% in 2010, while the 10-14 years age cohort has decreased from 13.7% to 11.9% in the same period.

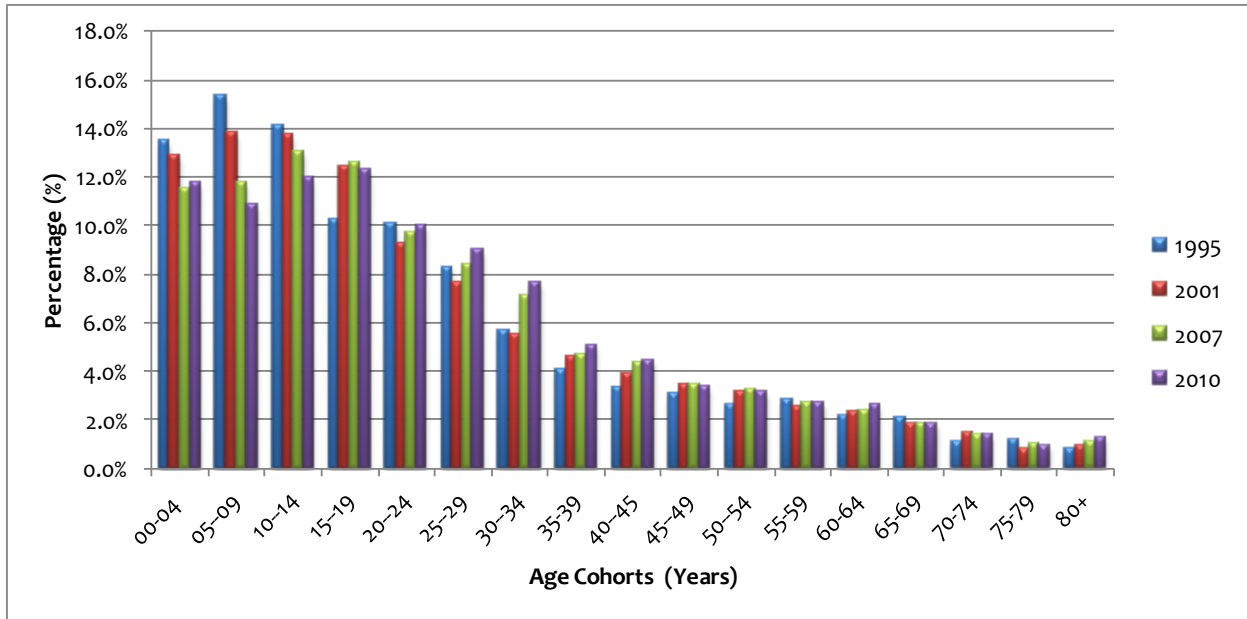


Figure 2: Proportion of Age Cohorts

Source: Quantec, 2010

As illustrated in the Figure 2, the age cohorts dominated by the people who are skilled and economically active, from 25-59 years, have generally seen growth for the period 1995-2010. Numbers in the higher age cohorts where skills and experience are at a peak have decreased slightly over the period. This could to some extent be attributed to emigration driven by lack of employment opportunities within the jurisdiction of the municipality. The larger proportion of this segment of the population thus migrates to areas which have economic opportunities.

4.2.3 Gender Distribution

Gender distribution in MLM deviates from the general trends identified at district, provincial and national. As portrayed Table 1 and Figure 3 below, there is a declining trend in the proportion of males to females in MLM. The decrease in male and relative increase in female populations could be attributed to low economic activities within the jurisdiction of the MLM. This may lead to males leaving the areas in search of employment opportunities elsewhere. In 1995 males made up 47.8% of the population, which decreased to 47.2% in 2001 and further declined to 46.5% in 2006 before settling at 46% in 2010. In contrast, females increased from 52.2% in 1995 to 54% in 2010.

Table 1: Trends in Gender Profile

Geography	Gender	1995		2001		2006		2010	
		Number	%	Number	%	Number	%	Number	%
South Africa	Male	20192751	48.1%	23718761	47.8%	25960499	47.9%	27427654	48.0%
	Female	21791319	51.9%	25953530	52.2%	28285877	52.1%	29696210	52.0%
Limpopo	Male	2215242	47.7%	2488513	47.2%	2658794	47.2%	2804596	47.3%
	Female	2431191	52.3%	2779972	52.8%	2971966	52.8%	3120058	52.7%
Capricorn	Male	518690	47.5%	577665	47.3%	619971	47.3%	656087	47.3%
	Female	573791	52.5%	642527	52.7%	691361	52.7%	732218	52.7%
Molemole	Male	52569	47.8%	54712	47.2%	54121	46.5%	53425	46.0%
	Female	57488	52.2%	61186	52.8%	62227	53.5%	62823	54.0%

Source: Quantec, 2010

The Figure 3, below, indicate that the MLM gender trends are unique compared to national, provincial and district trends representing relatively high and increased female representation as opposed to a smaller proportion and slightly declining male representation.

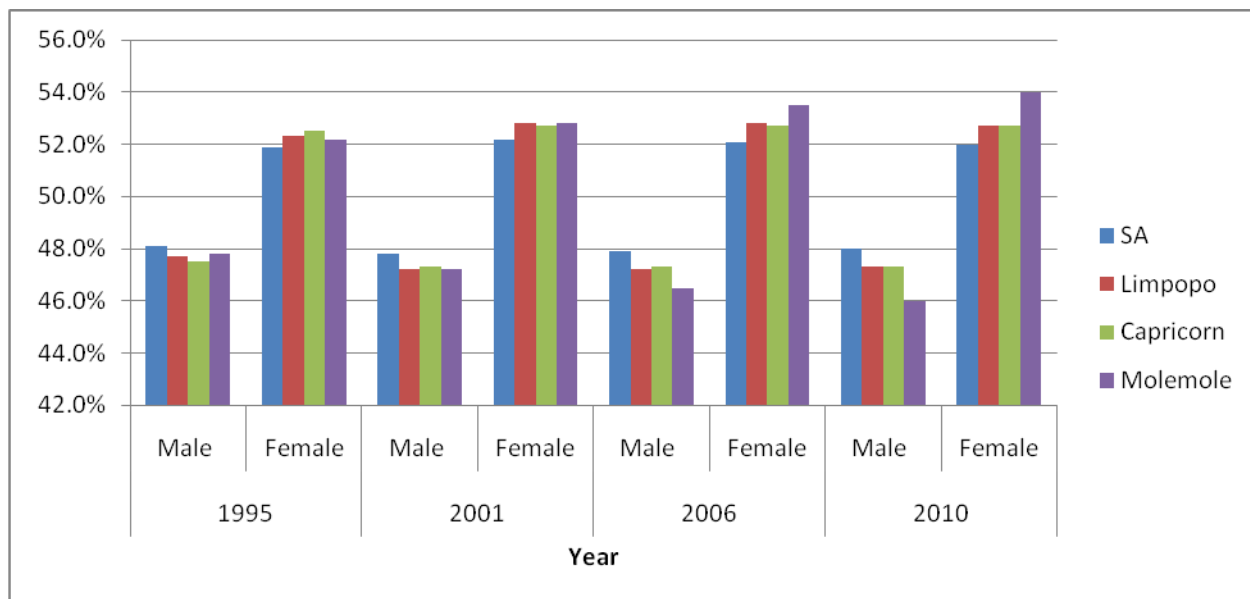


Figure 3: Gender distribution in MLM

Source: Quantec, 2010

4.2.4 Health and Mortality

Table 2, below, illustrates that the number of HIV positive people increased from 1312 to 5407 between 1995 and 2001. Similarly AIDS related death increased by 799% in the same period. These figures reflect the district trends which has also recorded an increase of 838% in AIDS deaths during the same period. As can be seen from the table, MLM's figures are relatively low compared to the district.

The trends decreased between 2001-2007 with MLM recording HIV infection rate of 37% and AIDS death rate of 88%. The infection rate as well as the death rate has decreased during 2007-2010, with MLM recording 8% and 11% respectively. The decrease could be attributed to awareness programs on the pandemic. The municipality has prioritised the establishment and support for the Aids Councils to steer implementation of programmes aimed at curbing the impact of the HIV/AIDS pandemic.

Table 2: HIV infection, AIDS Death and Other Death

Geography	Concept	1995	2001	% Change 1995-2001	2007	% Change 2001-2007	2010	% Change 2007-2010
Capricorn	HIV positive	12274	56870	363%	85917	51%	95957	12%
	AIDS deaths	283	2641	832%	5409	105%	6208	15%
	Other deaths	7578	7780	3%	8377	8%	8777	5%
Molemole LM	HIV positive	1312	5407	312%	7402	37%	7976	8%
	AIDS deaths	28	249	799%	469	88%	521	11%
	Other deaths	777	760	-2%	758	0%	772	2%

Source: Quantec, 2010

4.2.5 Levels of Education

Education is one of the instruments that enable members of a society to participate in economic activities. Similarly, the degree of participation of MLM residents in economic activities will depend on their skills level, which can in turn be indicated by their level of education.

The trends of education level between no schooling and grade 7 is illustrated in Figure 4, below. The figure indicate that MLM has recorded the highest proportion (21.9%) of people without schooling in comparison to South Africa, Limpopo Province and CDM which have recorded 14.7%; 20.7% and 17.1% of people without schooling respectively. Though the municipality has approximately the same proportion of people without schooling as the province, it does not compare well to the other municipalities in the district. In addition, the employment opportunities that are created in the district are mainly within the service sector, which demand high skills levels. Considering the proportion of the population within grades 1-7, the municipality has similar proportions compared to national, province and district numbers. Therefore, with regard to the provision of literate people MLM is less competitive than the other regions mentioned in the graph, since it has the highest number of people with low numeracy and literacy skills.

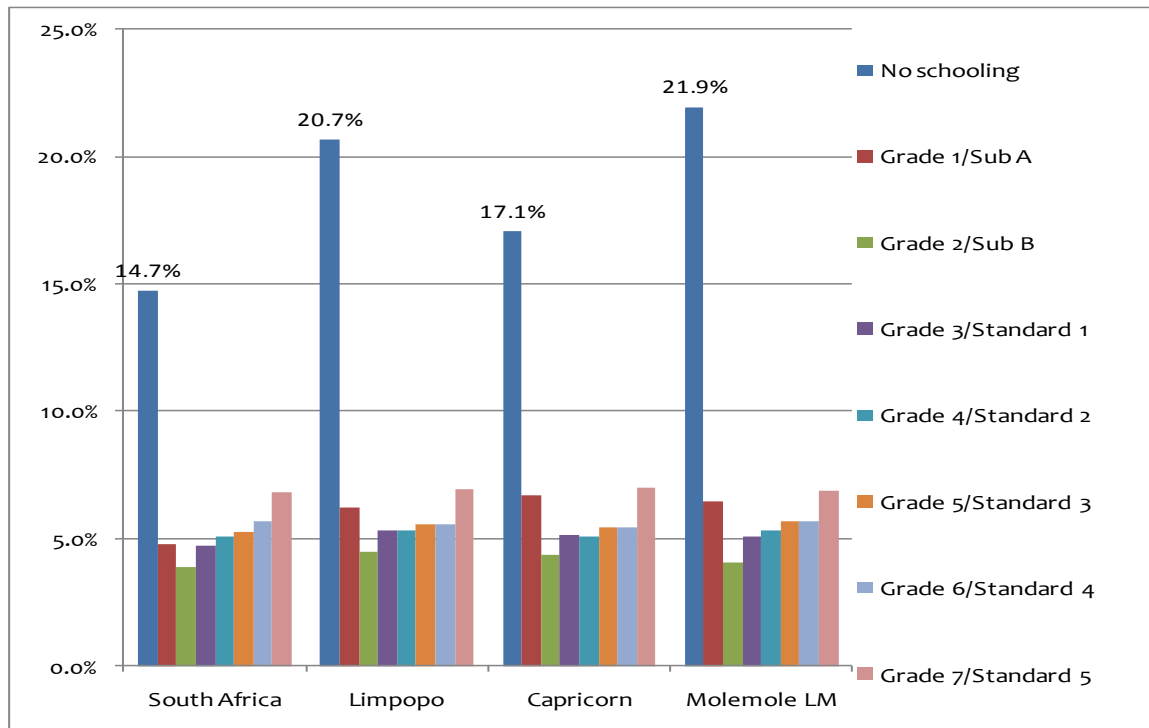


Figure 4: Primary education (No Schooling to Grade 7)

Source: Quantec, 2010

It should be emphasised that the municipality need to address the high proportion of people with no schooling. The high illiteracy rate ultimately has a negative impact on the socio-economic performance of the municipality and its optimal contribution to the country's socio-economic development.

The trends of the MLM education level between grades 8-12 is reflected in Figure 5 as well as compared to district, provincial and national trends. The secondary education level of the municipality compares well with the national and provincial statistics in most of the grade levels, except grade 8 and 9. In grade 8 and 9 the municipality has recorded the attendance rate at 6.9% and 6.2% respectively as compared to 7.7% and 6.4% in both grades nationally. In comparison to the district trends MLM (8%) has only surpassed the district (7.3%) with the proportion of people who have grade 11.

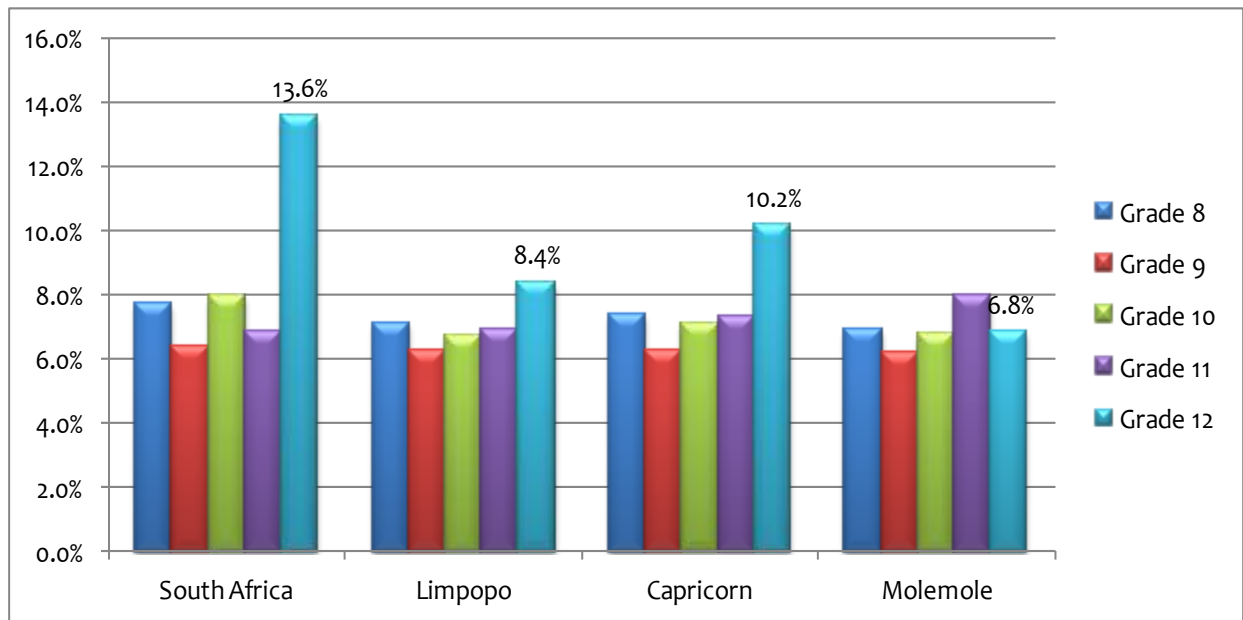


Figure 5: Secondary Education (Grade 8-12)

Source: Quantec, 2010

Comparing the trends of tertiary education level to national, province and Capricorn district statistics (Figure 6 below) shows that MLM has:

- the lowest proportion of people with certificate, diploma's and degree
- the same proportion with the province of people with diploma with grade 12, and
- fewer people with the highest qualifications such as bachelor's degree, honours and master's degrees than all the other regions.

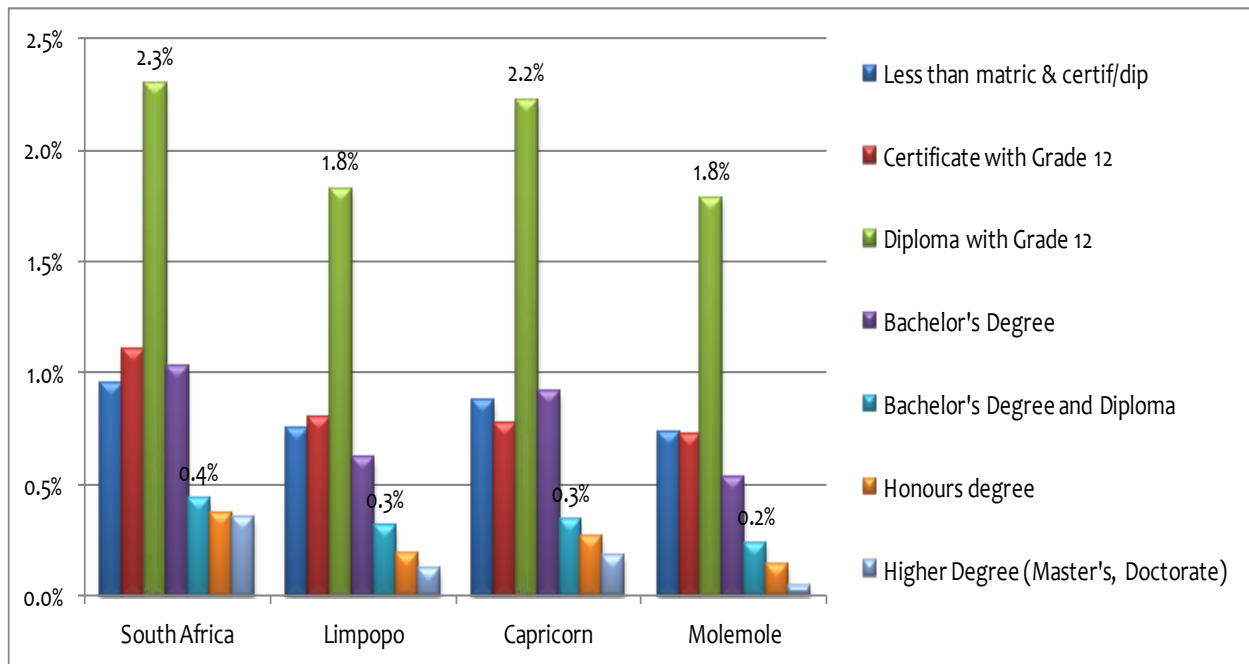


Figure 6: Tertiary Education Level

Source: Quantec, 2010

4.2.6 Income Levels

The percentage of people within the 'no income' category are very high within the MLM municipal area, even though the comparison between the district and the province portrays this in a more positive as the percentage of residents falling into the 'no income' category is 50.1% in the MLM population, 60% in the province and 61.3% within the district (Table 3 below). In comparison to the province and district, the MLM municipality a higher proportion of people within low income brackets, that is, the categories R1 - 400 (8.8%), R401 - 800 (16.8%), and R801 - 1600 (16.1%). Both the province and district have a relatively higher proportion of people within the high income categories compared to the municipality, as can be observed from the table below. These could be result of the low proportion of people with tertiary qualifications in the district.

