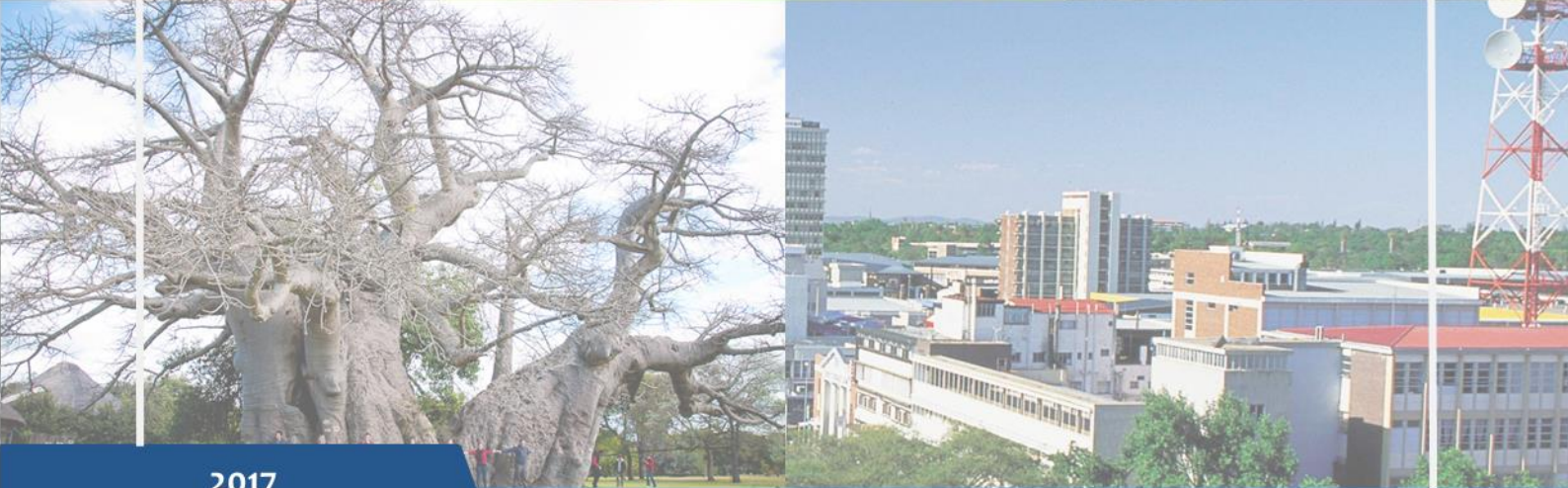


# Greater Tzaneen Local Municipality

## Local Economic Development Strategy



2017



Greater Tzaneen  
Local Municipality



URBAN-ECON  
Development Economists

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## Abbreviations

ABET	Adult Basic Education and Training
BEE	Black Economic Empowerment
COGTA	Department of Cooperative Governance and Traditional Affairs
CRDP	Comprehensive Rural Development Plan
DM	District Municipality
DPLG	Department of Provincial and Local Government
DRDLR	Department of Rural Development and Land Reform
DSDP	National Space Development Perspective
DTI	Department of Trade and Industry
GDP	Gross Domestic Product
GTEDA	Greater Tzaneen Economic Development Agency
GVA	Gross Value Added
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IPAP	Industrial Policy Action Plan
KPA	Key Performance Areas
LEDET	Limpopo Department of Economic Development, Environment and Tourism
LDARD	Limpopo Department of Agriculture and Rural Development
LDP	Limpopo Development Plan
LED	Local Economic Development
LM	Local Municipality



MTSF	Medium-Term Strategic Framework
NDP	National Development Plan
NEA	Not Economically Active
NGP	National Growth Path
SDF	Spatial Development Framework
SMME	Small, Medium and Micro Enterprises
SWOT	Strengths, Weaknesses, Opportunities and Threats
UNIDO	United Nations Industrial Development Organisation



## Section 1: Introduction

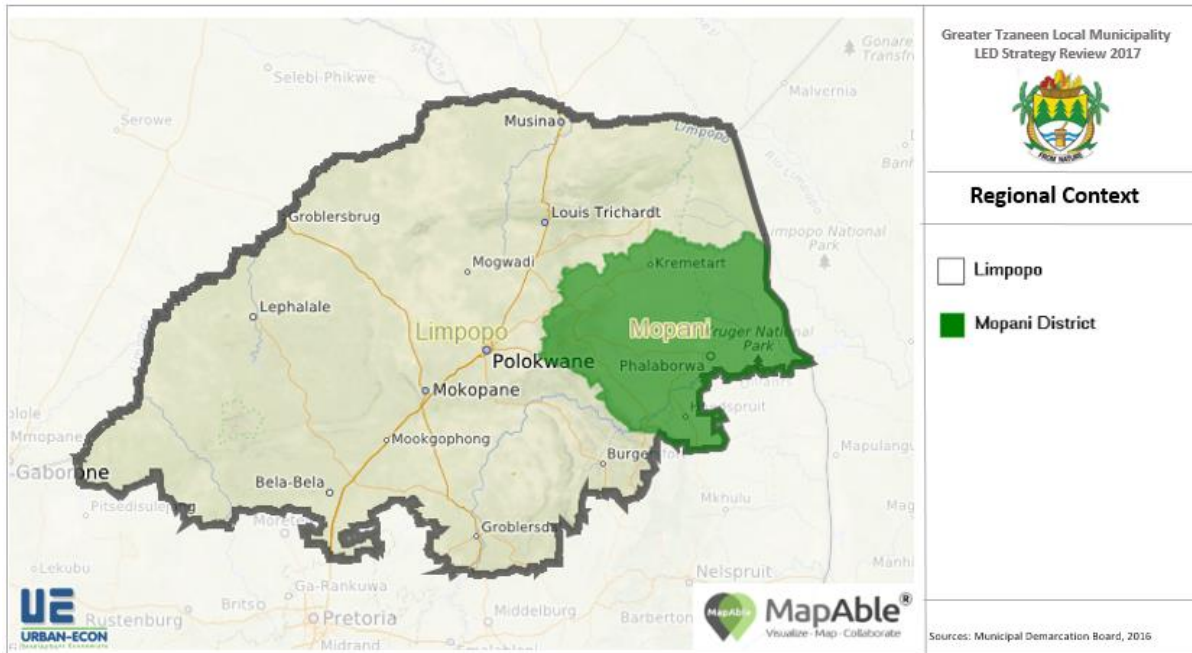
### 1.1 Introduction

Greater Tzaneen Local Municipality (LM) appointed Urban-Econ Development Economists (PTY) Ltd to review the Local Economic Development (LED) Strategy by identifying sustainable economic projects that are aligned with municipal and governmental bodies in order to create economic growth and reduce poverty.

### 1.2 Project Location

Greater Tzaneen LM is situated in the Mopani District of the Limpopo Province as indicated in the Maps below.

Map 1.1: Regional Context



Source: Municipal Demarcation Board, 2016 via MapAble, 2017

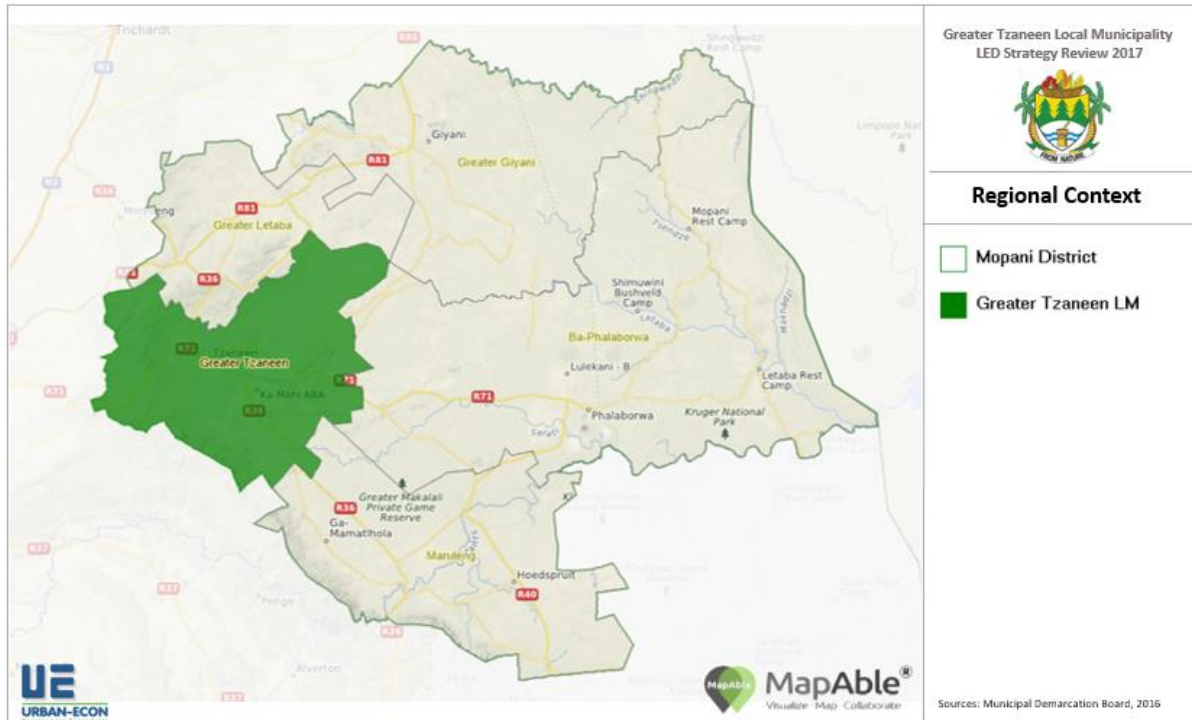
The Mopani District has the following LMs:

- ✓ Greater Tzaneen LM
- ✓ Greater Letaba LM
- ✓ Greater Giyani LM
- ✓ Ba-Phalaborwa LM
- ✓ Maruleng LM





Map 1.2: Greater Tzaneen LM



Source: Municipal Demarcation Board, 2016 via MapAble, 2017

### 1.3 Project Goals and Objectives

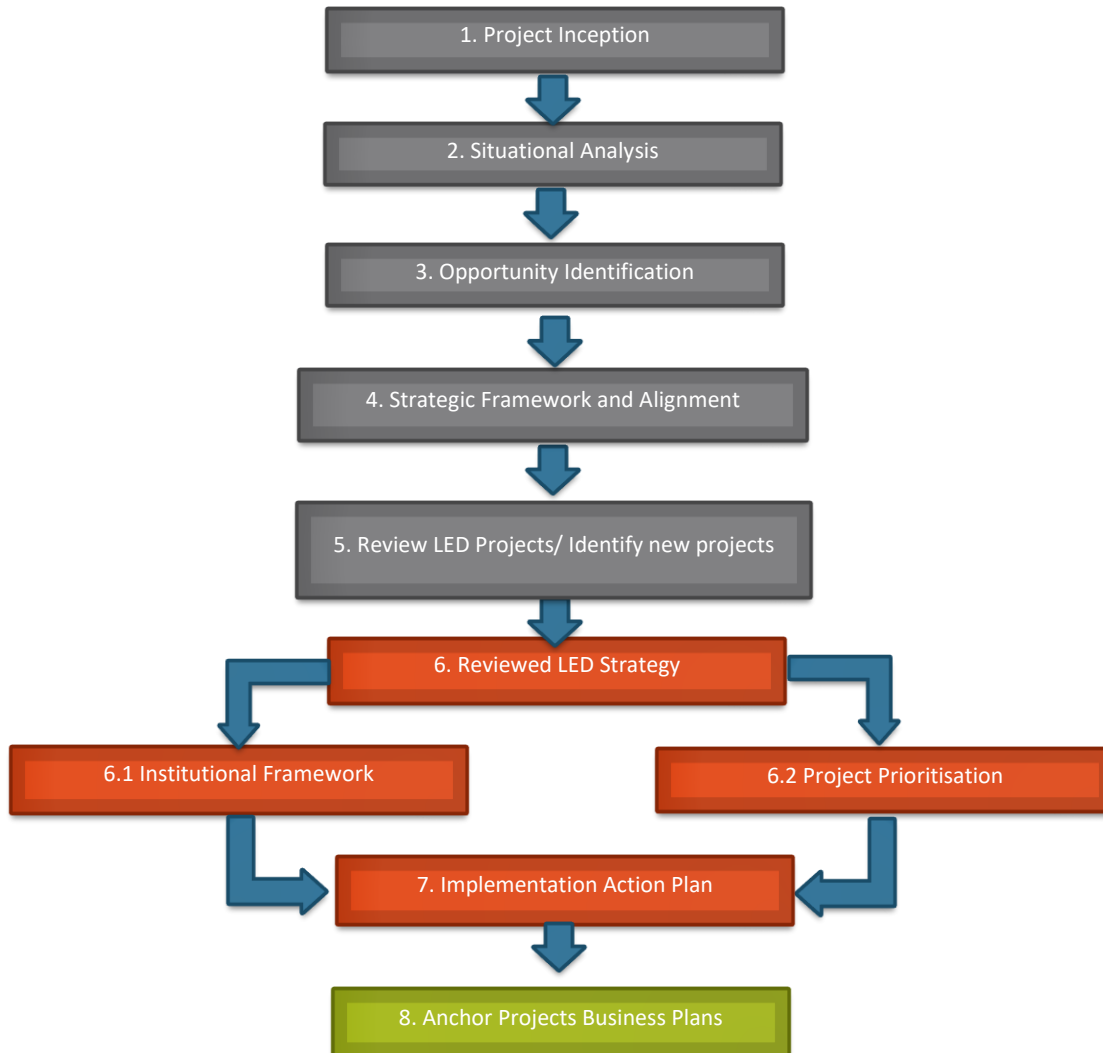
As per the terms of reference outlined in the bid document, the team understands the goal of the project is to:

- ✓ Identify development objectives for LED in Greater Tzaneen Local Municipality
- ✓ Identify anchor projects and compile bankable business plans for each anchor project identified for funding
- ✓ Draft the terms of reference of the LED forum subcommittees
- ✓ Review and update the situational analysis on socio-economic indicators, demographics and infrastructure backlogs
- ✓ Conduct economic, sectoral and gap analysis to identify new opportunities for development
- ✓ Review existing LED projects
- ✓ Stimulate projects already identified as part of the IDP and SDF
- ✓ Identify ways to support SMME development
- ✓ Identify external funding sources to stimulate infrastructure development and upgrades
- ✓ Develop an implementation framework
- ✓ Identify sustainable projects for Greater Tzaneen Local Municipality
- ✓ Strategic framework and alignment to policy documents such as the NDP and LDP.

## 1.4 Project Methodology

Based on the scope of work within the Terms of Reference as well as guidelines developed by the World Bank and SALGA for LED Strategy development, the following methodology will be followed to evaluate and address all the thematic components:

Diagram 1.1: Project Methodology



## Section 2: Situational Analysis

### 2.1 Introduction

This Section will provide a summary of the components of the Situational Analysis Report (Step 2). The components include:

- Legislative and policy review
- Socio-economic analysis
- Economic analysis

### 2.2 Legislative and Policy Review

The Table below highlights the important legislation and policies that need to be taken into conservation when reviewing the Greater Tzaneen LM LED Strategy.

Table 2.1: Legislation and Policies

	Description
<b>Legislation</b>	<ul style="list-style-type: none"> <li>- South African Constitution (1996)</li> <li>- White Paper on Local Government (1998)</li> <li>- Municipal Systems Act (2000)</li> </ul>
<b>National Policies and Plans</b>	<ul style="list-style-type: none"> <li>- National Framework for LED in South Africa (2006 – 2011)</li> <li>- National Development Plan</li> <li>- New Growth Path</li> <li>- Industrial Policy Action Plan</li> <li>- National Space Development Perspective</li> <li>- Comprehensive Rural Development Programme</li> <li>- Medium-Term Strategic Framework (2014 – 2019)</li> <li>- Presidential Infrastructure Coordinating Commission</li> </ul>
<b>Provincial and District Policies and Plans</b>	<ul style="list-style-type: none"> <li>- Limpopo Development Plan (2015 – 2019)</li> <li>- Mopani District IDP (2016/17)</li> </ul>
<b>Local Policies and Plans</b>	<ul style="list-style-type: none"> <li>- Greater Tzaneen LM IDP (2016/17)</li> <li>- Greater Tzaneen SDF (2009)</li> <li>- Greater Tzaneen LED Strategy (2012)</li> <li>- GTEDA Strategic Plan (2016/17 – 2020/21)</li> </ul>

Based on the review of national, provincial and local policies and strategies, the LED strategy of the Greater Tzaneen should focus on working towards to vision of the Municipality by:

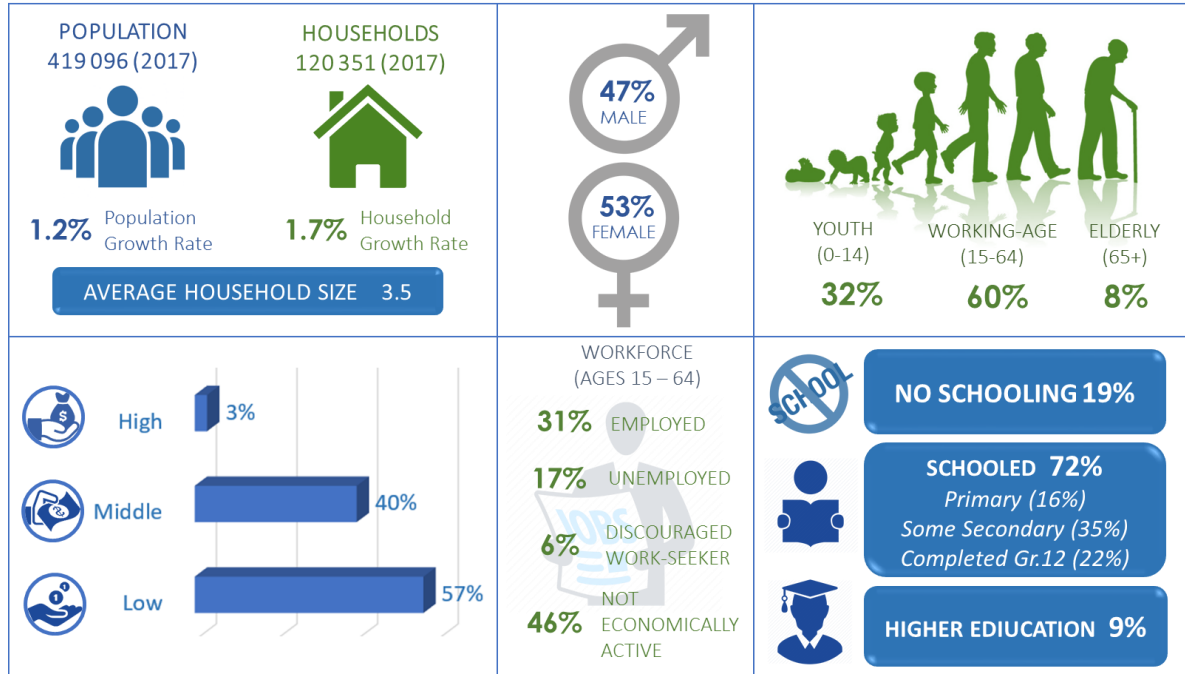
- Creating an enabling environment to attract new businesses and investment, which will ultimately result in job creation and economic growth
- Focus on service delivery improvement
- Value chain development in key sectors:
  - Agriculture
  - Manufacturing
  - Tourism
- Promoting skills development



### 2.3 Socio-Economic Analysis

The Diagram below provides a summary of the socio-economic analysis for Greater Tzaneen LM.