Table 3: Income Category in the municipality of people aged 15-65 years

Income Category	Limpopo			Capricorn			MLM		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
No income	56.4%	62.9%	60.0%	59.5%	62.8%	61.3%	44.8%	54.0%	50.1%
R1 - R400	6.7%	8.6%	7.8%	4.7%	5.2%	5.0%	7.7%	9.6%	8.8%
R401 - R800	7.1%	8.9%	8.1%	5.6%	8.8%	7.4%	16.4%	17.1%	16.8%
R801 - R1 600	12.4%	11.2%	11.7%	11.7%	12.1%	12.0%	19.3%	13.8%	16.1%
R1 601 - R3 200	6.3%	2.4%	4.2%	6.3%	2.9%	4.4%	3.1%	1.4%	2.1%
R3 201 - R6 400	5.2%	2.8%	3.9%	4.9%	3.7%	4.2%	4.6%	2.3%	3.3%
R6 401 - R12 800	3.8%	2.4%	3.0%	4.5%	3.3%	3.8%	3.9%	1.8%	2.7%
R12 801 - R25 600	1.4%	0.5%	0.9%	2.0%	0.7%	1.3%	0.3%	0.0%	0.1%
R25 601 - R51 200	0.4%	0.1%	0.2%	0.5%	0.2%	0.3%	0.0%	0.0%	0.0%
R51 201 - R102 400	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%
R102 401 -R204 800	0.1%	0.1%	0.1%	0.2%	0.1%	0.1%	0.0%	0.0%	0.0%
R204 801 or more	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: StatsSA: Community Survey 2007

4.2.7 Housing

MLM has shown an increase in house or brick structures on a separate stand or yard, from 77.3% in 1995 to 82.3% in 2007, as reflected in Table 4. Data on types of housing indicate that types which fall below RDP level housing have decreased in the same period (1995-2007) with:

- Traditional dwelling structures made of traditional material decreasing from 9,3% to 1.1%
- Room in the back yard decreasing from 5.4% to 0.9%, and
- The informal dwelling such as shacks in the informal settlement decreasing from 3.1% to 1.6%.

The above changes have substantially contributed to a decrease in housing below RDP standard. Therefore the government has played pivotal role in ensuring that the environment for households to build their own structure is conducive and also in ensuring that low cost housing are delivered to the needy.

Table 4: Types of Dwellings

Type of Dwelling	1995		2001		2007		2010	
	Number	%	Number	%	Number	%	Number	%
House or brick structure on a separate stand or yard	17876	77.3%	24121	84.6%	25110	85.5%	24385	82.2%
Traditional dwelling/hut/structure made of traditional materials	2159	9.3%	1058	3.7%	337	1.1%	211	0.7%
Flat in a block of flats	207	0.9%	40	0.1%	89	0.3%	147	0.5%
Town/cluster/semi-detached house (simplex, duplex or triplex)	64	0.3%	159	0.6%	161	0.5%	160	0.5%
House/flat/room, in backyard	1261	5.4%	805	2.8%	275	0.9%	191	0.6%
Informal dwelling/shack, in backyard	373	1.6%	334	1.2%	228	0.8%	180	0.6%
Informal dwelling/shack, NOT in backyard, e.g. in an informal/squatter settlement	726	3.1%	760	2.7%	480	1.6%	370	1.2%
Room/flatlet not in backyard but on a shared property	156	0.7%	94	0.3%	71	0.2%	60	0.2%
Other/unspecified/NA	314	1.4%	1134	4.0%	2622	8.9%	3951	13.3%
Total	23136	100%	28506	100%	29373	100%	29655	100%

Source: Quantec, 2010

4.3 ACCESS TO BASIC SERVICES

The provision of public goods and services in the municipality is of paramount importance in enhancing and enabling the socio-economic development of the residence. This section provides an analysis of household service such as energy, refuse removal, sanitation, and access to water.

4.3.1 Energy used for lighting

The amount of households which had access to electricity in 1995 could only amount to 43% of the total amount of households in the area. The figures are illustrated in table 5. The amount of households with access to electricity increased significantly to 93% in 2010. The marked improvement could be attributed to the successful government effort in the design of a dedicated grant - Integrated National Electricity Programme (INEP) – purposed for the electrification of various areas across the country. It is important to acknowledge that the use of other sources of energy which were and are potentially hazardous to the residents (such as candles and paraffin) decreased from as high as 43% and 8.91% in 1995 to 5% and 1% in 2010, respectively.

The statistics point out that the government's efforts to increase access to electricity has seen the advanced use of this form of energy in the municipality, making it the primary source of energy. This factor has resulted in drastic declines in other forms of energy, with only the use of solar energy being constant which could be attributed to government promoting the use of green energy.

Table 5: Energy for lighting in MLM

Type of Energy	1995		2001		2007		2010	
	Number	%	Number	%	Number	%	Number	%
Solar/other/unspecified	269	1.2%	161	0.6%	198	0.7%	215	1%
Electricity	9958	43.0%	21275	74.6%	26349	89.7%	27701	93%
Gas	82	0.4%	48	0.2%	62	0.2%	70	0%
Paraffin	2062	8.9%	662	2.3%	322	1.1%	209	1%
Candles	10765	46.5%	6358	22.3%	2442	8.3%	1459	5%
Total	23136	100%	28506	100%	29373	100%	29655	100%

Source: Quantec, 2010

4.3.2 Refuse Removal

Efforts at environmental conservation and waste management at the local municipality has seen the increased management of refuse through community and local municipality engagements. Table 3.2 below indicates that in 1995 only 3% (699) of the households' refuse was removed by local authority. This has increased over time to 6.9% (1961) and 12% (3528) being removed in 2001 and 2007. The number of households removing refuse through local authority has increased to 15.7% (4666) in 2010. Despite that the larger proportion (75%) of the residents still use their own refuse dump, while 9.8% have no access to rubbish disposal. There are two unlicensed land fill sites in the municipality, located in Mogwadi and Morebeng. The dominant waste management method is the use of own refuse dumps, though the local municipality has steadily been growing its capacity to collect refuse especially at least once a week. This could also be symptomatic of the increased health of the residents of the local municipality.

Table 6: Refuse Removal

Type of Refuse	1995		2001		2007		2010	
	Number	%	Number	%	Number	%	Number	%
Unspecified / other	447	2%	546	2%	547	2%	529	2%
Removed by local authority at least once a week	699	3%	1961	7%	3528	12%	4666	16%
Removed by local authority less often	197	1%	159	1%	248	1%	400	1%
Communal refuse dump	1040	4%	1378	5%	1351	5%	1297	4%
Own refuse dump	18473	80%	23125	81%	23083	79%	22350	75%
No rubbish disposal	2279	10%	1336	5%	617	2%	411	1%
Total	23136	100%	28506	100%	29373	100%	29655	100%

Source: Quantec, 2010

4.3.3 Sanitation

The statistics concerned with sanitary standards in the local municipality, indicate that the dominant sanitation method is the pit latrine (72.1%), though its use has declined marginally. The highest growth of sanitary method is the flush or chemical toilet, increasing from 9.5% (2199 households) to 20.3% (6020 households) between 1995 and 2010. This could be attributed to increasing development and occupation of permanent or brick dwellings (urbanisation and growth in Mogwadi). Of concern is that there are still a high number of households (just over 10%) that receive low levels of service. It should be highlighted that though the larger proportion (72.1%) of the households in the municipality uses pit latrine, this solution should not be discarded as it is an appropriate way to address the lack of sanitation especially given the lack of water in the municipality and province.

Table 7: Access to Sanitation

Type of Refuse	1995		2001		2007		2010	
	Number	%	Number	%	Number	%	Number	%
Flush or chemical toilet	2199	9.5%	4116	14.4%	5338	18.2%	6020	20.3%
Pit latrine	16686	72.1%	19144	67.2%	20331	69.2%	20513	69.2%
Bucket latrine	197	0.9%	131	0.5%	159	0.5%	175	0.6%
None of the above	3948	17.1%	4982	17.5%	3410	11.6%	2813	9.5%
Unspecified/Dummy	106	0.5%	131	0.5%	135	0.5%	134	0.5%
Total	23136	100%	28506	100%	29373	100%	29655	100%

Source: Quantec, 2010

4.3.4 Access to water

Water reticulation in the municipality has drastically improved. The predominant method of access to water has improved from the older method of piped water on community stand method to obtaining piped water from outside the dwelling unit. Table 4 below indicates that in 1995 only 7.6% of the population of the municipality had access to water from inside the dwelling unit. This figure increased to more than 50% of the households in 2010. Also of interest to note is that the percentage of households with access to piped water inside the yard increased from 20.9% in 1995 to 41.4% in 2007. Moreover, a number of the households which were receiving water on community stand both less than and farther than 200m from the house have been upgraded to community stand and to using piped water inside the dwelling.

Table 8: Access to water

Water	1995		2001		2007		2010	
	Number	%	Number	%	Number	%	Number	%
Piped water inside dwelling	1751	7.6%	1168	4.1%	1136	3.9%	29655	50.3%
Piped water inside yard	4835	20.9%	12191	42.8%	12173	41.4%	993	1.7%
Piped water on community stand: distance less than 200m. from dwelling	9183	39.7%	3225	11.3%	2540	8.6%	11345	19.2%
Piped water on community stand: distance greater than 200m. from	3595	15.5%	4713	16.5%	4012	13.7%	2204	3.7%
Borehole/rain-water tank/well	905	3.9%	1453	5.1%	2425	8.3%	3390	5.7%
Dam/river/stream/spring	753	3.3%	272	1.0%	97	0.3%	3022	5.1%
Water-carrier/tanker/Water vendor	1095	4.7%	4323	15.2%	6515	22.2%	52	0.1%
Other/Unspecified/Dummy	1018	4.4%	1162	4.1%	475	1.6%	8345	14.1%
Total	23136	100%	28506	100%	29373	100%	59005	100%

Source: Quantec, 2010

4.4 SOCIAL SERVICES

4.4.1 Safety and security

Crime or its perception of it is often cited as a major concern for the development of a thriving business environment, and also expressed as a concern for the majority of residents in an area. Currently the MLM does not present an environment that offers fertile ground for criminal activities. Despite this it is important to work towards the remedy of avoiding high crime prevalence indefinitely through ensuring

that the needed jobs are created for the majority of the people in the municipality. However, in general, service delivery needs to be expedited and people need to access jobs from which they get income and improve their living conditions. Thus employment creation opportunities should also be understood as contributing to addressing negative perceptions that may be created for potential investor. The current environment is good to attract and retain investors.

Currently, there are three (3) police stations and one (1) Satellite police stations as well as two (2) magistrate courts located in All Days and Morebeng and one (1) periodical court located in Mogwadi. Contact crime such as murder, sexual crime and common assaults are declining. These are mainly the results of partnership between the municipality and other stakeholders in the community assisted by South African Police Services (SAPS) in launching community policing forum in villages across the municipality.⁶

Table 9: Crime Statistics in MLM

Category of Crime		2007	2008	2009
	Murder	5	7	3
	Total sexual crimes	39	50	38
	Attempted murder	7	8	6
	Assault with GBD	105	97	113
	Common assault	50	52	47
	Robbery with Aggravate	37	25	29
	Common robbery	27	23	13
Contact	Arson	2	4	2
	Malicious dam to proper	60	48	58
Property	Burglary business prems	35	36	63
	Burglary residential pre	114	146	127
	Theft of motor vehicles & motor cycle	7	5	5
	Theft out of motor veh	16	10	15
	Stock-theft	6	15	10
CHD on Police Action	Legal possession firearm and ammunition	5	0	2
	Drug-related crime	49	47	16
	Driving under influence of alcohol or drugs	1	7	11
Other Crimes	All theft not mentioned elsewhere	102	108	120
	Commercial crime	7	8	27
	Shoplifting	5	12	32

⁶ Molemole Local Municipality. 2011: Integrated Development Plan, 2011-2014

4.4.2 Community facilities

There is at least one community hall within each tribal area across the municipality. Currently, the municipality is building a community hall in Mogwadi; it is expected that this will be completed by the end of the year, 2011.

4.4.3 Health facilities

With respect to availability of health facilities in the municipality, there are six clinics, two mobile clinics and one hospital servicing the people of MLM ⁷. The hospital renders comprehensive services 24 hours a day, seven days a week, and some of the services that it provides are⁸:

- Access to emergency care, as measured by the proportion of people transferred from clinic to hospital in less than 1 hour, is improved.
- The hospital receives visits at least once a month from senior managers to support personnel, monitor the quality of service and identify needs and priorities.
- The hospital has a mechanism for monitoring services and quality assurance and at least one annual service audit in each discipline.
- A 24-hour emergency and resuscitation service
- Treatment of common injuries and emergencies
- Treatment and reporting of child abuse
- Referral of patients to Regional Hospital, as appropriate

4.5 ECONOMY

An economic spatial perspective can be provided by assessing the market value of all finished goods and services produced within that economy. This measure is called the Gross Geographic Product (GGP) and illustrates the level of economic activity within a defined geographic area. Growth of this market value is then indicative of economic development of the general economy, in this case MLM. In addition, to

⁷ Molemole, Spatial Development Framework

⁸ Health Services in South Africa: A basic introduction

ascertain the real economic growth of the spatial perspective, inflationary and deflationary factors are factored in getting the real final market value of goods and services produced in the municipality. In this regard, the figure below shows that the real GDP of the municipality has been modestly growing, implying that the municipality is enjoying some measured positive growth in the size and scale of its economy. As can be observed the GDP of MLM has grown from R1 billion in 2001 to around R1.5 billion in 2010.

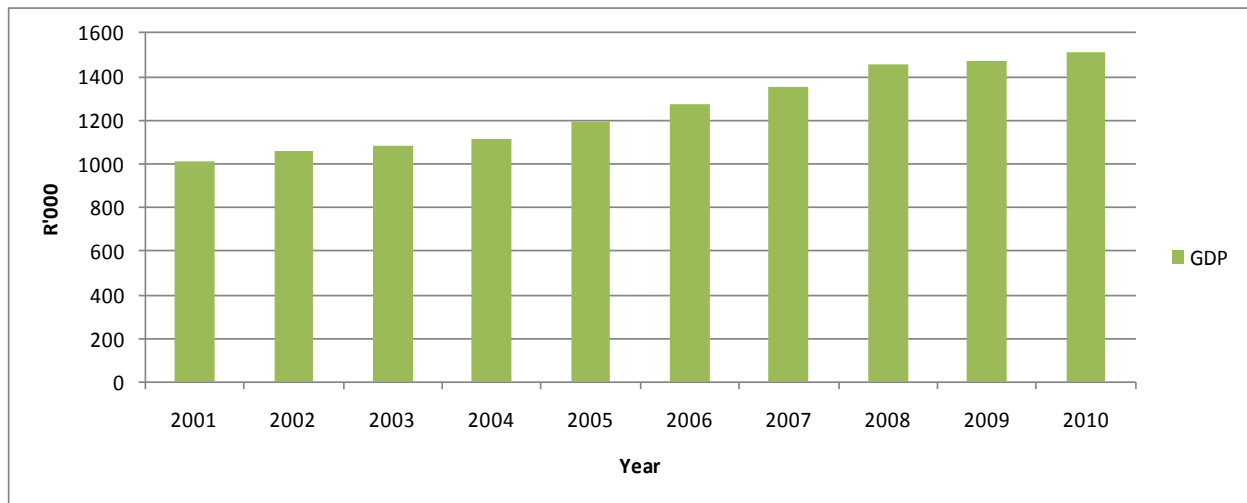


Figure 7: GDP of MLM, 2005 constant price in R'000

Source: Quantec, 2010

As can be observed from the figure 8 and 9 below, further disaggregation of the real economic growth of the municipality reveals that by market value the largest contributors are:

- finance and business services (R360 million);
- general government (R315 million);
- agriculture, forestry and fishing (R207 million);
- wholesale and retail (R181 million);
- transport, storage and retail (R171 million);
- community, social, and personal services (R111 million);
- manufacturing (R55 million);
- construction (R45.1 million);
- mining (R34 million); and
- the declining sector of electricity, gas and water (R26 million).

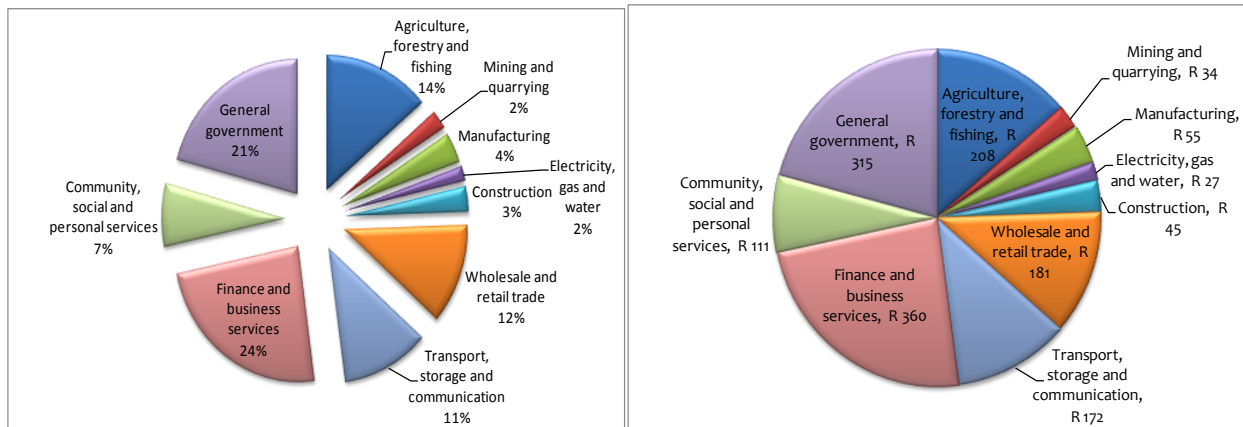


Figure 8: Structure of MLM Economy in 2010

Source: Quantec, 2010

The likely reason that the finance and business services are the best economic performers by market value is the existing need for professional services by the government, agriculture, forestry and fishing, and the wholesale and retail sector in the municipality.

Finance and business service have since seen growth over the last ten years, increasing from just below R200 million in 2001 to just over R350 million in 2010. General government services is the second highest sector overall and in terms of growth, increasing from R225 million in 2001 to just around R330 million in 2010. Agriculture has increased from R110 million in 2001 to just over R200 million overturn in 2010. The other significant sector of note of is transport and communication sector which has increased from around R140 million to R165 million between 2001 and 2010.

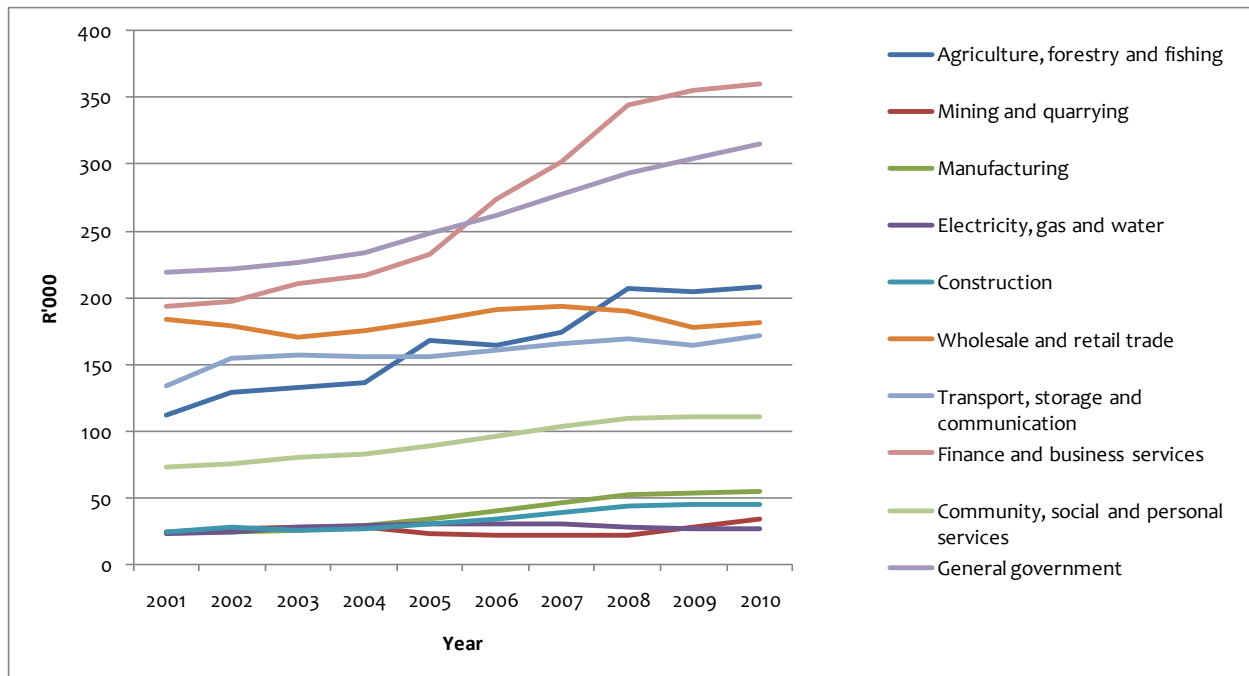


Figure 9: GDP per Constant Price 2005

Source: Quantec, 2010

Employment in the municipality across the economic sector classification reflects that of province (Limpopo) and Capricorn district (see figure 10 below). The main labour-absorbing sectors are the agriculture, hunting, forestry and fishing; community and personal services; and the wholesale and retail sector of the municipality. The agriculture and community service sectors are the predominant employers within the municipal area, absorbing just over 30% and 19% of the active work force respectively. Wholesale and retail is the third largest employer absorbing around 11% followed by finance and business service 5.9%.

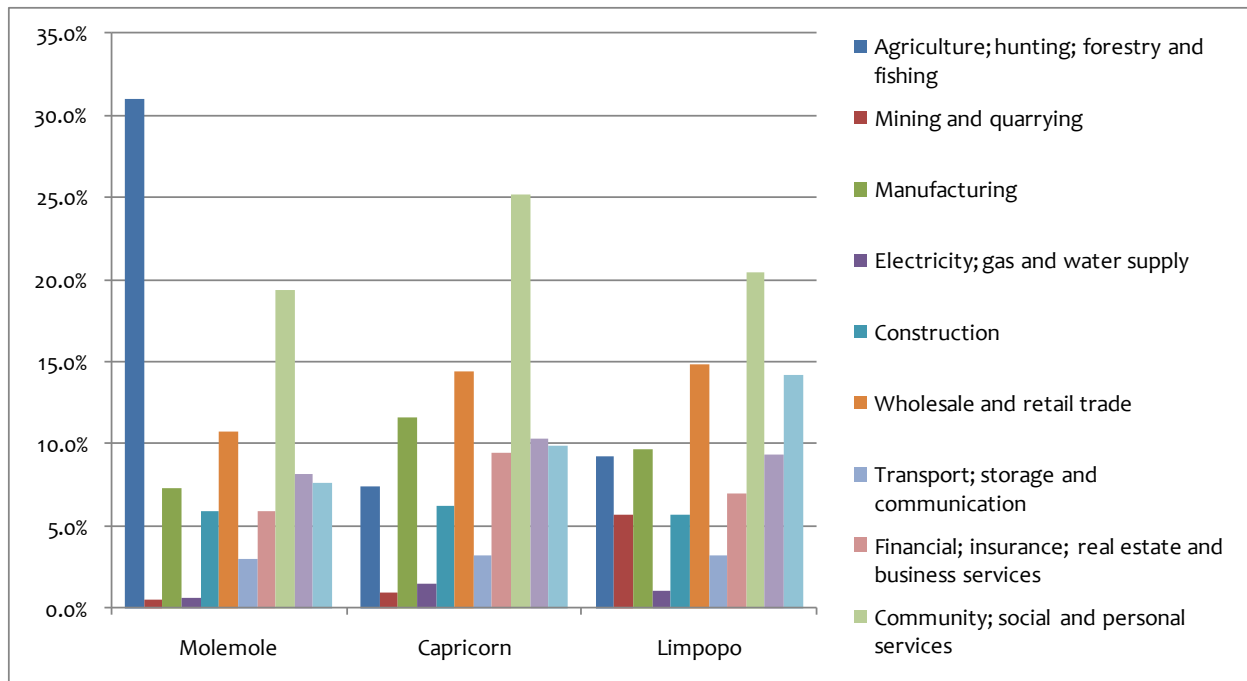


Figure 10: Employment by economic sector

Source: StatsSA: Community Survey 2007

As can be observed from the figure below, there are three dominant occupations in the municipality which contribute 55.4% of the occupations. These are: elementary occupations which contribute 30.8%; craft and related trade workers at 12.6%; and service workers - which include shop and market sales workers – at 11.9%. This is slightly different compared to district and provincial trends, which reflect higher proportions of occupation in the ‘professionals’ category (16% and 12.4%) respectively. Though the municipality has recorded low proportion (9.8%) in contrast to the district and national trends the figures are still reasonably high as compared to other occupations such as technicians and associate professionals (2.4%), clerks (6.2%) skilled agricultural and fishery workers (7.4%) and plant and machine operator assemblers (6.5%).

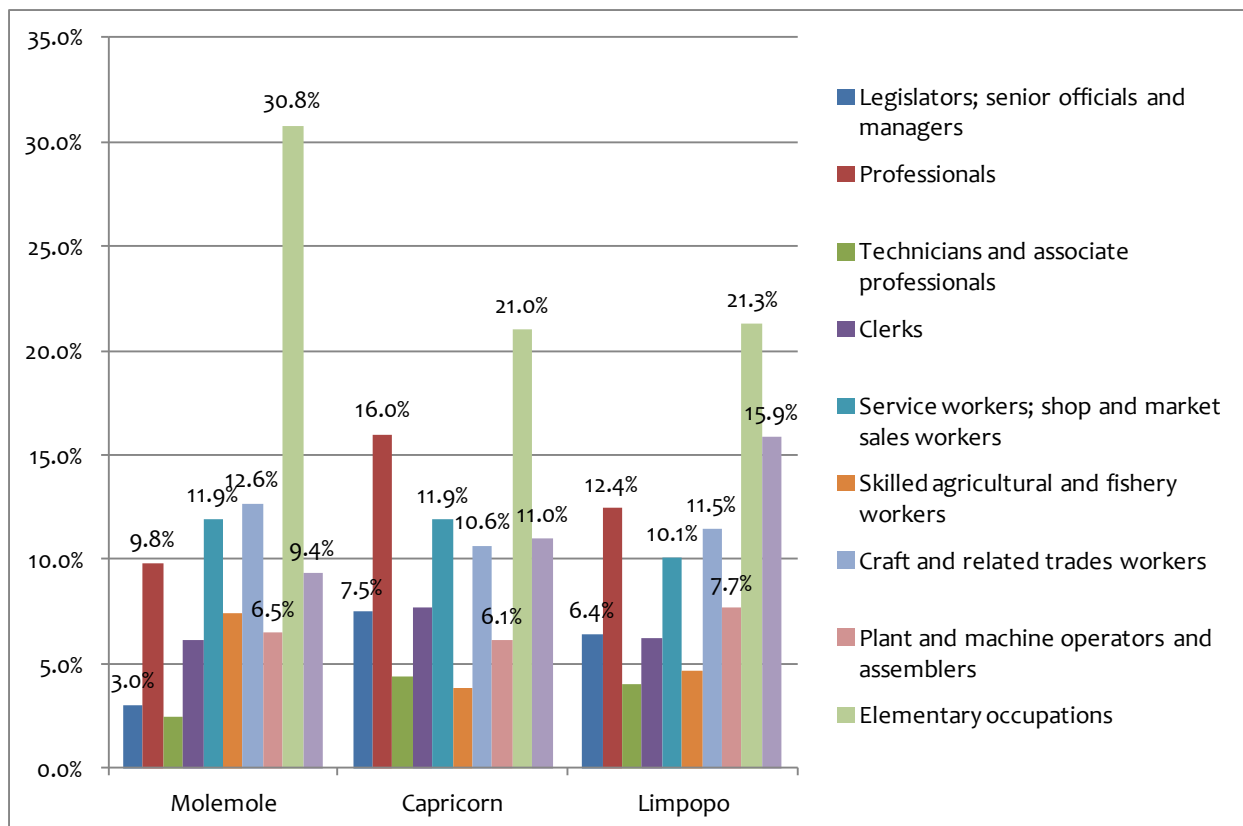


Figure 11: Occupation per Skill Category

Source: StatsSA: Community Survey 2007

The level of diversification or concentration of a region’s economy is measured by a tress index. A tress index of zero represents a totally diversified economy. Where the index is higher (closer to 100), the region’s economy is more concentrated and is therefore vulnerable to exogenous variables, such as adverse climatic conditions and commodity price fluctuations. The table below documents that competition in the municipality is spread almost equally and has a semblance of stability among the top ten industries. However, broadening the competitive economic space among the twenty industries in the spatial perspective documents that competition is mainly reserved for the top (diversified), but tends to concentrate and specialize as more industries are incorporated into the index.

Table 10: Tress index in MLM municipality

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008
Tress index 10 industries	45	44.9	44.1	43.5	42.9	42.2	42.4	42.3	42.7
Tress index 23 industries	78.4	78.2	77.8	77.5	77.2	77.2	76.7	76.3	76.4

Source: Quantec, 2010

4.6 INFORMATION AND COMMUNICATION TECHNOLOGY INFRASTRUCTURE

Information and communication technology (ICT) infrastructure - comprising electronics; business process outsourcing; internet services and web development, telecommunications including cellular and fixed phones, and computer services , - are the main way of communication and conveying information in a modern economy and across various economic sectors. Comparing the usage of ICT in MLM to other municipalities, as can be observed from Table 6 below, it indicates that 73% of the population of MLM have access to cell-phones, which is higher than all the municipalities across the district with the exception of Polokwane (79%).

Though the municipality has the second highest proportion of people with access to fixed telephone lines in their households, it is still far below the availability rate of cell phones and it is expected that fixed lines are unlikely to see much growth in future. This is simply because the transaction costs using cell phones is cheaper than the costs of a land line. For example it was initially assumed that cell-phones would be a supplement to those who already had fixed line telephones (given that the cost of cell phones call was so much higher than fixed line), but cell-phone use amongst the poor (who have limited access to fixed line) has rapidly grown and overtaken the use of fixed line despite its higher costs. The reason for this paradox is that although the direct costs of a cell-phone call are higher, the indirect costs to the poor (finding and accessing a cheaper fixed line phone) are much higher. It may be accessibility of the cell-phone to the poor (and others) trumps its higher costs.

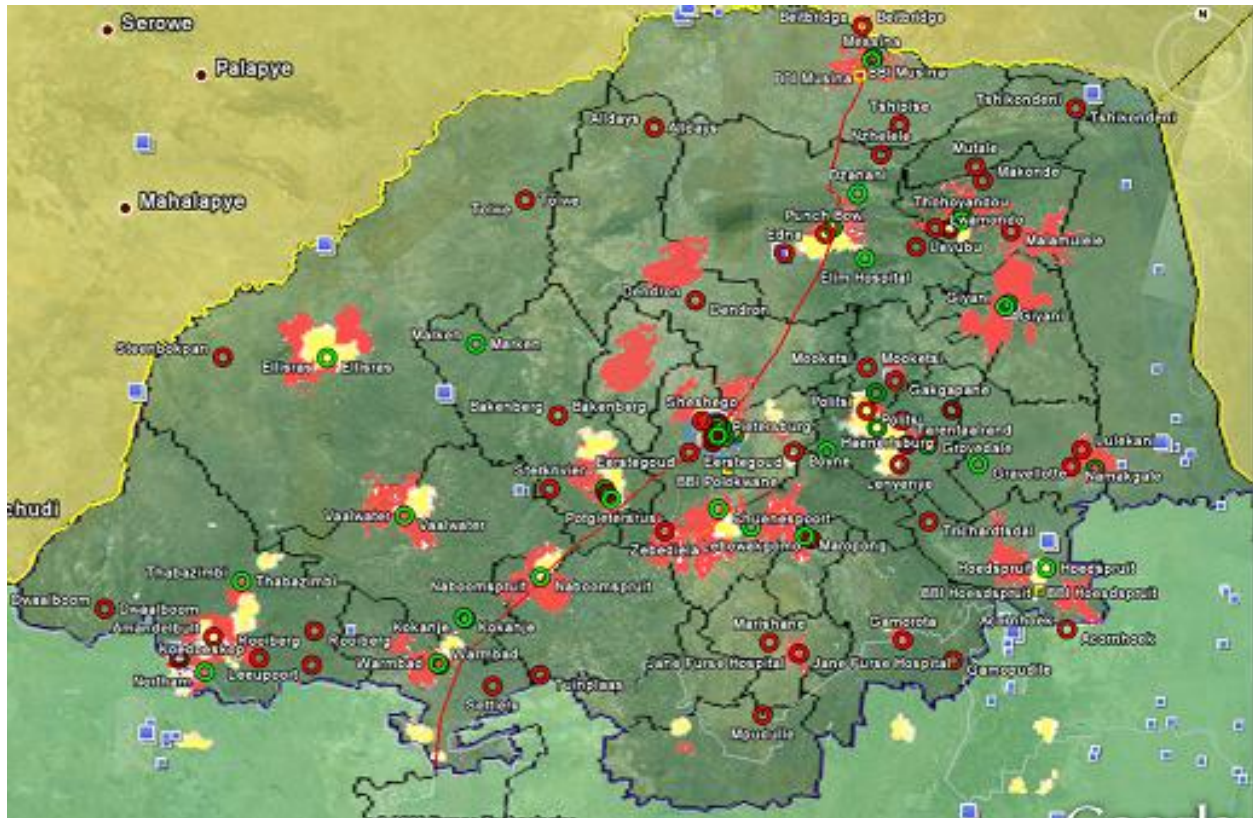
Table 11: Household Access to Cell Phone, Computer and Telephone

Municipality	Cell Phones		Computer		Telephone	
	Yes	No	Yes	No	Yes	No
Blouberg LM	56%	44%	2%	98%	1%	99%
Aganang LM	72%	28%	3%	97%	1%	99%
Molemole LM	73%	27%	6%	94%	5%	95%
Polokwane LM	79%	21%	12%	88%	9%	91%
Lepele-Nkumpi LM	67%	33%	4%	96%	4%	96%

StatsSA, Community Survey 2007

One of the most important measures of ICT infrastructure is the broadband which is mostly used for transmitting higher volumes of communication. Essentially, broadband refers to the telecommunication signal or device with a greater bandwidth (holds greater capacity of telecommunication traffic capacity) than standard or usual capacity. As can be observed from the map below, Limpopo has a pocket of broadband infrastructure lying mainly in major economic centres. What is interesting from this map is that the main town of MLM (Dendron/Mogwadi) has also reflected some pockets of this infrastructure. Given the improved access to cell phones it would be important for the municipality to also advocate for such infrastructure to be rolled out in their area of jurisdiction since it has some of the positive implication for business and also residence at large. For example the businesses operating in the area would be able to use third generation (3G) network (which transmit high volume of data at faster rate) to communicate with the purpose of doing business with various potential customers and suppliers within and outside of the jurisdiction of MLM.