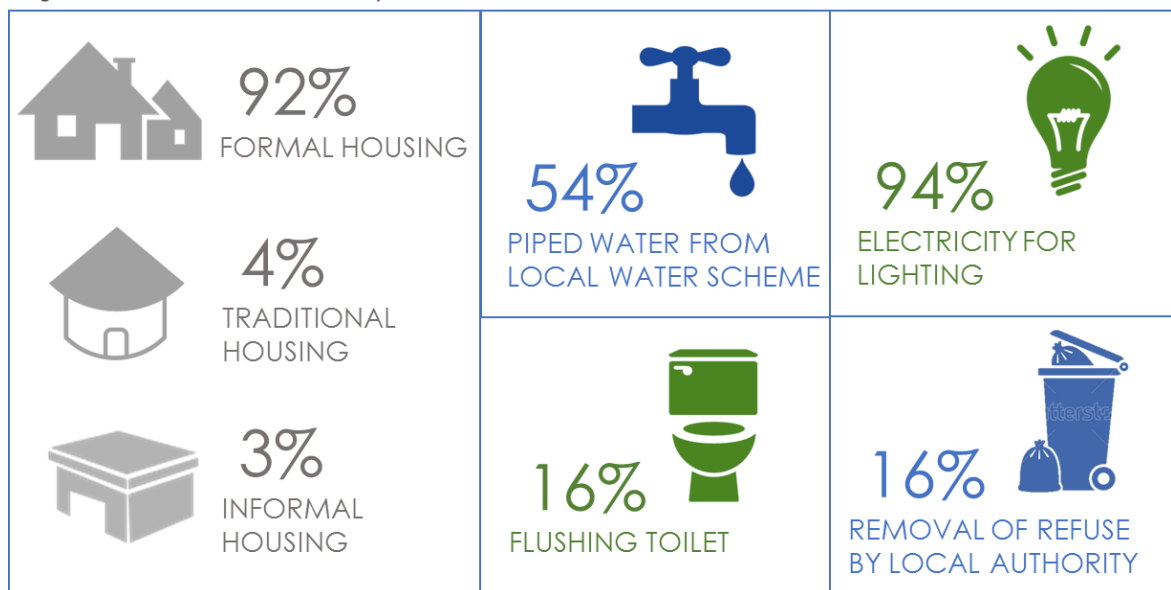
Diagram 2.1: Socio-economic Analysis Summary



Source: Adapted from Quantec Easydata, 2016 and StatsSA Census, 2011

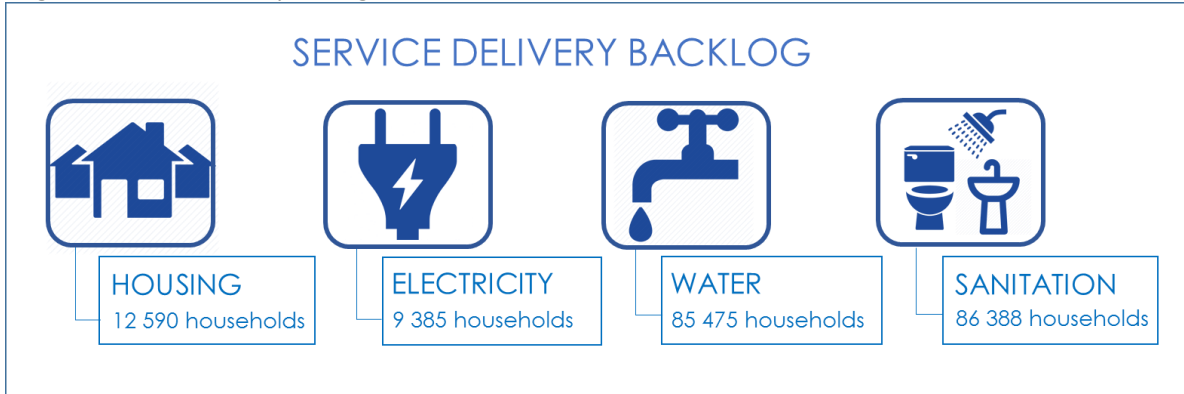
A summary of the access to service delivery as well as the backlogs in Greater Tzaneen LM is provided in the Diagrams below.

Diagram 2.2: Access to Service Delivery



Source: Adapted from Quantec Easydata, 2016 and StatsSA Census, 2011

Diagram 2.3: Service Delivery Backlog

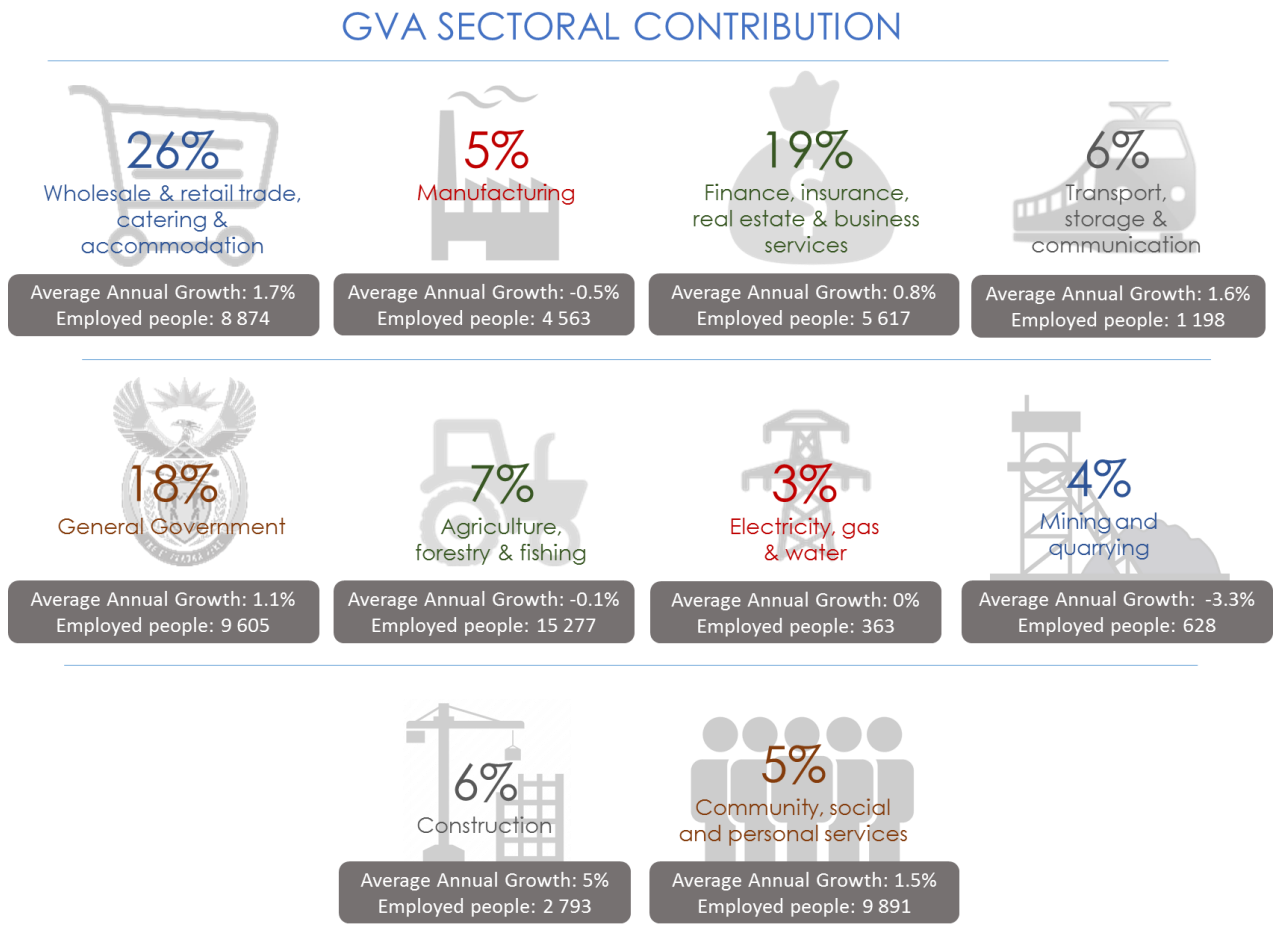


Source: Adapted from Greater Tzaneen LM IDP, 2016/17

### 2.4 Economic Analysis

The Diagram below provides a summary of the employment and GVA statistics for Greater Tzaneen LM.










Diagram 2.4: Greater Tzaneen LM Economic Analysis Summary



The majority of sectors in Greater Tzaneen LM had a positive annual growth between 2010 and 2015. From the economic analysis, it is evident that intervention is needed in the agriculture and manufacturing sectors. The manufacturing sectors in Greater Tzaneen is very dependent on the agriculture sector, as agro-processing is one of the main manufacturing subsectors. The tertiary sectors in Greater Tzaneen LM also perform a very important function, and an enabling environment should be created to retain existing businesses and attract new investment in these sectors to the LM.

From the Table below, the agriculture-, manufacturing and the trade sector are very important sectors within the local economy, however, interventions are needed within these sectors to ensure employment creation and sustainable economic growth.

Table 2.2: Carvalho Classification

Sector	LQ	Carvalho	Carvalho Classification Definition
<b>Agriculture</b> 	1.69	Promising	Promising high local specialisation in a sector which grew provincially at a slower rate than overall growth; local growth exceeded provincial growth in this sector.
<b>Mining</b> 	0.14	Marginal	Industry is under-represented in the local economy
<b>Manufacturing</b> 	1.20	Vulnerable	Industry has an average concentration of employment. This can also indicate that an important source of employment is declining
<b>Utilities</b> 	0.88	Transitional	Average specialisation in this sector which grew provincially at a slower rate than overall growth; local growth exceeded provincial growth in this sector.
<b>Construction</b> 	0.93	Accelerating	Area is neither highly specialised nor under-specialised in this sector. The sector is growing provincially and growing locally at a higher rate.
<b>Trade &amp; Accommodation</b> 	1.10	Vulnerable	Industry has an average concentration of employment. This can also indicate that an important source of employment is declining
<b>Transport &amp; communication</b> 	0.96	Transitional	Average specialisation in this sector which grew provincially at a slower rate than overall growth; local growth exceeded provincial growth in this sector.
<b>Finance &amp; business services</b> 	0.91	Vulnerable	Industry has an average concentration of employment. This can also indicate that an important source of employment is declining.
<b>Community Services</b> 	0.70	Yielding	Average specialisation in this sector which grew provincially, however local growth was slower than provincial growth in this sector

## 2.5 Economic Growth and Development Targets

It is important that the growth and development initiatives and targets of Greater Tzaneen LM is aligned to that of that of the Province. The Province highlights the following targets, amongst others, for 2018/19 in the Limpopo Development Plan:

- Limpopo economic growth at 3%
- Create 429 000 jobs
- Reduction of the official unemployment rate from 16.9% in 2014 to 14%
- Improve access to basic services from 83% in 2014 to 90%
- Improve access to electricity supply from 83% in 2014 to 90%
- Improve access to sanitation from 43% in 2014 to 50%
- Increase GGP contribution to the national economy from the current 7.1%