Moreover, recently there are initiatives to use social media network such as Mixit to teach learner's subjects such as mathematics. Therefore availing this infrastructure to larger proportion of the population will undoubtedly have positive impact to the residence of the area in improving the cost of doing business and also uplifting the standard of education.



Map 3: Broadband Infrastructure

Source: Limpopo IIS Strategy

4.7 STATUS OF LAND CLAIMS

As highlighted in economic section above, MLM economy relies mainly on its agriculture sector, which employs a large proportion of the population. However there are challenges with regard to this key economic sector which threatens investment. The main threat facing the agriculture sector is the land claims which have been lodged over a large track of productive agricultural land. Essentially the issues with respect to land claim can be summarized as follows within the municipal area:

- a total of 128 land claims have been registered on a total area of 83 300 ha, which represents +/- 25% of the total Municipal area.
- Although the process is fully supported, the slow process in finalizing the land claims is severely affecting the potential economic growth of the area. Some of the land parcels have been

stagnated for a number of years, resulting in unproductive land parcels and minimal economic growth.

- Through the process of land restitution a large number of farms have been claimed by Morabala, Mapiribiri Trust, Thusanang Trust, Makhamotse Trust, Makgato, Makotopong, Morebeng and Rita Bethesda. See the table below

Table 12: Name of land claimants and status

CLAIMS NAME	HECTORES RESTORED / Financial Compensation
Makotopong	Settled
Batlokwa ba Polatla	Partly Settled
Madibeng	Partly settled
Machaphala	Research
Tsomele	Research
Mabare Claims	1423.2079
Marobala-o Itsotse	Settled
Rita Community	Settled
Makgato Community	Partly settled
Mohale	Partly settled
Morebene Community	Partly settled
Marobala-o Itsotse	Settled
Ga-Mabohlatjane	Research
Mogodi-Letlapeng Phase 1	Partly Settled
Manthata Tribe	Research

Project name/Communal Property Association	Settlement date	Hectares of restored land	(Beneficiary) Number of households	Land use	Status
Marobala-O-Itsose CPA	16/01/2004	7147.7195	427	Livestock and Crop production	Implantation: Livestock and Crop production
Ga Mohale CPA	25/05/2007	4901.0589	144	Crop production and livestock	Interim arrangement: caretakership & Lease
Makotopong CPA	02/26/2002	3600.00	379	Crop and livestock production	Interim Management in the form of Lease
Madibeng CPA	10/23/2006	4811.49	46	Livestock and Game	Interim Management in the form of leases
Rita Berthersta CPA	03/09/2004	3580.00	574	Livestock & Crop Production/Settlement	Project Implementation cattle farming and poultry
Morebene CPA	07/01/2004	1791.00	590	Crop & Fruit Production/Livestock Production	Project Planning/Lease up to end of September
Makgato CPA	01/18/2005	5759.10	1821	Game/ Livestock & Crop Production	Project Implementation by the CPA

4.8 ENVIRONMENTAL ANALYSIS

The environmental condition of an area, including the natural resources, is one of the most critical elements present in the climate of the economy of the municipal. As such it is important to unpack the environmental issues that may possibly have impact on the success of the affected sectors and potential thriving sector within the municipality. As discussed in the economic section, the economy of MLM relies heavily on the agricultural sector especially with regard to the employment. Below is a brief analysis of the environmental issues affecting the major sector in the municipality:

- Deforestation: Deforestation is taking place throughout the area, especially in close proximity to settlements where trees are being chopped down to make firewood and sell them as a means of making a living;
- Overgrazing: The major factor in this regard is the overstocking by those practicing farming, especially on communal land in close proximity to settlements. As the land is communally used, no one takes responsibility on the piece of land they use for grazing;
- Erosion: This occurs where overgrazing and deforestation is present. Large areas of MLM is subject to erosion; and
- Unplanned Settlements: Unplanned settlements have a major negative effect to the environment in that, through its practice the vegetation is destroyed when structures is established.

5. LED FRAMEWORK

5.1 VISION OF MLM LED

- Identify opportunities for local people to shake off poverty
- Increase and improve market intelligence of the local people
- Enlighten the future generation with economic opportunities
- Simulate the economic potential of MLM through strengthening its comparative advantage

5.2 MISSION OF MLM LED

- Strengthen the institutional support of local entrepreneurs in economic development initiatives
- Assist the local people in identifying and capturing the opportunities

5.3 DRIVERS OF THE ECONOMY

In developing the MLM economic development strategy it would be crucial to look at various factors that are stimulating (key development drivers) the economy of the municipality. Most importantly it would be ideal to unpack and understand the drivers of the municipal economy and also the literature review on how the region develops in relation to the socio-economic dynamics of the municipality. Essentially, this would be linked to a baseline review with particular focus on the municipal economic analysis section to clearly identify key drivers of the municipal economy.

5.4 COMPARATIVE ADVANTAGE

Development literature is replete with how and what drives the development of the economy of the region. The most notable and important literature needed in understanding the development of a region could be traced to the theory of comparative advantage⁹. The theory of comparative advantage is based

⁹ The theory of comparative advantage was originally produced by David Ricardo in 1817 book titled Principles of Political Economy and Taxation

on the premise that the region should export those commodities which could be produced most efficiently and effectively within the region. It also states that the region should import those goods and services in which production is less efficient. This notion is underpinned in various planning frameworks of government such as National Spatial Development Perspective (NSDP) as well as Limpopo Employment Growth and Development Plan (LEGDP). The NSDP emphasises the development of the regions which have comparative advantage. While the LEGDP highlights this approach for the Limpopo province and various regions/localities within the province, there is still a need to realise higher employment rates and the establishment of sustainable economic development. The emphasis should be on the municipalities/regions which are endowed with resources and may have high comparative potential advantage such as minerals. Essentially the province recognizes that the prerequisite for economic development and employment creation is to develop industries which have a higher potential. Hence the emphasis of LEGDP is on the platinum belt in Dilokong development corridor, Mokopane coal mining as well as planned Sasol coal to liquids petrochemical industry in Waterberg.

The World Bank report (2009) also highlights some important aspects on development and prosperity in various regions. Prosperity will not develop naturally in all places but no place should remain mired in poverty. With good policies, the concentration of economic activity and the convergence of living standards can happen together. The challenge for governments is to allow—even encourage—“unbalanced” economic growth, and yet ensure inclusive development. They can do this through economic integration—by bringing lagging and leading places closer in economic terms¹⁰. Simply put, some places are endowed with natural resources while others are not; some places are located at strategic locations while other are located at less strategic places. Moreover, only few places are endowed with natural resources which give them a comparative advantage. Given this, the magnitude of growth and the development strategies would not be the same, nevertheless, this should be taken into consideration when developing the MLM’s economic development strategy.

To properly identify and build on MLM’s potential it is imperative to first understand its location and resulting implications. Location is critical in identifying how an area can maximise its economic growth and poverty alleviation measures¹¹. It also provides comparative advantage in a number of ways, including

¹⁰ World Development Report, (2009): Reshaping the world economy

¹¹The Presidency: 2006: NSDP

access to natural resources, logistics hubs, terrain conducive to growth activities, etc.. The principle of comparative advantage is of relevance to MLM as the municipality should ideally produce goods and services in which it is more productive in and import those goods and services which it is less productive in.

Compared to other places in the Limpopo province such as Polokwane (which is privileged because of its location), Burgersfort and Lephalale (both endowed with natural resources), MLM's location presents fewer avenues for comparative advantage. Though one of the major national roads (N1) passes through the municipality its location does not confer much advantage, as compared to, for example, Polokwane. However, certain areas such as those surrounding Soekmekar along the N1 can benefit from international transport and rail corridors.

With respect to transport and logistics corridors MLM could benefit from the Musina-Gauteng corridor which aims to introduce services on the existing rail line. There are two clear benefits that could arise from these development corridor:(1) the development of road infrastructure for accessibility and mobility of goods and services, and (2) the development of economic corridors and public transport¹². These supplementary economic investment and development opportunities arise by virtue of locational advantages in relation to the enhanced transportation networks and the more efficient, effective and reliable transport services¹³. These are purely location factors that municipality can accrued economic benefits from, they have nothing to do with the ability of the municipalities to act proactively, but rather location factors associated with spatial advantage and access to resources.

5.5 HOW DOES A REGION DEVELOPS

In developing the MLM LED strategy it is fitting to draw some lessons on how other regions such as East Asian Economies have developed. In doing so, this should be kept in mind that development strategies differ in context and therefore it would be unwise to copy or take strategies that worked elsewhere and

¹² LEGDP

¹³ GRM de Beer: (2001): Regional Development Corridors and Spatial Development Initiatives- Some current perspectives on potential and progress

implement them in MLM. Despite that the study undertaken by World Bank¹⁴ found out that there are similarities in some instances¹⁵. Some of the similar features of development strategies include the following:

- Respect for property rights
- Low enough inflation to encourage long term investments in physical capital
- Investment in people
- Growth in exports
- Ability of the institutions to learn

These will be explored in subsequent sections.

5.5.1 Respect for property rights

The private sector, in particular small businesses, creates a larger number of jobs and contributes to a significant income in the form of tax to the South African economy. Thus, for any economy to develop optimally it needs the hand of the private sector to bring innovation, which is said to drive the economy. Similarly, big businesses also play a crucial role in creating sustainable jobs and also supporting small businesses. However, for the private sector (both small and big corporations) to develop there is a level of certainty which is required before they invest their resources (factor of production). Essentially, the respect for property rights¹⁶ and respect for the law is one of the fundamental principles that enable businesses to invest in the region.

The current challenge that faces MLM is that the larger proportions¹⁷ of the population do not have property rights and that there are a number of unresolved land claims being lodged across the municipal area. This has a negative impact on the municipality, because investors in the primary sector (agriculture), which is a primary driver of the municipal economy, find it difficult to invest in land where they cannot guarantee that their investment in infrastructure will be protected. Similarly even the communities which have lodged land claims in terms of land restitution act also do not find it attractive to invest infrastructure on the land, because of the uncertain nature of their ownership. They are unsure whether

¹⁴ World Bank,(1993): East Asian Miracle

¹⁵ Stanley Fischer, Development Strategy for Asian Economies: Korea Perspective

¹⁶ Respect for Property rights can be defined as to respect personal property of people or business investing in the municipality, district or country

¹⁷ Land Ownership is in towns (Morebeng and Mogwadi) and ward 14 (which has communal land)

their claim will be successful or when the process for land restitutions will be completed. While a number of parties have expressed interest in investing, these are mainly cooperatives and are in many instances dysfunctional for various reasons¹⁸.

In scrutinizing the economy of MLM in the baseline review section, it became apparent that agriculture is one of the key economic drivers of MLM economy, contributing R208 million (14%). This sector also contributes to a significant proportion of employment opportunities in the numbers of people being employed, albeit with meagre income. However, the municipality is facing a major challenge with respect to the number of land claims lodged on productive agricultural land. This poses a serious challenge for the agricultural sector in that the nature of agricultural sector which takes quite a longer period of time to realise return on investment (ROI). As such the commercial farmers are unable to invest on productive land which they could not guarantee if they are going to obtain/secure long term lease or ownership once the land claim investigation is completed.

Therefore, a land claim is one of the hindrances to the full production of agricultural sector. Moreover, the challenge of under farming seems to be widespread as described by the department of agriculture in MLM indicating that even in farms which the land claim has been completed ownership of the farm lies with a number of people. Some are fulltime employees and do not have sufficient time to focus on the agricultural activities. On the later point, it is important to highlight where all the beneficiaries of land claims are employed elsewhere fulltime , with little or no interest to return to agriculture sector, it would be ideal for the municipality and also department of agriculture to encourage the beneficiaries of land claim to lease productive land. This could be leased to BEE firms with the aim of leveraging on sources of funding such as National Empowerment Fund (NEF).

With respect to property rights, given that the powers to resolve land claim lies with the national government, MLM could lobby Department of Rural Development and Land Reform to resolve land claims that falls within the jurisdiction of the MLM speedily. The current practise with land reform is that any land that is under claim, the Department of Rural Development and Land Reform allow any business or persons who want to develop land that is currently under claim to proceed with the development. This proviso is however not well known to existing and potential investors and farmers within the municipality. Therefore,

¹⁸ This is discussed in detail under potential analysis section

the municipality should also lobby for aggressive campaigns that would increase awareness among current and potential investors so that economic development potential on any productive land is achieved. Essentially, there is a need to encourage the national government through provincial office of Department of Rural Development and Land Reform to develop a strategy for using the current land with the aim of ensuring arable agricultural land is used optimally.

5.5.2 Investing in People

Investing in people is one of the major instruments that various regions across the world have played in order to seize the opportunities that are provided by the economy. For example the Bangalore in India was one of the poorest communities without any major industries¹⁹. However, the authorities invested in education of people in the region with the larger proportion of the population trading their skills in other parts of the world in information and telecommunication technology and other fields. The people earned income over the years and some made savings which they used when they return to their region to finance their business in information and communication technology. The ITC sector flourished in this region because of two reasons; firstly the government policy was based on the main competitive advantage of the region, its skilled labour. Thus people education was prioritized and all the mechanisms were undertaken to improve on the education of the people, which ultimately improved their technical skills, and the ability to be trained in various fields and their productive capacity. Consequently this resulted in the region being able to draw on the technical capacity and income transfers from the Indian diaspora, increased investment and ultimately the improved economic performance of their region. Similarly the study by the World Bank on East Asian Economies found that developing the skills base of the work force enables wider participation in the fruits of regional growth and can contribute significantly to poverty reduction and social equity.

The structure of MLM economy has over the years evolved from being dominated by the primary sector to tertiary sector with finance and business services as well as general government services contributing 24% and 21% of the economy respectively. Moreover, Limpopo and Capricorn District Municipality and its local municipalities economy has also changed over the years with the tertiary sector especially government and financial and service sector dominating in terms of their contribution to the economy. As

¹⁹ Joseph Stigliz. 2002: Globalization and its Discontent

such the opportunities for employment and enterprise development have mainly been in these sectors which need semi-skilled to highly skilled labour force.

Currently the numeracy and literacy rate of MLM residence is very low, with 21.9% of people without schooling, to seize opportunities created by the sectors which are dominant (Government 21% and Finance and business services 24%) in terms of their GDP contribution to the economy- which needs skilled and highly skilled personnel. Moreover, though there are various primary sectors in adjacent municipalities such as mining and agriculture which absorb high numbers of people²⁰, the mechanization of these industries also requires people to have the basics in literacy and numeracy so that they could be trained to acquire the technical skills required for the jobs. Given this challenge one of the response mechanisms required is to improve literacy rate to improve technical skills which will result in improving opportunities to create a well-educated work force capable of meeting challenges of rapid and technology based economic development²¹. Moreover, the impact of globalisation is also affecting small areas such as MLM in terms of skills movement and also the opportunity for employment. Therefore, for MLM residents to remain competitive in competing for all employment and business opportunities created in global economy, it would be in the interest of the municipality to provide residents with the ability to participate in such for such opportunities through the acquisition of skills.

South Africa is in the process of industrialization with the introduction of key policy documents such as the National Industrial Framework (NIF) as well as Industrial Policy Framework Action Plan (IPAP) which are aimed at revolutionizing the South African economy. This requires the country to strengthen science and technology education in order to provide sufficient skills base to drive ambitious plans of industrialization. Most importantly, such skills will come from different areas of the country. Similarly for MLM residents to be able to respond to the opportunities that would be provided by such industrial revolution it would be ideal for the residents of the municipality to have sufficient numeracy and literacy skills required in order to meet the minimum requirements so that the residents can respond to opportunities created within the provincial economy.

²⁰ Polokwane and Aganang Local Municipality

²¹ Thomas, V and Stephens, P. (1994): The East Asia Economic Miracle, The Evolving Role of World Bank, Washington, DC

5.5.3 Growth in exports

Trade plays important role in developing the industry of the regions. Similarly for MLM to develop in a sustainable manner with the potential to create sustainable employment for various sectors there should be growth in exports within the municipality. In developing the exports, the municipality would be able to increase the injections within the municipality which could be used to offset the leakages. The regions that have developed substantially within the country such as Johannesburg and other countries such as East Asian region have successfully managed to produce more of the goods that they have comparative advantage in. Essentially for MLM to thrive economically there is a need to put emphasis on producing and developing goods and services which it has comparative advantage so that it could be able to increase and improve trade with other regions and ultimately strengthen linkages in the economy. Some of the immediate sectors that the municipality should target is increasing the agricultural produce and also advocating for agro-processing in the municipality. Within the agricultural sector, potatoes and tomatoes are some of the main product which the economy of the municipality is benefiting from. As such it would be ideal to advocate for the production of this produce across the municipality so that some the local economy can earn more income.

5.5.4 Sound Institutions- Ability of Institution to Learn

Core to the success of any region is the ability of various institutions that are operating in the region to learn, in particular, government institutions that develop macro- and micro-policies aimed at creating conducive environment for business to thrive. Government institutions and agencies which plays key role in supporting economic development also are important in developing learning ability within their area of operation, especially when dealing with issues of economic development. Currently there are a number of institutions which plays a key role in the development of the MLM economy. These include:

- Department of Agriculture, Molemole
- LIBSA, Molemole
- SEDA, Capricorn
- Department of Social Development
- Limpopo Economic Development Enterprise (Limdev)

The role and magnitude of these institutions differ from one institution to another depending on the service being offered and the mandate of the institutions. They have over the years played a critical role in learning and developing certain practices across the municipality. Though they have to some extent demonstrated capacity to learn, it is not evident that this has been translated into policy. Currently, the Molemole Department of Agriculture is responsible for assisting all the farmers within the area with the technical knowhow, as well as assisting the cooperatives with the development of business plans to source capital equipment required for agricultural activities. Moreover, it also assists cooperatives involved in farming in accessing seeds as well as other inputs required.

Limpopo Business Support Agency (LIBSA) is highly involved in the business incubations of various forms of businesses that are operating within the municipality. Some of the activities that assist the entrepreneurs in MLM include the following

- Cooperative development and support
- Business incubation
- Business Information Dissemination
- Business advisory services
- Capacity development programmes

LIBSA also provide business management training to the local residence. This training is advertised twice a week in two local radio stations.

Small Enterprise Development Agency (Seda)²²- assists through the development, support and promotion of small enterprise in the municipality, by ensuring that their growth is sustainable, in coordination with various role players across the district. Some of the support services that they provide include providing training to small and emerging entrepreneurs, developing business plans, providing mentoring as well as facilitating funding and business development for small enterprises.

Limpopo Economic Development Enterprise (Limdev)- assist small enterprise through facilitation of business and investment opportunities by providing finance to facilitate industrial and economic development, employment creation and acceleration of BBBEE. Although Limdev has extensive services to assist the business to this date there has never been any business of significant magnitude that they have

²² www.seda.org.za accessed on the 23 November 2011

invested or partnered with. However, they have finance housing developments, mainly in tribal land where the banks are reluctant to finance.

It is expected that in the future a number of institutions that are playing key role in economic development within the municipality will increase with Department such as Office of the Premiers, Department of Cooperative Governance, Human Settlement and Traditional Affairs and Limpopo Department of Economic Development and Tourism (LEDET) playing key role in driving economic development within the municipality. Most importantly, their role in developing and aligning provincial policies will be crucial in supporting learning practices of various institutions that are operating the province.

5.6 POTENTIAL, OPPORTUNITIES AND CHALLENGES OF VARIOUS SECTORS

5.6.1 Strength, Weaknesses, Opportunities and Threats

Through an initial review of data and from participants at the workshops, the strength, weaknesses of Molemole, the potential opportunities and the threats it faces were identified. These are summarised below, in no order of importance.

- Strengths
 - Arable land suitable for horticulture, such vegetables, potatoes, tomatoes
 - Profitable commercial livestock industry especially among the commercial farmers in the municipality who have developed intricate supply chains in offering beef to market
 - Proximity to Polokwane and National highways, thereby offering opportunities for inclusion in provincial and national product/ service supply chains
- Weaknesses
 - Lack of sufficient water to expand the agriculture sector
 - Low education profile, with 21.9% of the population with no schooling, thereby impacting on their ability to function in the growing knowledge economy
 - Lack of skilled human resources due to the low education profile in the municipality

- Lack of adequate entertainment and leisure facilities to enable a thriving centre of socio-economic activity in the municipality that attracts people and possible increased investment
- Lack of organisation among historically disadvantaged populations in optimising the potential of the vast productive communal land especially in development and sustainability of cooperatives in the socio-economic sectors of the municipality
- Weak cooperative sector leading to poor utilisation and optimisation of reclaimed as well communal land
- Opportunities
 - Abundant agricultural land that is mainly communal which could possibly be utilised for animal and crop husbandry
 - Harnessing the power of cooperatives in achieving economies of scale and scope in potato, vegetable and livestock farming that typify the comparative advantage of the municipality
 - Harnessing the opportunities in agro-processing of agricultural produce in the municipality utilising the competence and experience of food processing in Molemole, for example through the development of an Agri-hub in the municipality (agro-processing and logistics hub)
 - Potential synergies in socio-economic activity in the municipality such as integrated tourism promotion (Mutomo Trading Post, Tropic of Capricorn, Machaka Game Reserve, and Agri-Tourism)
 - Policy and regulatory framework in government, e.g.:
 - the New Growth Path -advocates agro-processing and seeks to harness low skilled human resource,
 - the B-BBEE Act - seeks to enable supplier development of HDI firms, thereby enabling and enhancing market access of agri-products from HDI owned firms,
 - the provincial LEGDP - identifies among its 14 pillars enterprise development and cooperative development as areas of focus
 - Government interventions such as the rehabilitation programme of ghost farms from land reclamation by the Department of Rural Development and the provided funding to

enable the operationalization and sustainability of farming initiatives by rural communities over a five year period

- Threats
 - Lack of water to expand the agricultural sector that could possibly be mitigated by integrating water harvesting and efficiency methods into agricultural activities e.g. recycling and building of artificial dams or lakes
 - Environmental challenges such as global warming and climate could affect agricultural activities and bio-diversity of the municipality
 - Getting approval and stakeholder buy-in from the Traditional Council on utilising sections of the communal land

5.6.2 Agriculture, Forestry and Fishing

The analysis of the sectors in the MLM shows only one primary sector (Agriculture) as the main driver of the economy of the municipality, with support service sectors such as banking, finance and retail. According to Department of Agriculture MLM, within the agricultural sector potatoes are the key produce in the area and the current commercial farmers are achieving significant success. The Department of Agriculture has further identified a need for various farmers especially who are residing on communal land to focus on specific agriculture production activities such as:

- Potatoes- according to Department of Agriculture MLM, it is expected that the production of this produce should enable MLM to supply at least 25% in the province²³.
- Tomatoes
- Other vegetables such as cabbage, spinach, onion, etc.

However, the above farming activities will mainly take place in the Morebeng area (in the western part of the municipality) which has abundant ground water.

Apart from the aforementioned produce, there is scope for the formalisation of livestock farming in the eastern parts of MLM, where there are approximately 7000 livestock located on communal land. In order to derive more value from stock farming, there is a need to assist the residents, who are located on communal land to maximise the value of their livestock. This could be complemented by establishing

²³ This is based on the interview with the Manager for Department of Agriculture in Molemole

feed lots to enhance the value of the livestock, or further meat processing in abattoirs. The manufacturing of feed also has potential to supply various areas across the province. There is also potential for commercial livestock farming in the area. Although there are currently there are livestock farmers occupying communal land there is no formal demarcation of land for grazing. Thus, there is a need to formalise such land use agreements.

Currently, communal land occupies approximately 24% of the productive land in the municipality and as such it would be appropriate to maximise on the use of this land. It is prudent to capitalise on the extensive communal land on the basis that it occupies 24% of productive land²⁴ in the municipality for possible enhanced agricultural activity. In essence the approach is to maximise the use of productive agricultural land so that the economy of the municipality could be strengthened. Moreover, this would enable the local residents to contribute meaningfully towards this strategic sector and also ensure the sustainability of food security across the province.

Nevertheless, it should be noted that the only viable farms are commercial farms while the cooperatives which are mainly owned by black farmers are not sustainable or profitable. There are a number of reasons behind the failure of the latter. The key reason, however, is the lack of differentiation between the land owners and land users - who constitute the members of cooperatives. According to the Department of Agriculture in Molemole, a number of people who are land owners form cooperatives simply because there is a government grant to assist them in whatever economic activity the funding is meant for, admn have no real interest in farming *per se*. As a result, most of the members involved do not have an interest in ensuring that the cooperatives succeed.

It is worth capturing some of the challenges which the successful land claimants faced post settlement. Firstly, the Department of Rural Development and Land Reform assists them in formulating the *Communal Property Association* (CPA) with its management structure with the aim of managing the land effectively. It is during the transition period where lot of problems emerge as a result of unwillingness of some

²⁴ This information was sourced from the interview that was conducted with Department of Agriculture, Molemole on the 17th November 2011

executive members to leave the office when the new executive is voted. Added to this is the historical issues associated with the land claim, some members are not necessarily interested in using land for productive or commercial purpose. They actually feel attached to the land that they have been removed from. As such their main interest is to be relocated to that land after the settlement. In some cases, these happen to be agricultural land which is not really ideal for settlement but rather for farming. In such instances the Department of Rural Development and Land Reform attempt to convince such people to use land productively. Nevertheless there are serious implications for this, firstly, the Department of Rural Development and Land Reform is faced with making people who do not necessarily have common interest to become entrepreneurs in some sort of business. Secondly, in some instances people who are not interested and have no vision in developing a successful agriculture business are combined with those who have passion leading to divergent interest and motives. These challenges are not only confined to the Molemole cooperatives, other cooperatives in various municipalities (Aganang and Polokwane) have also received faced similar challenges leading the entities and ultimately the projects to collapse²⁵.

Of the seven (7) land claims that have been successfully settled²⁶ in the municipality, there is only one which can be described as functional. Sadly even the latter farm is not being operated by the land beneficiaries. However, what is comforting is that at least economic activities are taking place on such productive land. The Department of Rural Development and Land reform has developed the post settlement unit which mainly deals with assisting communities in managing their farms and/or land after the claim has been settled. However, officials that are responsible for post settlement in MLM have not made any significant strides in addressing the functionality of the land.

Essentially, the formation of cooperatives in the municipality transgresses one of the core principles of cooperatives which is bringing people together to achieve common purpose. In essence this demonstrates a clear lack of understanding and differentiation between the land owners and users (cooperative members). According to various stakeholders that are working with the cooperatives in the municipality such as LIBSA, their experience in dealing with agricultural cooperative does not show any positive developments.

²⁵ This is based on interview conducted with Polokwane LED Manager

²⁶ This include Marobala-o-Itsotse, Rita Bethesda, Ha-Mohale, Makotopong, Madibeng, Morebeng and Makgato

Therefore, one of the core solutions to release productive land in MLM could be to differentiate between the land owners and land users with the aim of ensuring that the productive land is utilised optimally. Ideally, the beneficiaries of land reform should be separated into two groups' .i.e land owners and land users. Land owners should be all the beneficiaries of land restitution in case where the land claimants have been successful in claiming their land. It will also be important to classify land users- this will mainly be members of an active cooperative with interest in farming business that are operating on the land owned by the community or land claim beneficiaries. In the case of CPA's, all members of a CPA would be the owners of land, depending on the number of people interested in farming and the area they are keen to explore. There can also be a number of businesses or cooperatives that are leasing the land from the CPA who should pay rental amounts to the land owners.

Lastly, environmental challenges such as increasing temperatures which affect the crops that are being ploughed in MLM also pose a serious challenge to the municipality with the agriculture sector facing tremendous challenge whereby the traditional crops are facing extinction.

5.6.3 Wholesale and Retail

Wholesale and Retail trade is the third largest sector in MLM with a GVA contribution of R181 million in 2010²⁷. It has three main economic activity nodes located at various areas across the municipality. These include Botlokwa, Mogwadi and Morebeng which are classified as the 2nd order retail centres²⁸. Apart from this main retail outlets there are a number of other retail outlets- hypermarkets and supermarkets which provide the local residents with day to day shopping needs within the villages.

The potential for this sector is highly dependent upon the income that the residents earn , and by extension on the success of other sectors in the area in creating employment and increasing income levels. Currently, agriculture is the main primary economic sector, which generates and employs the largest proportion of people in MLM . Therefore, the larger proportion of local people earn their income in agriculture, but the rate of remuneration in this sector does not seem to be high enough to stimulate economic activity in the retail and wholesale sector. The second most prominent sector that generates

²⁷ Quntec 2010

²⁸ Molemole Local Municipality, Spatial Development Framework

employment is the government and community services. Most professionals employed by the government in MLM are educators, nurses and police. Essentially, agriculture and government services are the main economic drivers in MLM, underpinning incomes generation and by employing large proportions of the economically active population and driving the wholesale and retail sector.

Apart from the people employed in agriculture and government services the wholesale and retail sector is also driven by the government grant recipients. Part of large economic activity in the wholesale and retail sector is taking place during the period in which the social grant recipients, such as the old age grant (OAG) and child support grant (CSG), receive their monthly grants²⁹.

Though the wholesale and retail trade showed some positive growth over the years (see section 3.5). The sector has potential for growth, however, the current economic activities taking place in the municipality need to be expanded in order to sustain it.

5.6.4 Tourism

There is a potential to stimulate the sector through marketing the tourist attraction points in the municipality. Currently, there are three main tourist attraction points in the municipality this includes Motumo Trading Post, Tropic of Capricorn and Machaka Nature Reserve.

- Motumo Trading Post- is a trading post for mainly Batlokwa art and crafts found in the areas in close proximity to the Tropic of Capricorn
- Tropic of Capricorn- is the southern boundary of the tropics and marks the furthers point south at which the sun can be seen directly overhead at noon
- Machaka Game Reserve- it is 1100ha game reserve set in the beautiful mountains and offers visitor great game drives, nature trails, quad bike and rock climbing adventures. It offers self-catering as well as bed and breakfast lodges.

Mutumo trading post has potential to increase the number of people visiting the municipality. However, this could be maximised with the inclusion of Tropic of Capricorn as well as a visit to Machaka Game Reserve to offer tourist full day activities. This will increase the time the tourists stay in the municipality as

²⁹ Interview with Libsa Molemole

well as amount of money they spend during their visit. It is worth highlighting that Mutumo Trading Post has challenges with regard to the issue of ownership, with three parties which are claiming the ownership of the area and facilities. These include the National Department of Tourist, MLM and the Tribal Authority. This issue is currently the subject of legal action and is before the courts.

Currently, there are large volumes of cars which are passing through the N1. This may present the municipality with an opportunity to open businesses that require large numbers of people. One of the potential initiatives that should be explored is to open a One Stop Centre (24 hour filling station) which can cater for the trucks as well as restaurants to support the people that are passing through N1. It would be ideal to build such facilities on a location which could be linked to one of the three tourist attraction within the municipal area so that these tourist attraction facilities could gain value and linkage from the new businesses.

5.6.5 Finance, Insurance and Real Estate

This is the lead sector in terms of the GVA contribution to the MLM economy contributing R360 million (24%)³⁰. However, the ability of the sector to grow is highly dependent on the main drivers of the economy such as the primary sector and secondary sector. In case of MLM; agriculture, government services and community and social services are the main drivers of finance and business services.

Though the sector is leading in terms of its contribution to the GDP of MLM economy, it still does not generate large proportions of jobs as compared to the agriculture and government services.

5.6.6 Manufacturing

South Africa has developed a national industrial policy framework which provides direction for approach to enable industrialisation. It also helps align the public and private sector efforts toward this end. Its primary focus is on low skills intensity industries- non-traditional tradable goods and services in the primary, manufacturing and services sector of the economy³¹. Given the current low education and skills level of MLM residents, the NIPF provides the municipality with the opportunity to expand manufacturing

³⁰ Quantec 2010

³¹ National Industrial Policy Framework

which will cater for the larger proportion of the population which does not have high skills levels in the municipality.

Currently, the manufacturing sector is one of the lowest contributors to GDP in the MLM economy, at R55 million . There are limited opportunities for expansion; however, the municipality has the following opportunities to develop the sector:

- The Molemole Food Processing factory is currently producing Marula Jam, Marula Archar, and Marula Juice. This factory has the potential for expansion and could be linked to similar initiatives in the province such as the processing of Marula in Ba-Phalaborwa, which is currently selling the products in Stellenbosch, Cape Town. Some of the challenges that the cooperative faces is access to raw material and governance issues which have led it to be somewhat dysfunctional since its inception.

5.6.7 Transport, Storage and Communication

The nature of the main economic activity (Agriculture) in MLM requires the use of transport and storage as well as communication to support the goods produced locally through transporting them to various markets. The sector has seen growth over the years increasing from R145 million in 2001 to R170 million in 2010, an increase of just over 14% over 10 year period. Though it is clear that the sector is growing there is no conclusive evidence of the products or services that are being transported and stored. Looking at the structure of the municipal economy, it is reasonable to assume that the main products being transported are mainly agricultural produce such as potatoes and tomatoes which are produced in abundance. Similarly, storage and communication have also flourished as a result of growth in agriculture.

If the current agriculture activity could be maximising the full potential the sector to grow, the transport and storage sector will increase as a result of increased production. Moreover, if the current iron ore mining activities materialise the demand for transport, storage and communication in the municipality is likely to increase by at least 10 fold. The formalisation and legalisation of *sand quarries* is also likely to increase the economic activity of the sector but at a much lower scale as compared to the latter two sectors.

Mining specifically of high value minerals such as iron ore is one of the sectors that has potential to stimulate the sector. But it would be difficult to state with any significant degree of certainty, because the two companies that are currently looking for the deposit in the area are still at pre-feasibility stage. However, if the projects could be feasible they would increase the demand for the sector and as such expand the economy of the area.

5.6.8 Construction

With regard to housing development, MLM is situated at a strategic location in relation to its links to major economic centres in the province, such as the provincial capital; Polokwane. This gives the municipality a competitive advantage in linking their economic activities with that of Polokwane. Furthermore, the growth of Polokwane gives the MLM leverage to tap into some of these opportunities for growth. One such immediate opportunity which MLM should tap into is the property market, specifically residential housing. Mogwadi, the main town in MLM, is only 60 km away from Polokwane and currently the housing demand in Polokwane has grown substantially while the availability of land for residential development does not match the demand, which has resulted in the price of housing increasing. This has rendered the cost to the low to middle income in some instances unaffordable given the current economic climate. As such there is an opportunity for MLM to tap into this market through the provision of similar services that are offered by the property market in Polokwane³². However, this will depend on the affordability of the land that could be developed for that type of market. Given the abundance of large tracks of land in municipal area of jurisdiction, it would most likely be feasible and appealing to the market especially, given the fact that it would provide the people with affordable housing with high service standards.

Despite this massive potential, as described by LIBSA, the issues of land usage should be discussed with the traditional authorities, so as to reach consensus on planning and also allocation of stands for residential development. The current situation is that the tribal authority is allocating the land on areas which should be reserved for strategic businesses³³.

³² This view is also shared by Polokwane Municipality: Interview Conducted with Polokwane LED Manager on the 9th January 2012

³³ Libsa Molemole, Interview Conducted with Mr. Masipa on the 22nd November 2012

Currently, construction is the third smallest sector in MLM, contributing only R45.1 million to the GDP of the municipal economy. There are two forms of opportunities for expanding the sector in MLM: developing housing in tribal land, and bonded housing in formalised areas. Initiatives for the development of township for housing people are ahead with three townships planned in the municipality. The first township is planned on the boarder of MLM and PLM which is mainly aimed at targeting low to middle income households who are working in Polokwane. The development for this township is ahead with the municipalities working on the mechanism to provide bulk services. The second township planned for development is at Matoks, this is the collaboration between the municipality and the Local Tribal Authority. A lot of work needs to be done in order to ensure that all bulk services required for the realisation of the development of the township are achieved. There is also mixed used development which is planned at Mogwadi, the feasibility study has been conducted and the development declared feasible. This is where a third township is going to be located.

There are opportunities for expanding housing through Risima Housing Finance Cooperation (Pty) Ltd a subsidiary of LimDev which is financing rural housing. Risima's main objective is to offer the people of Limpopo low cost housing finance for existing properties, home expansion and new home loans, as well as to dispose of urban rental housing stock to permanent and self-employed South African citizens, resident in Limpopo³⁴. This is one of the financing solutions that could to some extent be used as part of the solution to address the housing development for Matoks planned township. Over and above that there are opportunities of providing formalised urban housing at a larger scale for low to middle income earners who are working in Polokwane and surrounding areas.