## Section 3: Spatial Analysis

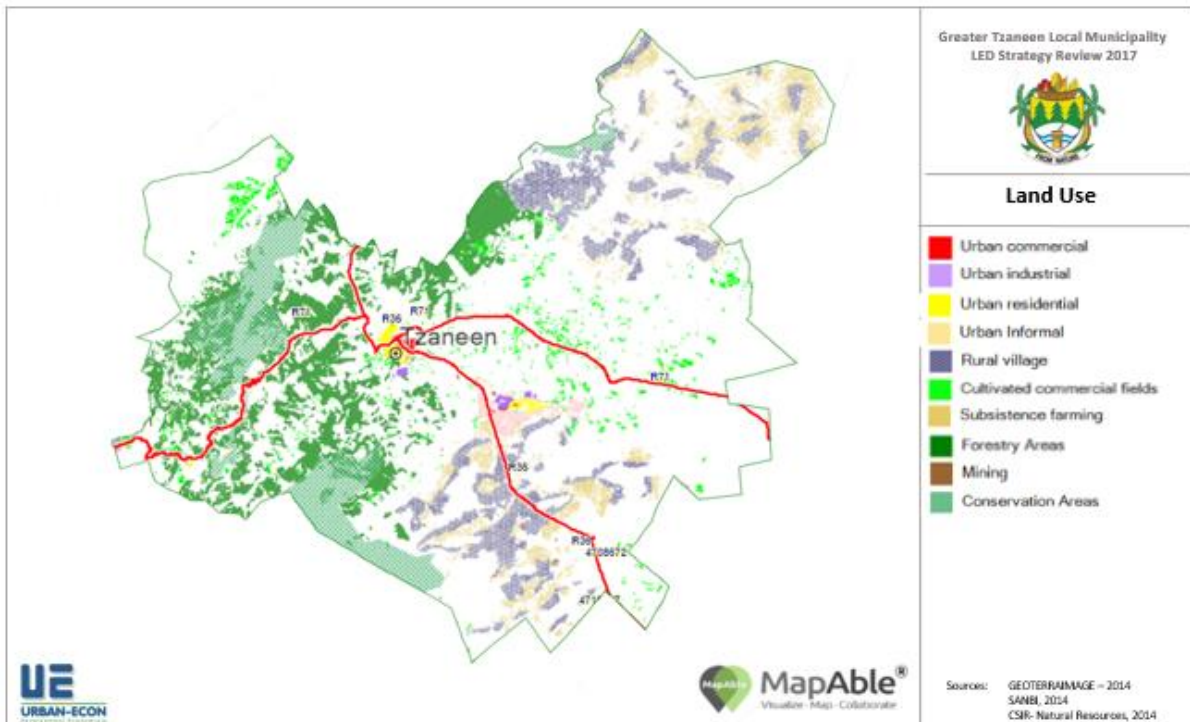
### 3.1 Introduction

This section of the report will determine the development opportunities in the Greater Tzaneen LM by means of a spatial analysis. The spatial analysis will determine the spatial advantages of the Greater Tzaneen LM in terms of its access to markets, access to inputs etc.

### 3.2 Land Use

The land use in Greater Tzaneen LM is indicated in the Map below. The western area of the LM is mostly utilised for forestry, with commercial agriculture occurring in the central areas of the LM. The main commercial and industrial centres are Tzaneen and Nkowankowa.

Map 3.1: Land Use Map

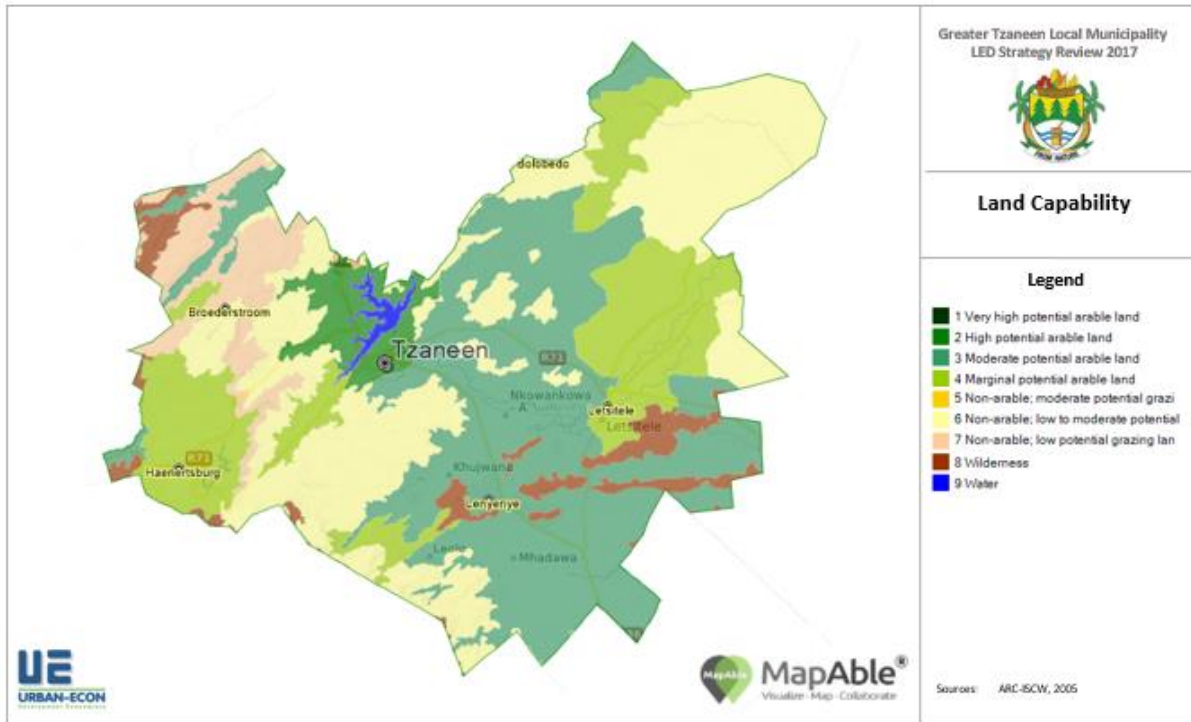




### 3.3 Agricultural Resources

The Map below indicates the land capability in Greater Tzaneen LM. The area around Tzaneen Dam have a high potential for arable land. Overall, the land in Greater Tzaneen LM has potential for arable land, ranging with marginal to high potential.

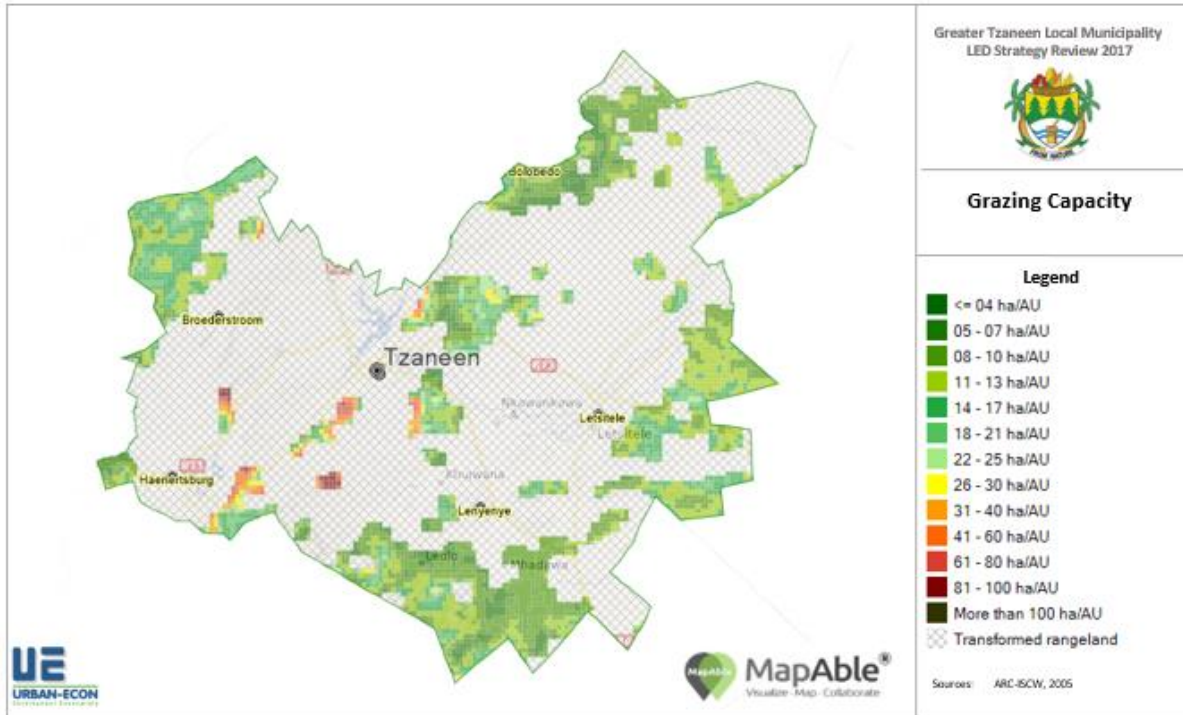
Map 3.2: Land Capability



Source: ARC-ISCW, 2005 via MapAble

The Map below indicates the grazing capacity for livestock within Greater Tzaneen LM. For proper veld management, a stocking rate to allow for 6 to 11 hectares per cattle is advised (ARC, n.d) depending on the season. Areas with good grazing capacity is in the Haenertsburg area, east of Letsitele and west of Broederstroom.

Map 3.3: Grazing Capacity



Source: ARC-ISCW, 2005 via MapAble

### 3.4 Nodal Areas

The Table below highlights the proposed primary, secondary and tertiary nodes in the LM.

Table 3.1: Greater Tzaneen Nodal Areas

Node	Town/Village
Primary	Tzaneen
Secondary	Nkwanakowa
Tertiary	Lenyeny Mandhakazi/Nwamita Relela/Moleketla/Motupa Rita/Makhubidung/Shiluvane
Satellite	Mavele

Source: Draft Greater Tzaneen SDF (2016 – 2019)

The Map below indicates the nodal areas in the LM as indicated in Table 3.1 as well as the road linkages between the nodes.



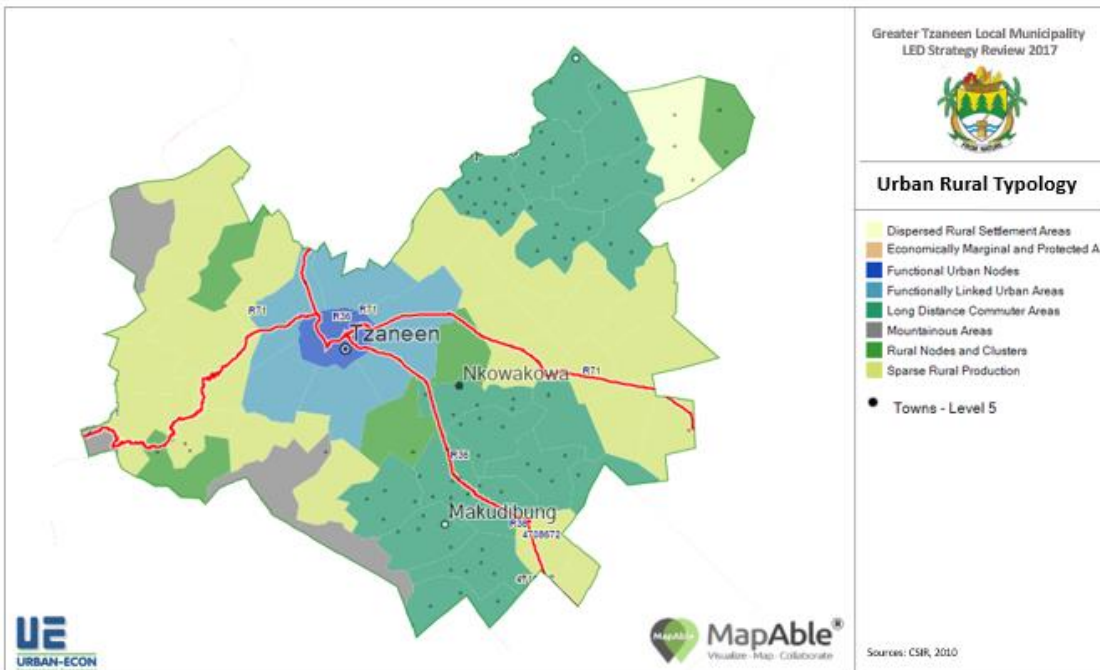
Map 3.4: Nodes



Source: SDF Review via MapAble, 2017

The urban rural typology is indicated in the Map below. Rural villages are scattered in the northern and southern areas of the LM.

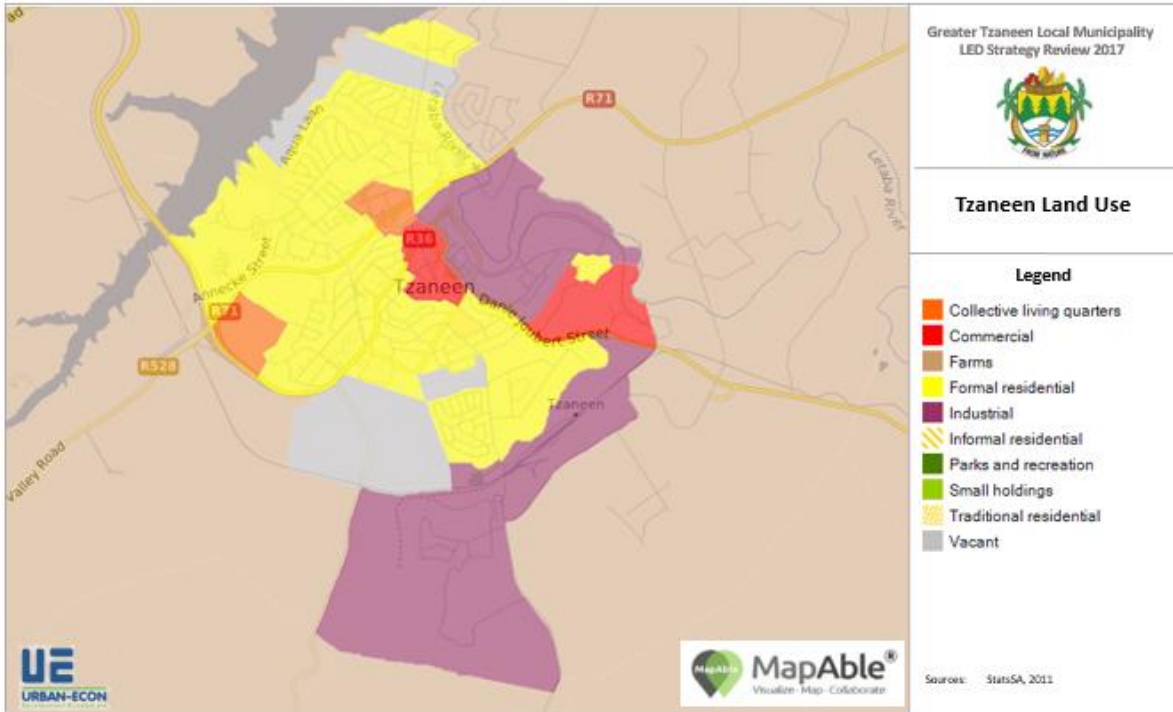
Map 3.5: Urban Rural Typology



Source: CSIR – Built Environment Spatial Information, 2010 via MapAble

The Map below highlights the residential area (yellow), the commercial area (red) as well as the industrial (purple) areas within Tzaneen.

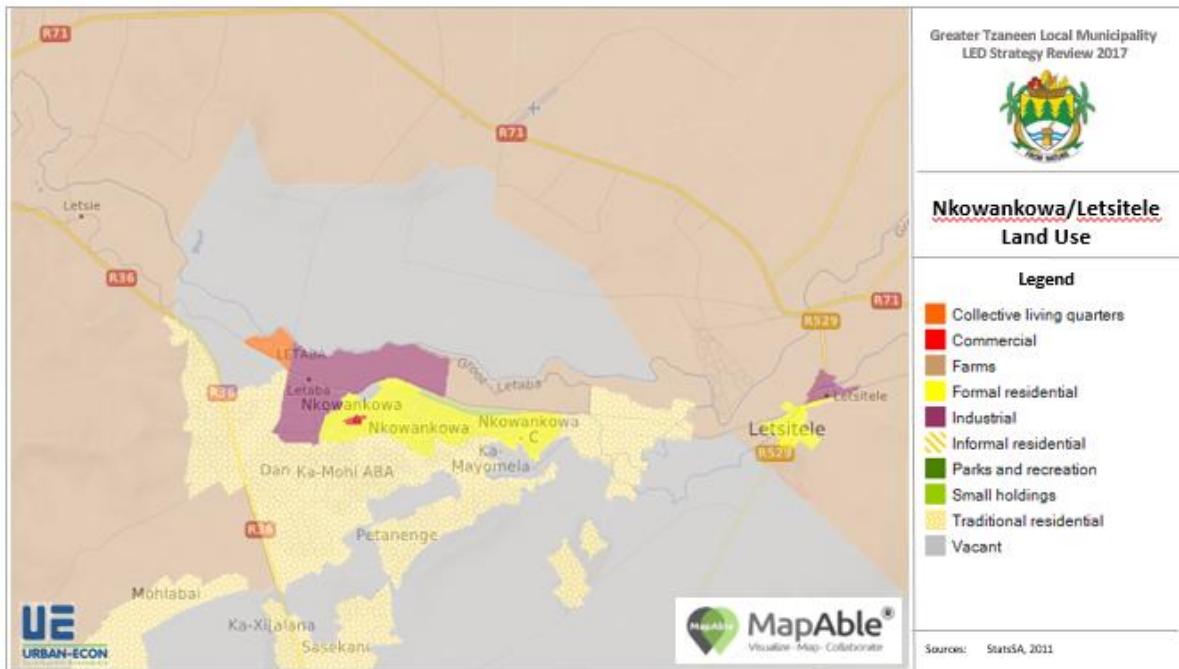
Map 3.6: Tzaneen Land Use



Source: Statistics South Africa, 2011 via MapAble

The Map below indicates the land use within the Nkowankowa and Letsitele area. The area is adjacent to a number of informal residential areas. Nkowankowa has a significant amount of vacant land that can be utilised.

Map 3.7: Land Use Nkowankowa/Letsitele

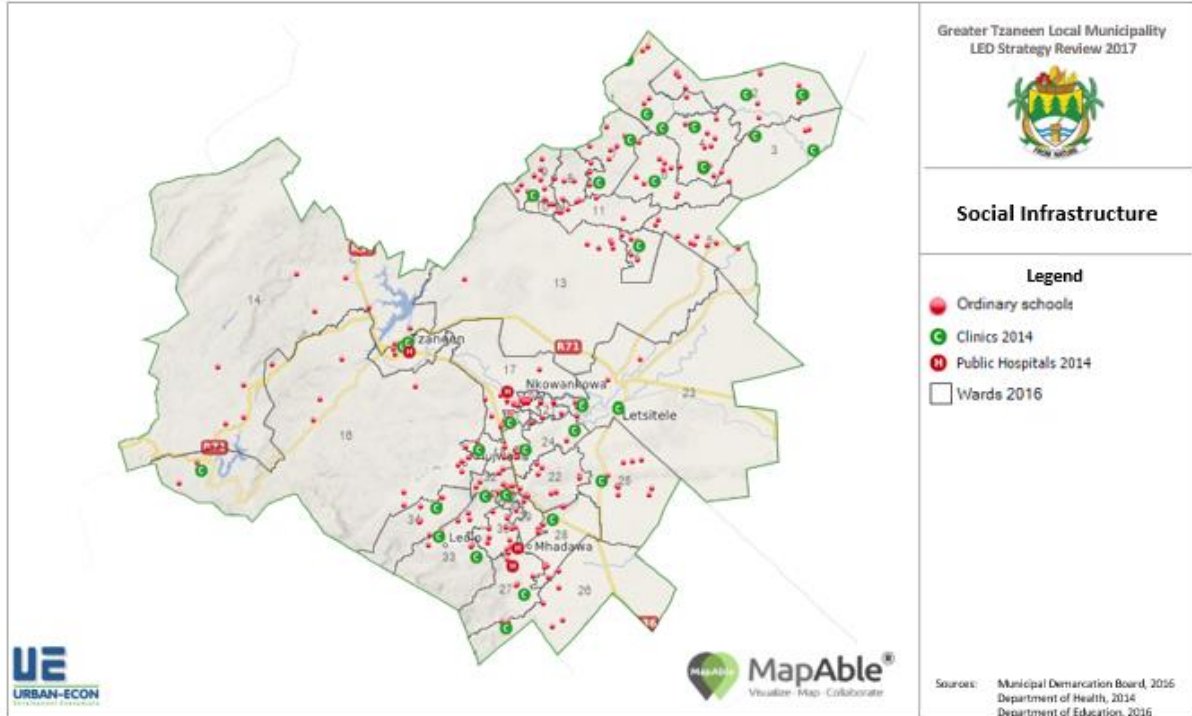


Source: Statistics South Africa, 2011 via MapAble

### 3.5 Social Infrastructure

The Map below indicates the locations of schools, clinics and hospitals in Greater Tzaneen LM.