³⁴ www.limdev.co.za

5.6.9 Mining and Quarrying

For the past 10 years, mining in MLM has been static registering a gross value added of less than R50 million. This is because mining activities within MLM have over the years mainly been in the form of quarries which produced granite. There are about twenty different types of minerals in MLM Local Municipality. Though there are a diversity of mineral deposits in the area, their occurrence/deposits are small in size which renders the deposits uneconomical or suitable for exploration³⁵.

The main mining activities which are and/or have been viable over the years are dimension stone (granite) and crusher stone. The value of granite and also its potential in stimulating economic activity is miniature. The crusher stone has potential for growth in supplying various national, provincial, and local government infrastructure projects in the municipality and beyond.

The other form of mining activity that has potential is sand. Currently, the bricks for building inexpensive houses are sources outside the municipality as a result of lack of high magnitude for sand exploration in the municipality. Therefore, there is a need to encourage local entrepreneurs to apply for mining permits for sand with the aim of producing building and paving bricks. Some of the services that could result from sand projects include manufacturing of bricks and supply of sand within the municipality including surrounding areas. Furthermore, municipality can also link various businesses within sand value chain through encouraging contractors who are awarded projects that require sand and bricks to purchase material from the local businesses. Some of the opportunities that the entrepreneurs could be linked to the planned development of townships including mixed use development. The key to the success of this business is to assist the local entrepreneurs with the application of legal documents such as mining permits so that they can conduct their business legally. This includes assisting and/or linking them with the Department of Mineral Resources which will assist and guide them in complying with the Minerals and Petroleum Resources Development Act, (MPRDA) No 28 of 2001.

There is potential for the exploration of iron ore minerals in the Zandriverspoort area. Currently, there are two companies, Sekoko Resources and Sishen Iron Ore Company (trading as Polokwane Iron Ore Company, a partnership between Kumba Resources and AcerlorMittal) which are evaluating the economic

³⁵ Mineral and Mining Development Study of Molemole Local Municipality, Limpopo Province, June 2009

potential/viability of these iron ore mineral deposits in MLM³⁶. It is expected that the area that Polokwane Iron Ore Company (PIOC) is exploring will utilise a magnetite resource with low contaminant levels, to produce anywhere from 1Mt up to 2.5Mt product. The product will either be a concentrate, a micro-pellet or blast furnace pellets³⁷. Despite this promising outlook the project is still at prefeasibility stage. It is estimated that if it may become feasible it would start production in 2018³⁸. Moreover, Sekoko Resources is currently in the process of securing funding to conduct detail feasibility for the exploration of the minerals³⁹. If these projects materialise (become feasible) they have potential to stimulate the economic activities of MLM municipality at larger scale.

The sector also has opportunities in the development and mining of granite and similar minerals. Quarry activities are located in close proximity to Botlokwa⁴⁰. Moreover, there is an opportunity to process the waste that is generated from the quarries, which can be generated into crusher stone. Currently, there is existing waste that could be processed to manufacture crushed stone. This could be linked to the current and future construction projects to supply roads and other infrastructure projects that are commissioned by various spheres of government including parastatals.

5.6.10 Electricity, gas and water

The reconfiguration of the South African local government system has affected the way municipalities conduct and provide services across the country. This has also affected the provision of services such as electricity, gas and water in the municipality. Initially the municipality was responsible for the provision of these services across its area of jurisdiction. Currently, this has been transferred to the District Municipality in terms of the Municipal Systems Act (No 32 of 200) and Municipal Structures Act which gives powers and function of provision of bulk services to the District Municipality.

Though the baseline review reflects no growth in this sector, this should not be misconstrued as lack of provision for services but rather a reflection that the sector monetary or financial growth is not reported

³⁶ Mineral and Mining Development Study of Molemole Local Municipality, Limpopo Province, June 2009

³⁷ http://www.kumba.co.za/ob_projects.php 28 November 2011

³⁸ Interview Conducted with the Mr. Alasdair MacPhee, Senior Project Manager, Polokwane Iron Ore Company

³⁹ Interview with Mr. Maloka from Sekoko Resources, 10 Jan 2012

⁴⁰ Molemole Local Municipality, Spatial Development Framework

or recorded in MLM, but rather as an aggregate for district. That is the provision of services is improving as reflected in the section that deals with water and electricity, However, the financial benefits of such services has shifted to the District Municipality and Eskom which provide the later mentioned services to a wider number of people in the municipality. Therefore, one should expect that there is no potential which the municipality can draw from this sector.

5.6.11 Developing People

Education and skills level of MLM residence remain low with 21.9% of the population without schooling. Even within other categories of schooling only 7% have grade 7 while 6.8% have managed to obtain grade 12. This clearly, falls-short of the current opportunities in the municipality, district, province, country and globally where there is a potential in various economic activities that requires skilled and highly skilled professionals. For example, the MLM economy is highly reliant on the agricultural sector which still has extensive opportunities for farming and agro-processing. The evolution in the sector such as the mechanisation of the methods for farming and also agro-processing requires semi-skilled, skilled and highly skilled employees which the municipality cannot provide given the education level provided across the municipality. Furthermore, the Limpopo Employment Growth and Development Plan (LEGDP) highlight the major economic activities across the province. However, only few municipalities have been identified as growth points based on their comparative advantages which are mainly as a result of the natural endowment of those areas. Within this growth point there are three priority growth points that include:

- Tubatse- providing opportunities for the extraction of minerals through exploitation of platinum belt in the Eastern Limp.
- Lephalale- the development of over Medupi, 4000 MW dry coal power fire power station and development of coal mines to supply the latter power station and also to supply various markets.
- Musina/Makhado- the development of horticulture and coal.

Apart from the above three provincial priority growth points there are another six growth points which have their unique competitive strength, this include Polokwane, Mogalakwena, Elias Motsoaledi, Thabazimbi, Makhado, Ba-Phalaborwa and Ephraim Mogale.

Given the above potential of the province and prioritization of such projects it is clear that there is no substantial economic activity that is of high magnitude driven from the province in MLM. However, there are clear indications that residents of the municipality could benefit from the opportunities that are created elsewhere. Part of the solution, is a need to create opportunities for local people and also to train them in having market intelligence in order for them to earn an income beyond the boundaries of the municipality. In instances where MLM people earn income by trading their skills elsewhere, it should at least be opportunities that would enable them to earn decent income.

Therefore, part of solution of developing MLM economy would be to put much emphasis on developing the skills required to partly address the LEGDP opportunities required in the major economic sectors. Given that the local government (municipalities) have no clearly defined role in education, it would be appropriate to focus on soft issues in collaborations with the District department of education to address a number of issues. Essentially, the municipality should educate the local residents especially students about the opportunities existing now and in the future beyond the municipality and the skills required to fulfil or take those opportunities, thereby shaping their world view. This could be achieved through organising and conducting workshops and/or career exhibitions with educators that are responsible for guidance in all the schools across the province. Moreover, the workshop/exhibitions could also be conducted annually in collaboration with the District department of education and industry to educate learners between Grade 9-11 as preparation for them to determine:

- the skills in demand in the labour market
- what to study post matric/grade 12
- which scholarships/bursaries are available for what they want to study
- what and where to study, and
- what grades are required for the various study programmes.

The successful implementation of this will enable the learners who are coming out of schools in MLM to be ahead of their peers in pursuing their studies in the fields which are required by the market. This will enable them to snatch sustainable employment and business opportunities that are scattered in various local municipalities across the province. Consequently, this will increase their earnings and also be able to send remittance to their areas of origin.

5.7 PROPOSED PROJECTS, PROGRAMMES AND INTERVENTIONS (ECONOMIC ANCHOR PROJECTS)

Informed by detail analysis of potential per sector, this section outlines the proposed projects, programme and interventions which the municipality and various stakeholders whom are involved in economic development within MLM should pursue. With the exception of Detergent Factory, One stone Centre along R521 and Mixed Used Development in Mogwadi, it should be noted that there is a need to conduct detail feasibility studies on other proposed projects.

In selecting the projects that are suitable or worth considering for implementation including the process for conducting feasibility study there was a number of mechanisms which were applied to select the projects. Three criteria were used to select projects suitable for the implementation, namely:

- A detailed analysis of areas of potential per sector;
- Projects which various role players in MLM have conducted feasibility studies on and which have been deemed feasible for implementation;
- proposed areas on invention from detailed discussions with the private sector and various stakeholders

The above processes were used to identify projects which seem worth undertaking, but it is important to highlight that either no feasibility study has been conducted on the projects or the currency of the feasibility is too old and there is therefore a need to conduct such a study. With regard to the programmes that have been identified in this strategy, there is no need to conduct any feasibility, and implementation should take a priority.

5.7.1 Programmes

Agricultural incubator/ demonstration farm	
Opportunity	Enhance the awareness of agriculture, agro-processing, and agri-business as a viable business undertaking especially among the youth, while capacitating them to ensure the sustainability of agri-business enterprises in the municipality
Nature of the project	Harness the core competence of the municipality in livestock and crop husbandry along the supply chain
Rationale for the project	Enable and enhance awareness, skills development and enterprise development among the youth of opportunities in agriculture utilizing the municipality's natural endowments/ comparative advantage
Key Competitive Advantage	Harnessing the comparative advantage of the municipality by integrating forward in the supply chain and enabling greater value chain perspectives of agricultural produce emanating from the municipality
Potential Economic Impact	Enable and enhance increased value chain perspectives of agricultural produce emanating from the municipality, thereby increasing the municipality's GDP, aiding abate unemployment, skills development, and increasing disposable incomes of the local populace
Investment Requirements	Development of the incubator will be enabled by the conduct of business plan for funding by various potential funders such as SEDA that are seeking to increase the number of incubators nationally through the Seda Technology Programme (STP). In addition, government could provide or facilitate the acquisition of land for the incubator.
Attractiveness	It will improve the production, sourcing of downstream product and also increase the value of the product upstream. As such they will be able to get more value from agricultural commodities while addressing the municipality's issues of enterprise development and skills development

Livestock farming (Backgrounding operations and Feedlot)	
Opportunity	Commercialising livestock on Communal land
Nature of the project	The investment opportunity entails combining the livestock of different farmers in ward 14 of MLM - Rural village which has communal land
Rationale for the project	Currently there are livestock farmers who are occupying communal land and

	using the land for grazing. However, there are no formal demarcations of grazing land. Thus, there is a need to formalise and commercialise the livestock business in the municipality through developing upstream operations and feedlots. Improving genetics of the cattle through government intervention with breeding associations and extension services. Improving on the current grazing capacity to carrying capacity through improved pasture management and development.
Key Competitive Advantage	The area is closer to Polokwane - which is the major economic centre for the district and the province. There are also opportunities to beneficiate the product through processing it at local abattoirs
Potential Economic Impact	This project has potential to employ at least 25 employees
Investment Requirements	It is expected that the outset the project will require approximately R3 million Some of the potential funders for this projects include the following institutions <ul style="list-style-type: none"> ▪ Department of Agriculture ▪ Land Bank ▪ LIBSA
Attractiveness	Red meat is one of the products in demand locally and internationally, especially with regard to prime cuts for the export market. The proximity to Polokwane will increase economic viability thereof.

Development of Filling Station and Truck Stop	
Opportunity	The R521 road is used by heavy transport vehicles travelling to and from neighbouring African countries. This is also a collector road from Polokwane to the north-eastern rural areas
Nature of the project	Construction of filling station which include a restaurant and convenience shop, truck stop area, car wash facility, ablution facilities and parking areas
Rationale for the project	There is a high volume of traffic that is travelling along the R521 at Mogwadi. This traffic has necessitated a need to conduct a detailed traffic study which indicated that there is a sufficient traffic to develop a filling station along the R521 road.
Key Competitive Advantage	Based on traffic count there is a need to develop filling station that is servicing the traffic that is travelling along R521 from and to Bochum.
Potential Economic Impact	This project has a potential to create permanent employment for at least 45 people and also 10-20 seasonal jobs.

Investment Requirements	It is estimated that the project will cost in the region of R4 million. The developer has already committed money in excess of R1 million for conducting traffic impact study, purchasing land and conducting environmental impact assessment (EIA)
Attractiveness	The private sector has already been involved and developer identified. Thus the main stage remaining is for the municipality to identify a suitable site

Agriculture Internships for Unemployed Graduates	
Opportunity	To train unemployed graduates to become skilled in agriculture
Nature of the project	Organise and train unemployment graduates to harness skills in farming so that they could be given opportunity to run/operate their own farms
Rationale for the project	To increase number of black farmers who are skilled in the municipality and also to improve food security in the municipality
Key Competitive Advantage	There are a number of farmers in the municipality and the agriculture sector remains a key sector in ensuring that there is food security in the municipality, district, province and the country
Potential Economic Impact	The placement of unemployed graduates in the agricultural sector of the local economy will have a positive impact in increasing employment in the local economy and also improving the skills that are most needed by the MLM economy.
Investment Requirements	Assuming the intake of 10 people per annum it will require the municipality to have to budget at least R480 000 per annum during the first year of operation.
Attractiveness	It will ensure the sustainability of the agricultural sector in the municipality for generations, as well as ensuring the comparative advantage of the municipal economy in agricultural production is maintained

Packaging of Tourist Attractions	
Opportunity	There are about three tourist attractions in MLM which include Mutomu, Machaka Game Reserve and Tropic of Capricorn
Nature of the project	To advertise and enhance the diversity of tourism attractions in the municipality as one package with experiential benefits to tourists
Rationale for the project	There is a potential to increase the value of tourism in the municipality through harnessing the tourism attractions and packaging them in such a way that people

	would be attracted to visit the municipality
Key Competitive Advantage	The tourism attractions in MLM are situated closer to each other. Moreover, they are also situated just 60 km away from Polokwane on the N1 to Makhado
Potential Economic Impact	It is estimated that if all attraction are working well an estimated number of at least 30 people will get permanent employment, with the opportunity to employ 20 seasonally.
Investment Requirements	There is no direct financial means required for this investment. However, it is expected that the municipality should use their LED officer together with Limpopo Tourism to market the products
Attractiveness	Increase the diversity and experiential offering of the municipality in tourism thereby enabling the strategic marketing of the municipality as a potential tourism destination. It will also increase the GDP of tourism to the local economy

Career Guidance and Exhibitions	
Opportunity	Expose the number of young people who are still in the schooling system to a number of emerging careers and also opportunities for employment and entrepreneurs
Nature of the project	To educate through career guidance and exhibitions, learners in all schools across the municipality about careers that they can pursue
Rationale for the project	There are number of sectors that are developing and prospering in the municipality, province, country and globally, This constitute opportunities that younger generations should pursue. Unfortunately, young people who are coming out of schooling system are not exposed to such opportunities. As such it is at the interest of the municipality to ensure that MLM's youth is able to take careers that are still relevant and also occupy emerging sectors in the world.
Key Competitive Advantage	MLM is closer to Polokwane which has a number of academic institutions, such as UNISA and Tshwane University of Technology with number of resources which could be used to conduct career exhibition. In addition, training career guidance teachers on new trends of economic opportunities that learners can pursue will be instrumental to ensuring the inclusion of youth in economic activity.
Potential Economic Impact	This will encourage number of young people in the municipality to pursue careers that would make them to be employable in the labour market. It would also assist them in intensifying their knowledge in various sectors and also sharpening their

	skills in various areas.
Investment Requirements	There is no direct financial requirements for this, however, it is expected that there would be a need for one official within the municipality to spend time working with various institutions such as Department of Education, Department of Social Development and Higher education institutions
Attractiveness	It will enhance the world view of the youth in the municipality in harnessing opportunities globally that will be of use in developing the local economy in future, hence their increased inclusion in the global knowledge economy.

Promoting entrepreneurship and development of SMME	
Opportunity	Developing various emerging and informal business that are operating within MLM
Nature of the project	Identifying emerging and informal business that need assistance and provide or assist in identifying appropriate solution for the development of such SMME's
Rationale for the project	There are number of emerging businesses that are operating in MLM. Some of these businesses are faced with he challenge of compliance, while others are faced with the challenge of expiation to become more competitive; and also to distribute or sell their products and services to a wider population.
Key Competitive Advantage	This will improve on the sustainability of the number of emerging business within MLM which will ultimately increase number of decent jobs for the population
Potential Economic Impact	This will increase the employment and revenue base in the local municipality as well as improving the GDP per capita.
Investment Requirements	There is a very little direct investment requirement. Essentially, the LED unit should ensure that there is dedicated personnel who will be responsible for identifying emerging entrepreneurs as well as working with various support institutions such as LIBSA, SEDA and Limdev.
Attractiveness	There is an opportunity to unearth number of small medium enterprises which can increase employment in the municipality. These businesses could also be linked to bigger markets in the district.

Strengthening Business Association	
Opportunity	Harness the power of organized strategic concerted/ cooperative power of local businesses in the municipality in addressing the challenges they face in ensuring

	their sustainability in the municipality
Nature of the project	Enable and enhance the formation and integration of local businesses in an organization that can champion their causes in enabling their optimal contribution to local economic development in the municipality
Rationale for the project	Organized business associations can pull their power to lobby and mobilise stakeholders to the local economy in enhancing and enabling the socio-economic development of the municipality
Key Competitive Advantage	Strong social ties in the local municipality enable the organization of local SMME's in the municipality to come together and address challenges facing the business locally
Potential Economic Impact	Collaborative organization among local businesses will enable the enhanced voice and impact of local business on local economic development in the municipality, thereby enabling and enhancing the foundation for the socio-economic growth of the municipality
Investment Requirements	Will require local business champions pulling together through series of meeting facilitated by government
Attractiveness	Collaborative effort by local business will see better lobbying by local business to government, as well as increased potential of business to enhance investment into the municipality.

Cooperatives Support and Development Programme	
Opportunity	Increase competitive and functionality of cooperatives
Nature of the project	Assist cooperatives in becoming fully functional and also affording and linking them with the opportunities in the municipality and the province such as competitive supplier development programme
Rationale for the project	A number of cooperatives that have been funded over the years are currently dysfunctional. There is an opportunity to increase number of cooperatives that are functional through ensuring that the organization is structured in such a way that it would yield good results to the benefit of members. Most importantly, various institutions that are working with cooperatives have learned a number of lessons that would make MLM cooperative functional.
Key Competitive Advantage	That are serious lessons that would make cooperatives in MLM to be functional, key to this is to work with institutions such as Libsa and Department of

	Agriculture MLM and other government Department such as Dti including its agencies. The LEGDP also advocate for the development and strengthening of cooperatives this give an opportunity to work with LEDET in harnessing competitive supplier development programme.
Potential Economic Impact	This has potential to alleviate poverty in the municipality as well as increase economic activities within MLM as well as creating sustainable employment.
Investment Requirements	There is no direct investment requirement for this, however, the national government and provincial government through Dti and LEDET and their agencies respectively annually budget for the development and support of cooperatives. Therefore, the latter budget allocation will be used to the benefit of local cooperatives.
Attractiveness	There are various policies that support the development of cooperatives at national and provincial level.

5.7.2 Projects

Agri-hub	
Opportunity	Agro-processing and logistics cluster
Nature of the project	Harness the beneficiation of the potato, tomato and garlic
Rationale for the project	Harnessing the comparative advantage of local produce and increase the value thereof
Key Competitive Advantage	The volumes of the produce are large locally and current capacity has a potential to increase. It also increases the value add to the farmers along the value chain of the respective supply chains.
Potential Economic Impact	Each manufacturer or processor could generate up to 50 jobs with the total number of jobs to be created standing at 150. It will also increase the gross domestic product of the primary agricultural produce. It will enhance the manufacturing capacity locally, as well as opportunities for skills development
Investment Requirements	Development of agro-processing and logistics hubs located within certain radius of production of agricultural commodities. The capital requirement for each factory is estimated at around R35 million, however, a detail feasibility study still needs to be undertaken to ascertain this figure.
Attractiveness	It will improve the sourcing of downstream product and also increase the value of

	the product upstream. As such they will be able to get more value from agricultural commodities. Tomato puree is a net import agri-product for South Africa, therefore it will provide the opportunity to improve the balance of trade for the province and country
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Development of Cross Boarder Township	
Opportunity	There is an opportunity to supply housing to a number of people who are working in Polokwane
Nature of the project	Addressing housing needs of people who are working in Polokwane and surrounding areas through the provision of affordable housing
Rationale for the project	Demand for housing has been increasing in Polokwane Municipality with limited land available to cater for low to middle income earners. These provide the opportunity for MLM to provide housing to people who would be able to pay for services. Moreover, it will also provide the opportunity for a more urban planning environment.
Key Competitive Advantage	The location of MLM gives it a competitive edge in terms of housing development since it is able to tap on opportunities provided by its proximity to major economic centre and capital of the province, Polokwane.
Potential Economic Impact	During construction it is estimated that 1000 jobs would be created with additional 100 permanent jobs once the construction of township has been completed.
Investment Requirements	It is estimated that the amount of R10 million would be required to provide the bulk services (water and sanitation) for the development of this township.
Attractiveness	The area is located along N1 which is a major national road linking MLM with number of areas such as Polokwane, Makhado and Musina

Detergent Factory⁴¹	
Opportunity	Development of Detergent Factory
Nature of the project	Production of a number of household care products (water, dish wash, pine gel) and personal care products (hair relaxer, shampoo,etc)
Rationale for the project	The feasibility study for the development and production of detergent factory indicated that it would be a viable business. The detergent factory has the

⁴¹ This could also be include in the agri-hub

	potential to deliver high-quality detergent products on time to its distributors and buyers in the Limpopo province and other markets
Key Competitive Advantage	The competitive advantage of the detergent factory will be to provide high volumes and flexibility in style, while maintaining a good quality product backed by excellent services.
Potential Economic Impact	A total of 34 employees comprising of labourers, middle managers and support staff will be employed
Investment Requirements	Specifically an initial investment of R23 million under the title deed agreement, R19 million for the partnership agreement, and R19 million if the lease hold arrangement is selected, will be required. Support structure of detergent factory will be <ul style="list-style-type: none"> ▪ Limdev ▪ Trade and Industry ▪ TIL ▪ LIBSA ▪ SEDA
Attractiveness	Detergent manufacturing falls under the Chemical Industry Sector. The total global production of consumer chemicals was estimated at R1,760- R2,000 billion in 2006, of which South Africa accounted for 1%. The total global consumption of cleaning and households products was around 12 million metric tons with estimated market value of around US\$40 billion.

Mixed Use Development in Mogwadi⁴²	
Opportunity	The development of mixed use development in Mogwadi
Nature of the project	To develop a shopping centre, residential units and taxi rank as part of the precinct. The potential for retail centre (including office space) is approximately 4551 m ² GLA and additional retail selected services such as automotive and fitment centre in the region of 1000 m ² -2000 m ² can be added. There is a potential to develop about 450 bonded and subsidy housing units.
Rationale for the project	The Mogwadi market is currently underserved with households travelling to distant shopping centres such as Senwabarwana Plaza and Polokwane retail

⁴² Molemole Local Municipality. 2011: Mixed Use Market Study

	centres. The municipality has conducted a detailed market study which indicates that MLM mixed precinct should focus on retail and residential activity and limited office space.
Key Competitive Advantage	There is no such type of development in this part of the municipality and the district. The market study conducted by the municipality shows that there is potential for this type of development.
Potential Economic Impact	The proposed development will create at least 150 jobs
Investment Requirements	Shopping centre development will require R129,9 million using 2011 prices. The housing units if developed in phases as proposed by the market study cost of stand should be in the region of R300 000-R500 000
Attractiveness	There is no such type of mixed use development in the area. The current developments are scattered and not attractive to developers. This also gives local people and the municipality urban settlements that are well structured.

Township Regeneration	
Opportunity	The development of MLM LED provides the opportunity for the municipality to package and seek funding through the NDPG
Nature of the project	This project involves developing a programme based business plan that could be funded through Neighbourhood Development Grant.
Rationale for the project	To ensure the townships in the municipality have good infrastructure that attracts sustainable human settlements and private sector investment in various socio-economic undertakings
Key Competitive Advantage	The development of LED strategy will enable the MLM to package the projects within a short space of time. It will also enable the development of a programme business plan for MLM that is appealing to the NDPG unit within the national treasury.
Potential Economic Impact	This will ensure that the projects identified through LED are executed. It will also provide long term employment and enterprise opportunities for MLM LED projects.
Investment Requirements	There are no direct costs to this project. The senior manager and LED manager within the LED unit will be key resources that are required to ensure that this project materializes.

Attractiveness	The development of LED strategy has identified a number of projects that could have major impact on the MLM economy. Therefore, there is already existing information which could be utilised in the business plan to ensure that various projects materialize in the municipality.
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Crusher Stone	
Opportunity	Beneficiation of waste from Granite into crusher stones
Nature of the project	Production of crusher stones from waste generated from Granite
Rationale for the project	There are number of infrastructure projects that are being commissioned by various spheres of government within MLM and surrounding areas.
Key Competitive Advantage	The type of crusher stones that can be generated from waste of various dimension stones that are mined in MLM is of good quality. Also the location of MLM (60 km away from Polokwane) gives it a competitive edge to supply crusher stones to the infrastructure projects commissioned in Polokwane
Potential Economic Impact	This projects has potential to employ at least 20 people
Investment Requirements	It will require approximately R5 million to commission the project which will include purchasing the machinery as well as providing working capital for a period of 6 month
Attractiveness	MLM is located at a strategic location with two key roads that link South Africa with Botswana and Zimbabwe passing through the municipality. The level and quality of maintenance required for this roads needs good quality crusher stones which could be sourced in MLM. Moreover, there are construction projects commissioned by various spheres of government which are also located in neighbouring municipalities.

One Stop Centre (Shops)	
Opportunity	Development of one stop centre- which will include filling station and restaurants
Nature of the project	To develop a place in which tourists visiting the tourist attraction sides or passing through the municipality could be able to receive services such as fuel and also sit and buy food through the restaurant, preferably to be located in Matoks
Rationale for the project	Increases the share of wallet the municipality gets by providing services to the number of people visiting and passing through MLM. This includes creating

	alternative venues or place where people could be able to stop instead of going through the town of Polokwane, thereby increasing the diversity of tourism offering and experiences. This project could also be linked to tourism in the municipality, that is, it should also include a restaurant/s that can accommodate at least a bus for local tourist and also other people passing through MLM visiting other places.
Key Competitive Advantage	These areas provide people who do not want to go through the hassle of driving through high volumes of cars in town. It will provide motorists with good access to basic services that travelers/tourists commuting on the N1-from Zimbabwe, Musina, Makhado to Pretoria or Johannesburg can access.
Potential Economic Impact	It will create approximately 80 Jobs for the local residents. It will also assist in creating opportunity for local people to invest in viable local businesses.
Investment Requirements	It is expected that this will require approximately R45 million. Potential funders include <ul style="list-style-type: none"> ▪ Private sector- private person willing to invest ▪ Government in releasing land for development
Attractiveness	There are high volumes of cars that pass through the N1 on a daily basis. The location of the land is suitable for this type of development will also attract a number of people who wish not to enter Polokwane to get simply services such as fuel and food

5.7.3 Activities

There are a number of strategic activities which the municipality will undertake in order to ensure that the LED strategy and strategic interventions required for the implementation are achieved. This ranges from lobbying for some interventions from national and provincial government as well as parastatals.

- In order to support the grow of agriculture, there is a need to advocate and lobby for the installation of higher bandwidth signal so that the entities that are operating in agriculture and supporting sector such as storage could be able to do business or communicate with ease with various market across the country.
- Working with Capricorn District Municipality and provincial Department of Economic Development and Tourism (LEDET) and other stakeholders involved in Motumo ownership dispute such as the tribal authority to resolve the issue of ownership.

- Bring iron and ore mining developments to the attention of Trade and Investment Limpopo (TIL), LEDET and Office of the Premier. This should include highlighting possible resources that would make the project feasible such as availability and supply of bulk water. It is important to work closely with the Project Manager for Polokwane Iron and Ore Company (PIOC) with the aim of ensuring that all the resources that are required such as availability and resuscitation of rail line to transport goods via Maputo development corridor is developed.

6. Implementation Plan

6.1 Introduction

For this strategy to be successful the municipality should equip *the local economic development and planning Department* with a well dedicated resourced, made up of visionary people who are passionate about development and working with people of diverse background. This people should be passionate about developing people especially working with emerging entrepreneurs who need assistance to leap frog into various stages of business. It should also be resourced with people who have a vision and understanding and capacity to implement and learn on critical areas such as

- Enterprise development- which include SMME's and cooperatives
- Skills development (developing people)
- Identification and analysis of opportunity
- Creating linkages and networks

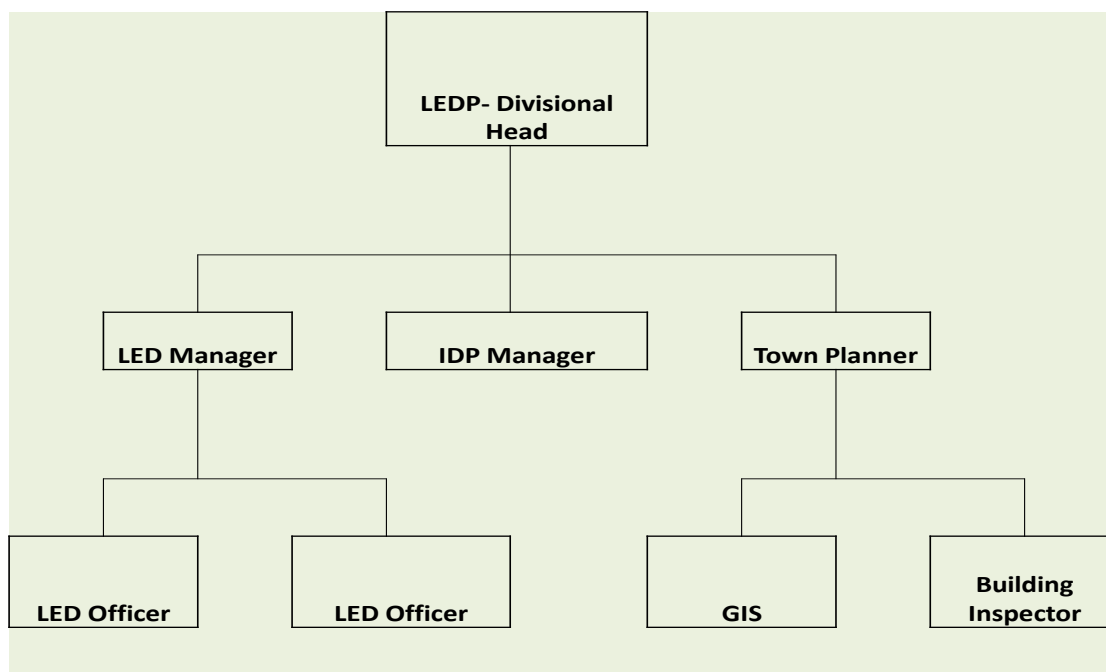
The nature of the above area of expertise required to develop and improve vibrant LED in the municipality are not static, therefore it is critical for the municipality to ensure that the human capacity fulfil this requirement. The LED unit must work with various stakeholders on the ground as well as institutions that are responsible for various economic development and enterprise development. Therefore the unit should be resourced with people who are not only incentivised by the monetary benefits they receive but rather by realisation of the MLM economic development vision.

6.2 Institutional Arrangement

In order to develop a well-crafted institutional structure that would be responsive to the demand of the MLM LED strategy, it is prudent to analyse the current institutions arrangement and fairly gauge as to whether it would be responsive to the technical capacity required for the implementation thereof.

Currently, LED unit falls within the Local Economic Development and Planning (LEDP) Department within the Municipality and it has a staff complement of two people - that is, the LED manager and LED officer. The latter two officials have recently been appointed within the 2011 financial year. Technically they are guided by the divisional head responsible for LED and Planning.

For MLM to be able to implement this LED strategy it would be prudent to expand the current institutional arrangement within the Local Economic Development and Planning unit. Below is the proposed institutional structure for implementing LED located within the LEDP unit



6.3 Establishing LED Forum

The importance of strengthening institutions is critical for the successful implementation of MLM LED strategy, as is the institutions in driving local economic development (as outlined in the National LED Framework). The approach to LED in South Africa has shifted towards a more strategic approach to the development of local economies to try and overcome challenges and failures arising from instances where municipalities try to manage litany of self-proposed and non-viable projects. Essentially, the emphasis on LED should be on the role of institutions in supporting economic development and the importance of strengthening institutions, both the hard infrastructure and soft infrastructure of social networks and interactions. This include for example, strengthening business associations, SME networks, inter-municipal collaboration, partnerships with institutions of higher education and research institutes, and growth coalitions involving municipal government, business, workers and civic society. However, in the case of MLM, it is important to bring and organise institutions that are involved in economic development in such a way that LED would be accelerated.

Guided by the key programme, projects and activities that have been identified for this strategy and also by the national LED framework, it is in the interest of the municipality to establish the LED Forum which will mainly be responsible to foster intergovernmental partnerships to integrate state actions, combining government and off budget resources, and energising innovation and excellence in local economic development. Moreover, current initiatives that MLM LED unit has undertaken such as interacting with the support agencies such as Libsa to foster partnership which aimed at supporting local entrepreneurs, especially the emerging entrepreneurs, should also be incorporated into the bigger LED forum. This should be approached with the aim of ensuring that local entrepreneurs receive the technical and financial support through various agencies of government. More importantly it would also be appropriate to encourage, through the platform of LED forum, the entrepreneurs from various sectors to interact formally and informally on their area of interest.

Essentially, the establishment of LED forum should create a focal point for LED in MLM, which should work towards the following:⁴³

- Improve integrated economic planning
- Coordinate access to funding and finance for LED initiatives and the creation of multi-sourced funding streams
- Improving the performance of local government with respect to all aspect of local economic development
- Continuously assisting municipality in identifying and capitalising on local competitive advantage for territorial economic and social development
- Improving sustainable access to investment finance necessary to capacitate on local competitive advantage for economic development
- Ensuring the participation of previously disadvantaged communities and individuals in the realisation of opportunities offered by local economic development

Essentially, the onus lies with the municipality specifically the LED unit to ensure that the forum is dominated by people or representative who drive the economy of the municipality. Therefore,

⁴³ Department of Local Government (2006): National Framework for Local Economic Development. Stimulating and Developing Sustainable Local Economies

efforts should be made to ensure that all stakeholders involved and dominating the LED forum are industry captains and emerging entrepreneurs from MLM. Moreover, various support agencies should form an integral part of the forum so that all stakeholders involved in the forum receive the maximum benefit in terms of receiving and sharing knowledge about the programmes that the government, through various agencies, could bring to assist in supporting various business that are operating in the municipality. However, for this to materialise it would be prudent to divide the forum into three components: that is government, established businesses and emerging businesses. The rationale for this is that issues affecting government in implementing the programmes and projects that are targeted at accelerating economic development are different from the issues that are affecting business. Again, in most instances issues affecting emerging and small businesses and big business are far apart and therefore to make special stakeholders engagement for any of these stakeholders is paramount for the success of this strategy. Therefore, a dedicated forum is appropriate for the different stakeholders, as follows:

- Government stakeholders- this will mainly consist of various government departments and also support institutions (such as LIBSA and SEDA) that are responsible for driving economic development. The key aim of these stakeholders would be to draw a coordinated effort and ensuring that all the resources targeted at specific groups are well coordinated. This will include identifying sector departments that should drive certain programmes and projects and clearly describing their role and reporting framework and their interaction with key beneficiaries targeted.
- Big business - in order to increase effectiveness of big business and also to accelerate their activities it would be crucial to create the space for them in the form of specific LED forum. Given the structure of the economy of MLM, which is mainly dominated by the agriculture sector, and also the outlook which shows that this sector is still going to dominate the municipal economy, it would be ideal to ensure the agriculture sector is well-represented in the forum. This will ensure that this sector is strengthened to the benefit of the municipality. However, it should be highlighted that this should not be advocated at the expense of other sectors.
- Emerging businesses- most of the issues affecting the emerging business are of operation and survival in nature which requires attention of business support agencies

such as SEDA and LIBSA. The rationale of bringing this stakeholders into one forum would also be to give them platform to create relationships with organisations that they can share the resources and possibly approach some projects which they share common interest.