Map 3.8: Social Infrastructure



Source: Municipal Demarcation Board, 2016 and Department of Health, 2014 and Department of Education, 2016 via MapAble

### 3.6 Transport

Transport infrastructure in Greater Tzaneen LM include road, rail and an airport. There are five (5) main transport corridors in traversing the LM:

- a) R36 – Tzaneen to Nkowankowa and Lenyenye
- b) R71 – Tzaneen to Boyne
- c) R36 north – Tzaneen to Modjadjiskloof
- d) Tzaneen to N’wamitwa
- e) Nkowankowa to Letsitele

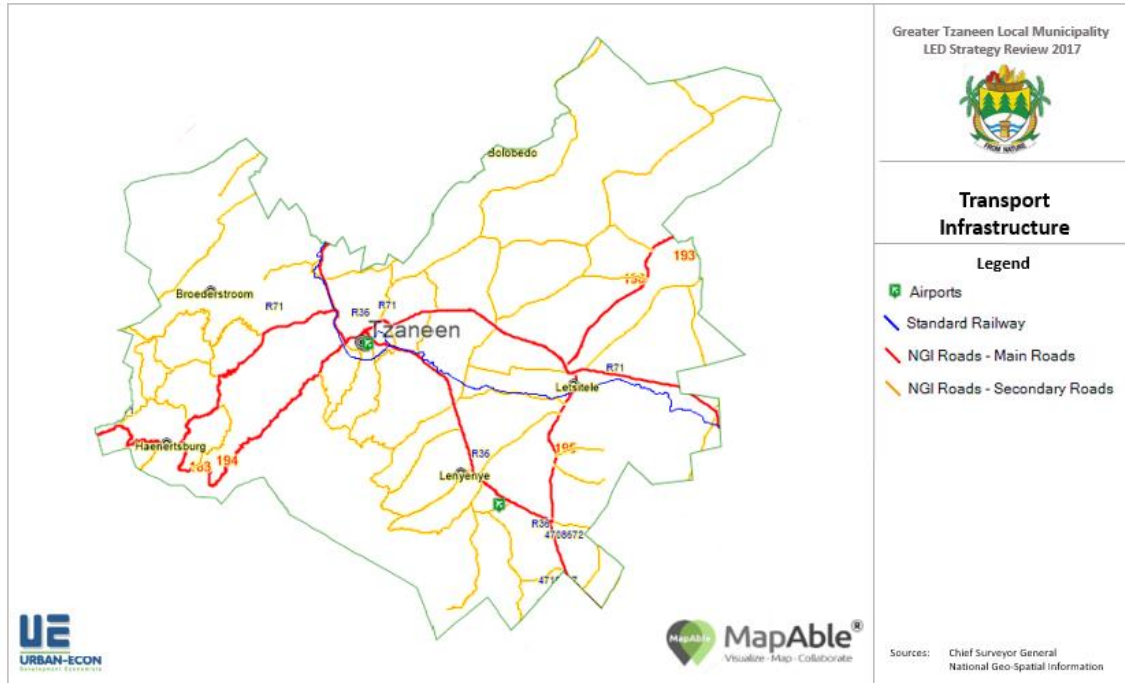
The Draft SDF (2016 – 2021) outlines the following corridors within the LM:

- a) **Movement corridors:** The **R71**, as well as portions of the **R36** and **R529** are movement corridors. The corridor is utilised by mostly vehicular traffic travelling from east to west, and north to south.
- b) **Primary corridor:** The **R36** between Tzaneen and Nkowankowa is the primary corridor in the LM and should be utilised as a development anchor between the two nodes



- c) **Secondary corridor:** the **R36** between Nkowankowa and Lenyenye is the secondary corridor and should be form part of medium- and long term development goals of the LM.

Map 3.9: Transport Infrastructure



Source: Chief Surveyor General, 2014 and National Geo-Spatial Information (DRDLR), 2015 via MapAble

### 3.7 Tourism

The Map below indicates the conservation areas within the Mopani District. The Kruger National Park is one of main attractions in the areas for domestic and international tourists alike. Conservation areas within Greater Tzaneen LM include the Woodbush Forest Reserve, Agatha Forest Reserve and Wolkberg Wilderness Area.

Map 3.10: Mopani District Conservation Areas

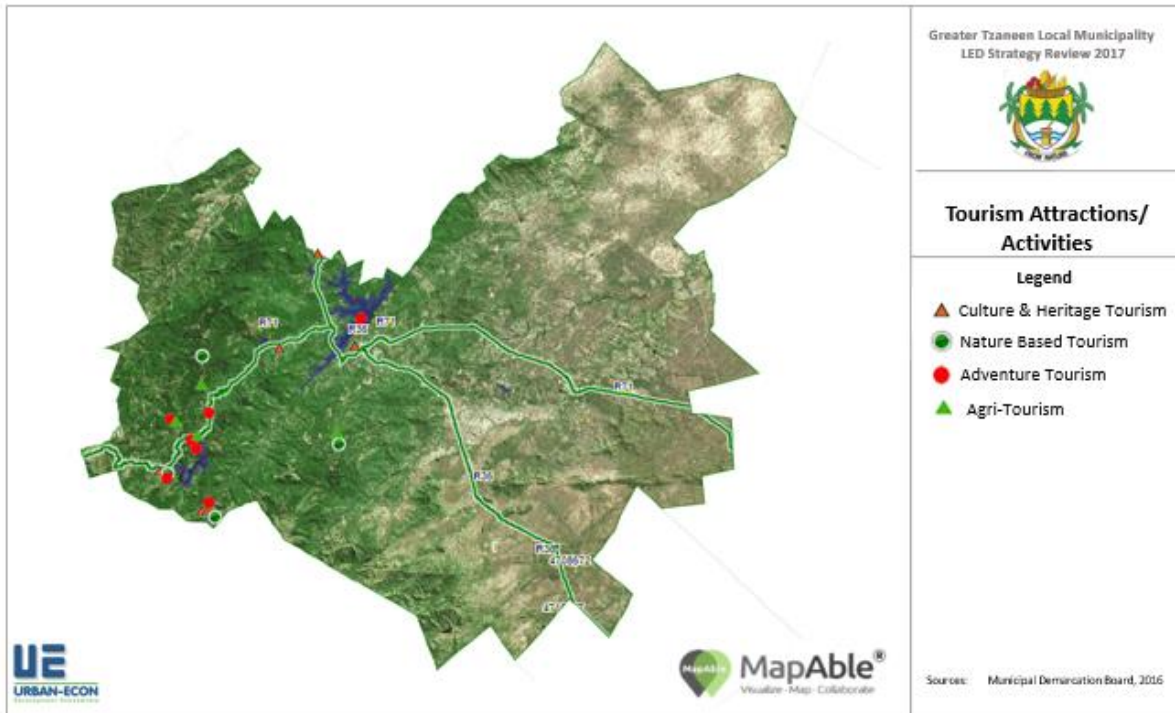


Source: SANBI via MapAble, 2017



The Map below indicates the locations of the main tourism attractions and activities by category (excluding accommodation facilities) in Greater Tzaneen LM. The main tourism attractions and activities are around Haenertsburg and Magoebaskloof.

Map 3.11: Tourism Attractions and Activities



Source: Urban-Econ via MapAble, 2017

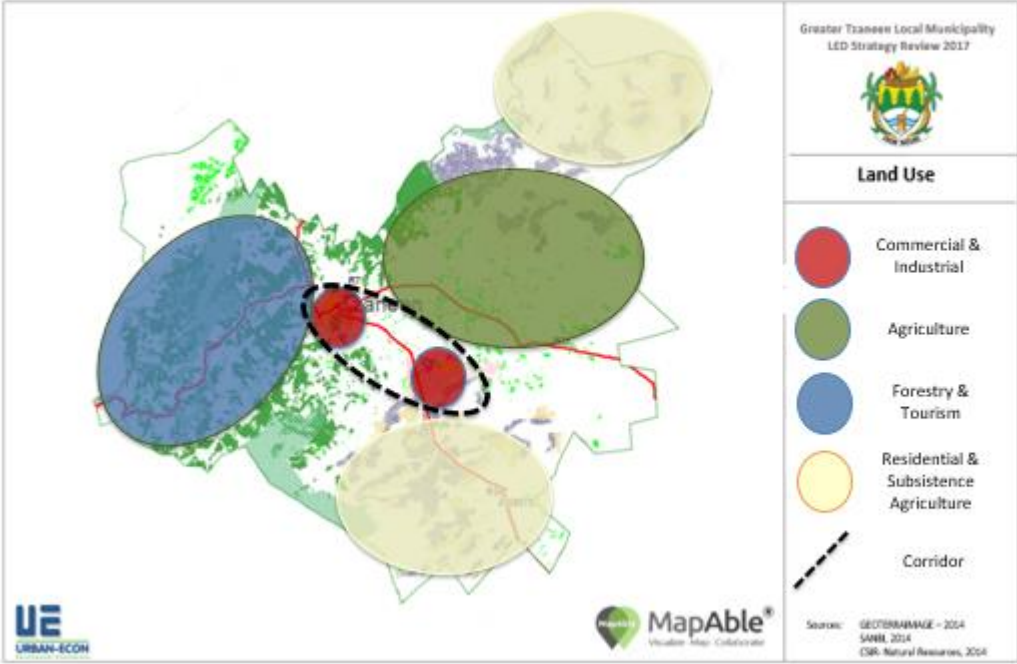
### 3.8 Conclusion

The main nodes within Greater Tzaneen LM are Tzaneen and Nkowankowa. Letsitele also has an industrial sector. Tourism is mostly concentrated in the Magoebaskloof/ Haenertsburg area creating an opportunity for a local tourism corridor. Another tourism corridor is the R71 which connects Polokwane, through Tzaneen, to the Phalaborwa Gate of the Kruger National Park.

Informal settlements and rural areas which require intervention are clustered in the northern and southern areas of the Municipality, with commercial agriculture occurring in the central area of the municipality along the Groot Letaba River. The Map below provides a summary of the main land uses within the Local Municipality.