6.4 Implementation Strategy

Priority Project	Steps/Activities	Key Partners	Duration
Business Support (Promotion of entrepreneurship and development of SMME's)	<p>Hold workshops with emerging entrepreneurs on the following</p> <ul style="list-style-type: none"> ▪ Small Business Start-ups ▪ Business Planning, Strategy Formulation & Profiling ▪ Resource and Capitalisation options ▪ Marketing, Promotion & Distribution ▪ Benefits of Effective Cooperatives ▪ Tendering Guidelines and Advice ▪ Tax compliance 	<p>SEDA LIBSA CIDB</p>	Continuous
Mining and quarry	<ul style="list-style-type: none"> ▪ Identify informal business that are trading on sand in the municipality ▪ Orientate them about the process of applying for license to mine sand ▪ Assist them in consultation with the Department of Mineral Resources with the application of license ▪ Identify construction projects they can supply 	<p>Department of Minerals Resources</p>	12 Month
Retail and wholesale sector	<ul style="list-style-type: none"> ▪ Identify and develop databases of retailers and spaza shops ▪ Need to verify locations for expansion in the Retail industry development. ▪ Get buy-in from the associations by clearly demonstrating the economic benefits of a cooperative approach that does not take away the individual initiative, ownership and returns. ▪ Need to establish linkages between the economies of the more developed regions of the MLM and Capricorn District Municipality and the emerging retailers in the villages. 	<p>SEDA LIBSA LIMDEV Department of Trade and Industry (Dti)</p>	continuous

Priority Project	Steps/Activities	Key Partners	Duration
	<ul style="list-style-type: none"> ▪ Collaborate with SEDA and Libsa to contextualize their training programmes and align them with the training patterns & requirements of the Spaza shops and street front shops. 		
Township Regeneration (Application of NDPG funding and Developing Business Plan)	<ul style="list-style-type: none"> ▪ Package a brief description of the programme/projects to be developed ▪ Submit proposal to National Treasury NDPG unit for funding 	National Treasury Capricorn District Municipality	6 month
One Stop Centre including restaurants along Matoks	<ul style="list-style-type: none"> ▪ Work together with the District Municipality to package the opportunity to private investors ▪ Sell the idea to various petrochemical entities including non-established brands 	District Municipality Provincial Department of Economic Development TIL	3 years
Livestock farming	<ul style="list-style-type: none"> • Invite and involve Department of Agriculture to outline the concept • Communicate with communities which have life stock about the projects • Identify activities that need to be undertaken and how they are going to be phased 	Department of Agriculture- MLM	9 month
Construction	<ul style="list-style-type: none"> ▪ Identify and Create a database of small construction companies in the municipality ▪ Develop a comprehensive list of all construction opportunities, in all sectors, including housing, retail and infrastructure. The list should include all the relevant development projects on the State Owned Enterprises ▪ Identify larger developers with whom a pipeline of work can be agreed upon and develop a pro-forma agreement that will be used to engage emerging specialist construction companies. 	CIDB Limpopo, Department of Public Works	8 month
Agri-business	<ul style="list-style-type: none"> ▪ Develop a municipal wide agriculture strategy. Interact with any current strategies such as Capricorn District Agric Strategy ▪ Develop and secure markets, including contracts with government procurement 	Department of Agriculture- Provincial and MLM	2 years

Priority Project	Steps/Activities	Key Partners	Duration
	<ul style="list-style-type: none"> ▪ Develop innovative selection criteria and establish an independent selection committee, with the bias towards youth, women and people living with disabilities. ▪ Training of Emerging Farmers <ul style="list-style-type: none"> ○ Determine existing level of skills and requirements ○ Set up training programmes for emerging farmers ○ Effective Agri Business planning ▪ Develop models for all businesses to be promoted for ease of funding by government sponsored finance, e.g. National Empowerment Fund ▪ Set up beneficiation businesses wherever applicable. ▪ Set up Cooperatives where individual farmers do not take up the franchise model 	National Empowerment Fund	

Priority Project	Steps/Activities	Key Partners	Duration
Mining and quarry	<ul style="list-style-type: none"> ▪ Identify and create a database of informal sand companies in the municipality ▪ Assist above companies in formalising their businesses including compliance with MPRDA ▪ Link the companies with major construction projects including other supplier development programmes initiated by national and provincial government 	Department of Minerals Resources	12 Month
Retail and wholesale sector	<ul style="list-style-type: none"> ▪ Identify and create a database of informal retailers in the municipality ▪ Link retailers with various support agencies such as SEDA and LIBSA to identify their training needs and requirements ▪ Continuously identify training programmes that are offered by various national government departments which may benefits 	The dti	continuous

Priority Project		Key Partners	Duration
	<ul style="list-style-type: none"> local retailers ▪ Link local retailers with the opportunities around the municipality and beyond ▪ Assist the retailers in leapfrogging their business through programmes such as provincial supplier development programme 		
One Stop Centre (Shops	<ul style="list-style-type: none"> • Describe opportunity as potential investment to TIL and LimDev • Assist the above organisation in identifying potential investors • Identify suitable land for the development • Approve town planning requirements for the development • Work with various provincial department to ensure that EIA and other legislative requirement are adhere to 	District Municipality Limpopo Department of Economic Development and Tourism TIL Limdev	12 month
Agro-processing	<ul style="list-style-type: none"> • Identify potential funders for feasibility study • Write terms of reference for feasibility study • Work with department of Agriculture in identifying potential funders • Develop comprehensive bankable feasibility study 	Department of Agriculture	2 years
Mixed Use Development	<ul style="list-style-type: none"> • Package the product in different phases for development • Market the project to various investors 	DBSA	7 Years
Township Development- Plk and MLM boarder	<ul style="list-style-type: none"> • Cost the infrastructure requirement for the project • Outline the requirements for undertaking the project • Identify and profile suitable project sponsors • Take the project into the market in the form of request for expression of interest • Select potential investors that are willing to fund the project to respond to RFP 	DBSA Polokwane Municipality	8 Years
Township at Matoks	<ul style="list-style-type: none"> • Identify best infrastructure requirements including the level of services which should be provided for this township • Identify possible sources of funding the project 	DBSA Tribal Authority	10 years

Priority Project		Key Partners	Duration
	<ul style="list-style-type: none"> Approach institutions that can fund the project with clear investment requirements 		
Manufacturing of fertilizer and Farm Feed	<ul style="list-style-type: none"> Analyse demand and supply through scanning the fertilizes and farm feed that are used at high scale in the municipality and across the province Identify the products that could be produced at higher scale Invite TIL to package project for potential investors Market the project to the potential investors in the municipality, district, province, nationally and internationally 	Department of Agriculture Department of Rural Development IDC Capricorn District Municipality	2 Years

6.5 Sources of Funding

Critical to the success of this strategy is the ability to identify, raised and garner financial support to support the programmes and projects that have been identified. Mobilising resources is a critical component of this strategy in order to enable the institutions to be responsive to the development concept, proposals and projects that have been identified to develop sustainable and viable LED that would yield sustainable benefits to the broader community of MLM through creation of investments.

In implementing the programmes and project highlighted in the local economic strategy MLM Municipality will require funding for the following

- Scoping the project
- Undertaking project pre-feasibility or feasibility
- Formulation of business plans
- Investment in new projects
- Investing in existing projects or businesses
- Working capital and
- Skills development

It is worth noting that the strategy is programme rather than project approach and therefore developing funding for some anchor projects would yield wide range of results. Moreover, there are projects which requires direct financial support and projects which requires in-kind support including facilitation. However, there are five types of donors which could be approached to fund programmes and projects emanating from MLM strategy, these include the following

- **Government-** *Government in all spheres set aside a budget for grant funding in order to address economic development needs and in accordance with government development priorities. Such funding is accessed through line function departments.*
- **Development finance institutions-** *DFIs are set up by government and in the South African context are largely solely owned by government. Each DFI has a specific mandate and they are established to address market failures in making finance available for the development needs related to its mandate. They all need a business plan to consider financing a project.*
- **Private sector investors-** *These will invest in viable and feasible economic projects which are likely to offer a return on investment. Long term profitability of a business venture is critical in the investment decision. Venture capital funds normally provide not only loan finance but also*

take equity in the investment and take more active participation in running of a business venture.

- **Commercial financial institutions**-*These are in the business of providing loan finance for investment in economic development projects and will charge an interest (cost of capital) on loan capital. They need a business plan to consider before taking a financing decision.*
- **Donors**- *Official donors such as the European Union make funding available for development needs of targeted communities. Private donors / foundations also target certain sectors that are in line with their prioritised areas of participation / activity. CSIs have flourished as a result of private sector firms wanting to comply with the triple bottom line (a call made in the King Code of Governance). CSIs may provide finance for economic development projects in some instances where there is a fit between projects and company objectives.*

7. Monitoring and Evaluation

7.1 Introduction

Monitoring and evaluation tools are critical instrument in gauging the LED strategy to be implemented. It is a critical component of MLM LED Strategy in that it will enable the municipality to assess and report on how well the implementation of local economic development is taking place in achieving the goals in the strategy. It also assist in ensuring that all stakeholders involved in the implementation of the strategy are better able to gauge their actions and the results thereof.

In order to drive effective and efficient provision of services there should be a proper monitoring and evaluation framework that inform policy makers, practitioners and other stakeholders about the progress and overall change of the services, projects and programmes that are provided to the people. This process can assist the municipality in evaluating its performance and identifying the factors which contribute to its improvement or lack of service delivery outcomes. This understanding has resulted in the government developing and adopting the policy framework for the government wide Monitoring and Evaluation System in 2004. Monitoring and evaluation for MLM LED strategy will assist the municipality in closely gauging the areas which it has done satisfactorily and also areas which requires improvement.

***Monitoring** involves collecting, analysing, and reporting data on inputs, activities, outputs, outcomes and impacts as well as external factors, in a way that supports effective management. Monitoring aims to provide managers, decision makers and other stakeholders with regular feedback on progress in implementation and results and early indicators of problems that need to be corrected. It usually reports on actual performance against what was planned or expected⁴⁴.*

***Evaluation** is a time-bound and periodic exercise that seeks to provide credible and useful information to answer specific questions to guide decision making by staff, managers and policy makers. Evaluations may assess relevance, efficiency, effectiveness, impact (both expected and unexpected) and sustainability. Impact evaluations examine whether underlying theories and*

⁴⁴ The Presidency, RSA: Policy Framework for the Government Wide Monitoring and Evaluation System

assumptions were valid, what worked, what did not and why. Evaluation can also be used to extract crosscutting lessons from operating unit experiences and determining the need for modifications to strategic results frameworks⁴⁵.

7.2 Monitoring Instruments

In implementing the programmes and projects proposed in this strategy, MLM municipality will use the following tools

- Monthly internal meetings. The LED unit will have monthly internal meeting where all the actions highlighted for the proposed projects are discussed extensively to manage the implementation and progress on each projects. The internal meeting will be composed of Head of Department for Economic Development and Planning, LED Manager, Planning Manager (Town Planner) and also the LED officers. This will ensure that even the projects that are cross cutting become better and easy to implement since information will be shared with all the managers involved in economic development. The key instrument for evaluation would be the minutes of these meetings which will form basis for future discussion.
- Monthly Management Meetings: The head of Economic Development and Planning will also present the progress on projects emerging from LED strategy that are being implemented. This will ensure that all the managers involved in similar projects could share their experience and also use these meetings as a platform for creating soliciting inputs from colleagues in various units/departments.
- Quarterly meetings. The municipality will also present the projects in the quarterly meetings of the LED Steering Committee which are coordinated by Capricorn District Municipality. These meetings will mainly be useful in drawing synergy from municipalities which have implemented similar projects. This will include drawing and sharing experience on the process for implementation, type of projects to be implemented.

The MLM Department of Economic Development and Planning should monitor progress in implementation of LED strategy. The key areas which the LED strategy should be monitored include the following

- Monitoring the day to day progress of implementing the strategy

⁴⁵ *ibid*

- Capture data and analyse information pertaining to all key performance indicators of the strategy
- Providing monthly reports to the management
- Provide comprehensive annual progress report that must serve to direct MLM LED strategy budget

8. Conclusion

The MLM municipal area needs focussed attention regarding various social and economic aspects, which translates negatively in comparison to the district and provincial trends. The majority of the population 98.1% is made up of black Africans. The municipality has low number (46%) of males which can be attributed to high migration of males to areas which have economic opportunities. The population density of the municipality is 31.9 per square kilometre which is lower than the district, provincial and national average of 75.1, 43,2 and 40.9 person per square kilometre respectively. The population of the municipality is mainly dominated by lower age cohorts constituting more than 50% of the population. Though the higher age cohorts are experiencing increase in real terms, are generally experiencing a decrease which could be attributed to emigration to areas which have economic opportunities.

With respect to housing municipality seems to be doing well with more than 85% of the households having access to house above RDP standard. Electricity is one of the services which have received substantial increase in terms of improving access to the residence with just over 90% of the population having access. Other services such as refuse removal and water above RDP standard have also increased albeit at a lesser rate compared to housing and electricity. Regarding access to health services, there seems to be fairly reasonable number of health facilities for the people in municipality.

The economy of the municipality has also grown overtime with finance and business service as well as government service being the most dominant sectors in the economy. Despite not seeing much of the economic growth over time, agriculture and wholesale seems to be the most effective sectors in terms of employment creation contributing more than 50% of the employment in 2010. However, what is of concern is the income that is generated by people working in this sector, which is not effective to stimulate the economy of the municipality.

Given the analysis of potential for various sectors within the MLM economy it is clear that there is a limited scope to grow and expand a number of sectors. Essentially, the sector that could be expanded are agriculture, construction and wholesale and retail (mainly tourism). Though mining has potential it depends on economic viability of Iron Ore which is currently under investigations. To be more precise,

agriculture is the anchor sector in MLM with the opportunity to expand to agro-processing, which to a large degree will support the retail service sector.

Moreover, the success of agriculture will depend mainly on the ability of various institutions (such as Department of Agriculture, LIBSA and SEDA), that support emerging business are operating in MLM, to encourage local people in rural areas to form economic entities and enterprises that are viable so that they will be able to shake off poverty and have a stable income later⁴⁶. Nevertheless, there are opportunities to beneficiate some of the local produce through agro-processing. However, there is a need to conduct a detail feasibility to see which produce are going to be viable. Nevertheless key in this regard would be potatoes since they are produced in abundance locally.

Furthermore, the ability of support institutions to learn when working with various communities and also the business entities, either cooperatives or private entities, within MLM is critical. Some of the critical lessons that have been learned, such as recognising the format and limitation of cooperative governance issues during the incorporation of entities as cooperatives should also be addressed. That is in all instances during the formation of entities such as cooperatives, only members who have common interest should become members of cooperative. Moreover, in instances where the cooperative being incorporated has to use land as the main factors of production, such as farming, there should be distinction between land owners and land users. There should be two separate entities with each with the land users (the entity which will be maximizing on the use of factors of production) paying rental amount on the entity that is owning the land- which may have members who are not active or are employed elsewhere.

As has been highlighted, mining - especially sand and crusher stone quarries - has the potential to stimulate economic activities of the municipality including creating viable businesses which can create employment opportunities for unskilled labour force. It would be ideal for the municipality to focus in this sector. Ideally the municipality should do the following:

- Identify local entrepreneurs who are involved in the sand and crusher stone business

⁴⁶ Dali Yang(1989): Patterns of China's Regional Development Strategy

- Assist them in legalising the business, this include bringing institutions such as Department of Minerals (DMR) , SEDA, and Council for Geo-science in assisting with the application for mining permits and mining rights

With limited economic activities in the municipality, as a result of lack of endowment of natural resources, it is clear that the long term approach which the municipality should undertake to address the economic disparities in the municipality should focus beyond the opportunities that are existing in the municipality. One of the key instruments will be to focus on educating the current and future generation that is within the schooling system to understand some of the economic opportunities which are at larger scale at district, provincial and national level. The province is currently experiencing growth in mining and service sector as highlighted in the LEGDP. And this growth (which has massive business and employment opportunities) is concentrated in few places.

Therefore, skills development through career guidance should take priority in the municipality. The current and future learners within the municipality should be taught about the opportunities that exist in the province and elsewhere as highlighted in the LEGDP, IPAP and New Growth Path so that they can seize opportunities created by local and global economy . Key to the success of this would be to educate the educators who are teaching guidance and also to organise the annual career guidance and workshops for educators and learners in lower grades. It would also be ideal to have several of the former students who are captains of the industries to address the students as part of annual career guidance. In order to get maximum potential, it would be ideal to involve people whom are born and breed in MLM, particularly who can relate and be associated to villages/areas which the schools which they are addressing are located. This will ensure that when learners complete their grade 12 they pursue certificates, diplomas and degrees that match the demand in the market. Moreover the ability to pursues high education that matches the market demand will not only generate sustainable income for the people but also enable them to invest in their areas of origin.

ANNEXURE A: STAKEHOLDERS CONSULTED

Name	Organization
Mokgadi Anna Machaba	Molemole Food Processing
Rakesh	Capricorn District Municipality
AdelaideManyepao	Capricorn District Municipality
Helen Mashakwe	Capricorn District Municipality
Matome Masipa	Libsa Molemole
Florence Nogashu	SEDA
Robert Livhoni	NAFCOC- Limpopo
Mr. Seshoka	Department of Agriculture Molemole
Mr. Moremi	Department of Economic Development and Environment
Clement Mantšeu	LimDev
Mr. M. Netshivhulu	LimDev
Mr. Nelson Keetse	MLM
Mr. Makgape Makgoka	MLM
Mr. Lesetja Selepe	Department of Rural Development and Land Reform
Mr. Thabana Mokgohloa	Polokwane Municipality
Mr. Maloka	Sekoko Resources
Ms Nkele Tselane	Department of Rural Development and Land Reform
Ms Joshua Maponyane	Department of Rural Development and Land Reform
Mr. Alasdair Mac Phee	Kumba Iron and Ore
Mr. Makoena Mashamaite	Department of Rural Development and Land Reform
Mr. Johan Holtzhausen	Potatoes South Africa

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