Map 3.12: Land Use Summary





## Section 4: Opportunity Analysis

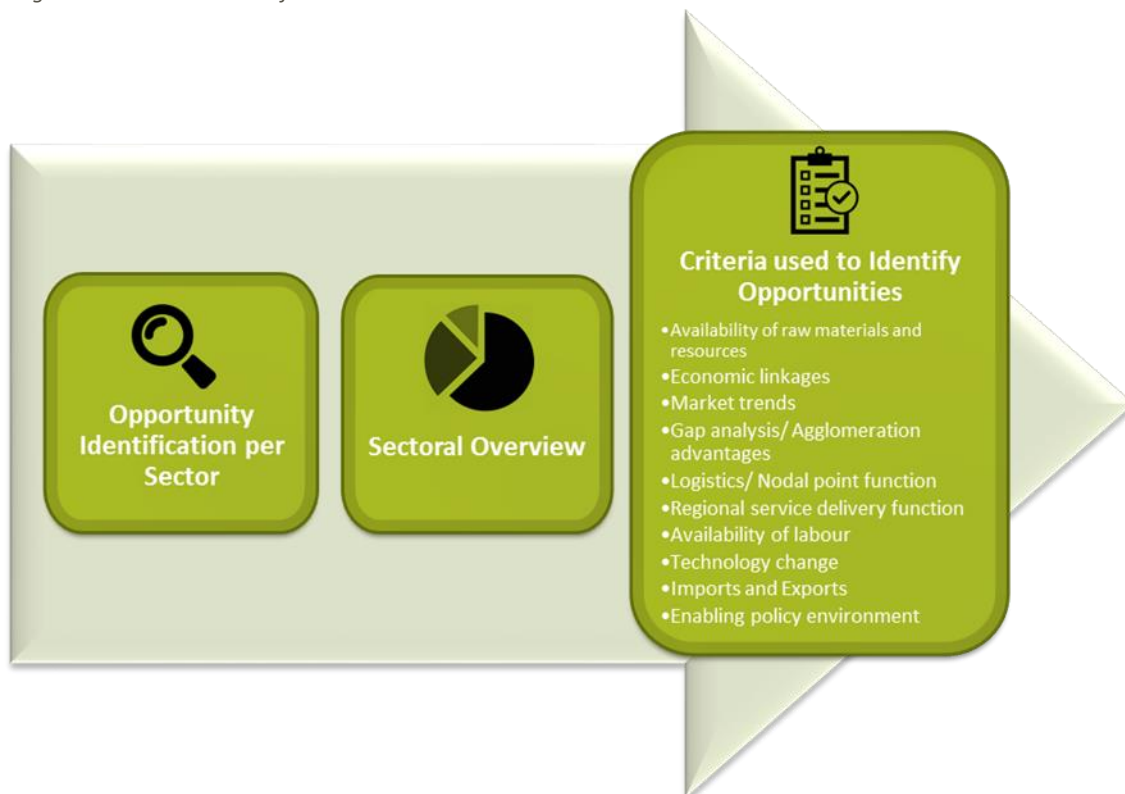
### 4.1 Introduction

This Section of the report will analyse the opportunities that exists within the different economic sectors of the Greater Tzaneen Local Municipality. The opportunity analysis will indicate areas with the municipality to take hold of potential opportunities. The tourism Sector according to SIC system classification is not a true economic sector, rather a multifaceted integrated economic sector. However due to the vital role this industry plays in terms of potential job creation and economic development it is addressed in this chapter.

### 4.2 Potential Identification Criteria

To identify the available opportunities in the area, it is necessary to identify criteria to facilitate the project identification and assessment process. The set of criteria will serve an evaluation tool to identify areas with potential for development and opportunities in each of the local economic sectors. Figure 5.1 indicates the methodology and criteria's that will be used to assess economic potential of the different sectors.

Diagram 4.1: Potential Identification Criteria



#### 4.2.1 Availability of Raw Materials and Resources

Raw material/local resources are regarded as the primary production factor. Without these materials, no product or service can be manufactured and/or delivered. The availability of raw materials and other resources makes local development promotion much easier, more feasible, viable and sustainable. Depending on the nature and extent of the resources/materials, these can also be a major tourist attraction. Apart from attracting tourists to an area, many of raw materials/resources can be used in local beneficiation and value adding processes, e.g. agriculture produce

#### 4.2.2 Economic Linkages

This is the various interactive relationships that exist between the various economic sectors with a region's economy. These interactions and relationships can be observed in various forms and may take place on a mixture of scales. Linkages are important for an economy and its activities to be sustainable. One economy in general can't provide in all local needs and therefore need to interact with neighbouring or nearby economies. Linkages can be defined and placed into two categories:

##### **A) Backward Linkages**

This type of economic interaction refers to the raw material or intermediate products required as inputs into the delivering of the end product or service. In many cases the inputs required in the local economy cannot be delivered by the same economy and need to be imported from other economies. In other cases, the inputs are available but it is cheaper to obtain the same inputs from other outside economies.

A very important question one always need to ask in determining the development potential is: Can some of the inputs be supplied or manufactured locally; saving transport costs, creating employment opportunities and contributing to local beneficiation and value adding? If the answer is 'yes', there is potential for development within the economy.

##### **B) Forward Linkages**

Forward linkages refer to the supply of intermediate products as inputs into the production process, in order to deliver the final product and/or service when the production process is complete. This would typically constitute the utilisation of an area's own resources that are processed, packed and sold (or distributed).



### 4.2.3 Market Trends

Market trends refer to the consumption trends and preferences of the general market. It indicates where there is potential for an increase in the production of a specific product and/or delivering of a specific service, or it can indicate that there is a need for change in products and service delivery. For instance, a new trend can be observed in South Africa with respect of people consuming more organically farmed products than traditional products. This therefore, indicates that the agriculture sector should focus more on producing organic products than traditional products.

### 4.2.4 Gap Analysis/ Agglomeration Advantages

A gap is defined as being a disparity between what is provided and what is needed (or required). With regards to a gap in the economy it means that a mismatch of resources had occurred. The identification of a gap within the local economy can prove to be an advantage for various industries to group together to stimulate economic growth. **Agglomeration advantages** can be illustrated by developing a mining logistical hub or cluster. Therefore, all manufacturing orientated and related activities are grouped together in delivering services and information to the manufacturing sector.

### 4.2.5 Logistics/ Nodal Point Function

To determine if the area has potential for delivering a logistics or nodal point function, one needs to answer the following question: Can the area serve as a distribution point for specific products or services?

### 4.2.6 Regional Service Delivery Function

This criterion refers to the ability and capability to provide in both the local and regional requirements. This will typically be a situation where enough is produced in the economy as to disperse and provide for the wider region.

### 4.2.7 Availability of Labour

The labour force is vital to the production process since they drive production. When considering potential within the local labour pool, the determining factors include the quantity and quality of the labour force. Quantity refers to the size of the labour force and quality refers to the educational and skills level of the labour force. If the education and skills level of the local labour force meets the requirements for manufacturing development, the potential for development is high, from a labour point of view.



#### 4.2.8 Technology Change

Technology changes refer to the changes in the ways we produce goods and services. Good examples are genetic manipulated products, the Internet, etc. The changes in technological techniques and methods increase the potential for developing an incubator in the area. Incubators provide collective services (i.e. training and facilities) required by industries and individual people to become self-sustained in their newly adopted economic activities.

#### 4.2.9 Imports and Exports

Examining the import and export data for the district will help to identify the current gaps in the market as well as opportunities for value adding and processing. This will open some of the hidden potential in the local area and help to identify innovative ideas.

#### 4.2.10 Enabling Policy Environment

This looks at the current development strategies on local, district and provincial level, indicating the development priorities for a certain location and available funding for certain type of projects.

### 4.3 Agriculture Sector

The agriculture sector in Greater Tzaneen LM is a key contributor to employment in the local economy. The favourable climate and landscape allows for cultivation of vegetables, fruits and nuts. Forestry and livestock farming are also key contributors to the agriculture sector.

Diagram 4.2: Greater Tzaneen LM Agriculture Sector



#### 4.3.1 Fruit and Vegetables

The Table below indicates the hectares under production for different commodities in the Local Municipality.

Diagram 4.3: Hectares Under Production

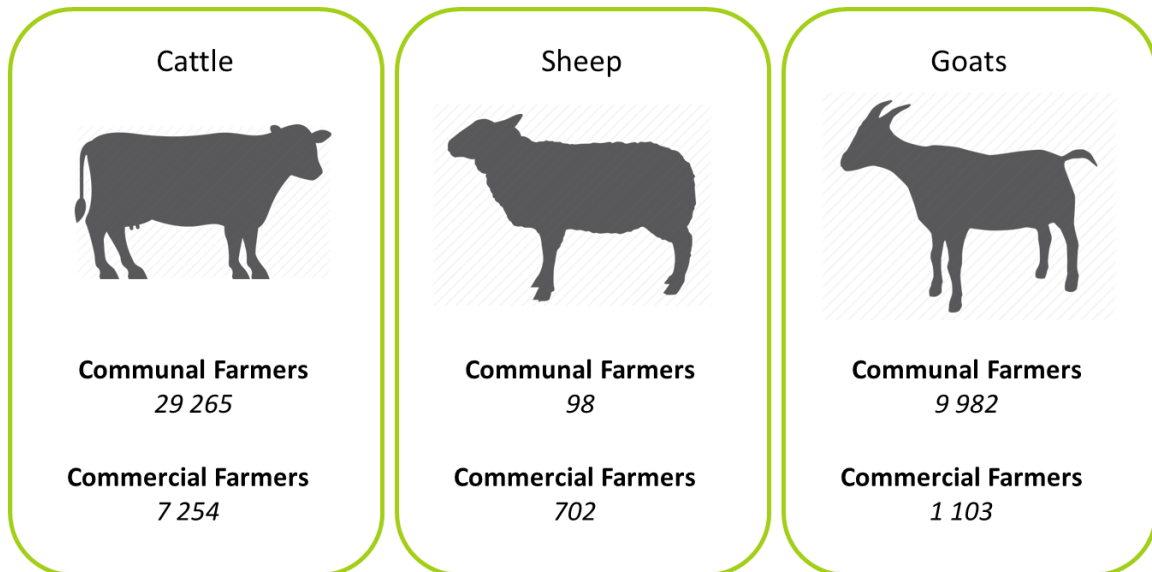


Source: LDARD, 2012

#### 4.3.2 Livestock

Greater Tzaneen LM also has a number of livestock farmers as indicated in the Table below.

Diagram 4.4: Livestock Numbers



Source: Agrifor Training and Business Development

#### 4.3.3 Forestry

The following plantations are located within the Greater Tzaneen LM area:

- Woodbush plantation (±29 kilometres from Tzaneen on the R71)
- De Hoek Plantation (±20 kilometres from Tzaneen on the R71)
- New Agatha Plantation (±15 kilometres from Tzaneen on the R36/R71)

- JDM Keet Plantation (± 8 kilometres from Tzaneen on the R36)

According to ForestrySA (2015), 3.9% of the total South African plantation area is in Limpopo; 21 434 hectares are utilised for hardwood (Eucalyptus and Wattle), while 26 919 hectares are utilised for softwood (Pine). The Table below provides a breakdown of the hectares allocated to each species in Limpopo.

Table 4.1: Forestry Production, Limpopo

Species	Hectares
Pine	26 919
Eucalyptus	21 300
Wattle	72
Other	62

Source: ForestrySA, 2015

#### 4.3.4 Agri Expo

In an effort to create new opportunities within the sector and to facilitate networking among emerging, smallholder and commercial farmers, Greater Tzaneen LM together with other stakeholders organised the first Agri Expo in 2014. The main objectives of the Expo is to:

- Revitalise the sector
- Create network opportunities
- Broaden the knowledge base of smallholder and emerging farmers through workshops and discussion forums
- Promote the participation of youth in agriculture

#### 4.3.5 Agri-Parks Programme

The agriculture sector in South Africa is in the process of undergoing major transformation and revitalisation through the inception of the Agri-Parks Programme launched by the Department of Rural Development and Land Reform (DRDLR) and the Department of Agriculture, Forestry and Fisheries (DAFF) in 2015. An Agri-Park is an innovative system of agro-production, processing, logistics, marketing and training and extension services located in District Municipalities. As a network, it enables a market-driven combination and integration of various agricultural activities and rural transformation services. The Agri-Parks contain three basic units:



## Box 4.1 Agri-Park Unpacked



**Farmer Production Support Units (FPSU):** Are centres (more than one per district) of agricultural input supplies, extension support, mechanisation support, local logistics support, primary produce collection, and through-put to Agri-Hubs. The FPSUs have limited sorting, packaging, storage, and processing for local markets with through-put of excess products to Agri-hubs.



**Agri-Hub:** Agri-Hubs are located in central places in a District Municipality, preferably places with sufficient physical and social infrastructure to accommodate storage/warehousing facilities; Agri-processing facilities; packaging facilities; logistics hubs; agricultural technology demonstration parks; accommodation for extension support training; housing and recreational facilities for labourers. Agri-hubs receive primary inputs from FPSUs for processing, value adding and packaging, which is through-put into the Rural Urban Market Centres or exported directly to markets.



**A Rural Urban Marketing Centre (RUMC):** RUMCs are located on the periphery of large urban areas, these facilities provide market intelligence assist farmers, processors in managing a nexus of contracts. With large warehousing and cold storage facilities to enable market management. Both FPSU's and Agri-hubs provide inputs to the RUMC.

(Source: Mopani District Agri-Parks Master Plan, 2016)

As per the Agri-Park Master Plan, the Agri-Hub for the Mopani District is set to be in Tzaneen.

As indicated in Map 3.1, forestry occurs in the western areas of the LM, while commercial agriculture occurs mostly in the central areas with subsistence farming occurring in the northern and southern areas. The main commodities produced in Greater Tzaneen LM include: tomatoes, potatoes, peppers, cabbage, mangoes, citrus, avocados and bananas.

The Diagram below outlines a SWOT analysis for the agriculture sector in Greater Tzaneen LM.



Diagram 4.5: SWOT Analysis

















Source: Greater Tzaneen IDP, 2016/17





Table 4.2: Agriculture Sector Opportunity Analysis

 Resources	Main Commodities 
The climate in the LM is suitable for subtropical fruits, nuts and vegetables. The land is suitable for agriculture, however, land classified as 'highly suitable' is currently utilised for forestry. There is a significant amount of labour in this section, however, skills are typically low.	The main agricultural commodities include <b>forestry, macadamia nuts, avocados, mangoes, citrus and vegetables.</b>
 Linkages	Support & Enabling Environment 
<b>Transport Sector:</b> Inputs as well as fresh fruit and vegetable need to be transported to processors and markets to be purchased by consumers 	Road expansions and regular maintenance in major transport corridors is important. Expanding the road network in rural areas will also enable emerging and smallholder farmers easier access to markets
<b>Retail Sector:</b> Agricultural produce needs will be sold at local and national retail outlets (formal and informal) 	SMME development with a specific focus on fruit and vegetable hawkers and informal traders through policy and skills development
<b>Tourism:</b> Agri-tourism	 Engagement and training for farmers on tourism product development and the value of agri-tourism. Marketing and Branding
<b>Manufacturing:</b> Agro-processing	 Incentives for new manufacturing developers Water and electricity supply Improvement of communication between enterprises and local government
<b>Commercial:</b> Farmers require funding as well as other business services such as marketing	 Establishing CIDs Involvement in Business Chambers and local industry forums Service delivery
 New Developments & Trends	Environmental Sustainability 
GMO seeds Organic produce Hydroponic farming	Harvesting rain water for irrigation Compost production from farm waste Environmental management to reduce erosion and environmental degradation
 Skills Development	External Impacts 
Skills development for emerging and smallholder farmers: <ul style="list-style-type: none"> <li>- Use of mechanisation</li> <li>- Harvesting techniques and post-harvest handling</li> <li>- Use of fertiliser, herbicides, pesticides etc.</li> <li>- Business management and marketing</li> </ul>	Climatic conditions Input price changes Exchange rate fluctuations Consumer preferences Fuel price fluctuations Crime
 Project Identification	
<ul style="list-style-type: none"> <li>- Revitalisation of Agricultural Schemes (Existing Project) – Budget: R500 000 (2019/20)</li> <li>- Input support for smallholder farmers</li> </ul>	

## 4.4 Manufacturing Sector

As seen in Section 3.4, the main industrial areas are in Tzaneen and Nkowankowa. Since the main primary sector production is the fruit, vegetables and timber, the manufacturing sector is highly dependent on the agriculture sector.

### 4.4.1 Agro-Processing

The main agro-processing occurring in Greater Tzaneen LM is processing of mangoes, citrus and avocados into various products such as oils, juices and dried fruit. Per the Mopani Agri-Park Master Plan (2015), the following agro-processors are located in the Greater Tzaneen LM area. Even though little peppadew production take place within the boundaries of the local municipality, Peppadew International, a processor in Nkowankowa, is one of the major employers in the area in terms of agro-processing.

Table 4.3: Agro-processing

Agro-Processing Business	Products	Location
<b>Oil facility (National Department of Science and Technology, Sasol Chemcity initiative)</b>	Plant oil	Tzaneen
<b>Westfalia Fruit processors</b>	Avocado oil, dried mango, guacamole, quick frozen avocados	Modjadiskloof/ Tzaneen
<b>Letaba Citrus Fruit Processors</b>	Fruit juice	Letsitele and Tzaneen
<b>Morokolotsi Mango Atchar</b>	Mango Atchar	Tzaneen
<b>Peppadew International</b>	Pickled sweet piquanté peppers and sauces	Nkowankowa
<b>Eco Choice Dried Fruit Processors (Mango Magic Processing Plant)</b>	Dried mango products	Tzaneen
<b>African Realty Trust (LCP)</b>	Juice and juice concentrate	Tzaneen
<b>Bavaria Fruit Estate</b>	Mango products	Tzaneen
<b>Beerseun Boerdery</b>	Mango products	Tzaneen
<b>Landman Droë Produkte</b>	Dried fruit	Letsitele
<b>Matana Droë Produkte</b>	Dried fruit	Letsitele
<b>B&amp;S Dried Fruit</b>	Dried mango	Tzaneen
<b>MH Christie</b>	Mango products	Tzaneen
<b>Deer Park Estate</b>	Mango atchar	Tzaneen
<b>Didubatse</b>	Mango atchar	Tzaneen
<b>Bahlubue</b>	Mango atchar	Tzaneen
<b>Miami Cannery</b>	Canned tomatoes, atchar, pickled products	Nkowankowa

Source: Mopani District Agri-Parks Master Plan, 2015

In terms of wood processing, the following are located in Greater Tzaneen LM:

- Diggersrest Timber Company
- Merensky Timber



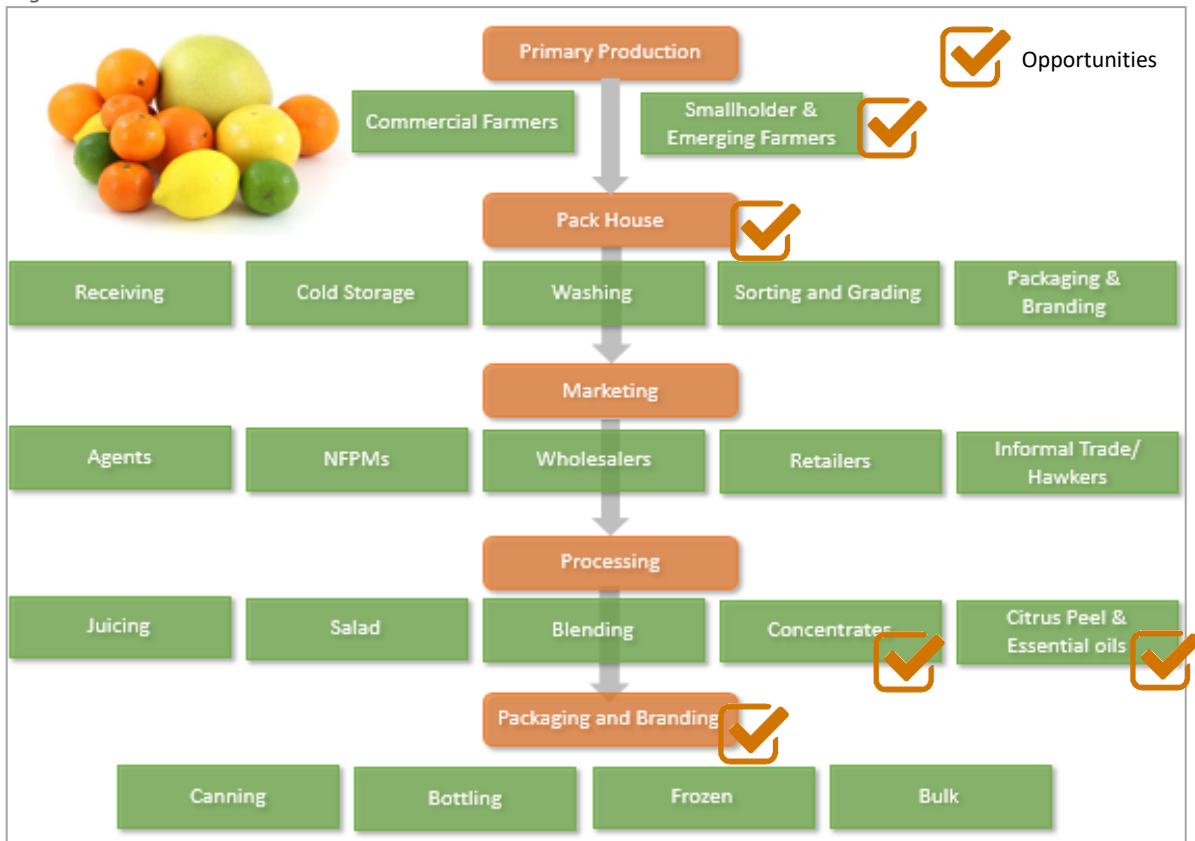
- Stevens Lumber Mill
- Khulani Timber Industries
- Visagie Saagmeule
- S&S Woodworks
- Tzaneng Treater Timber
- Welman Woodworks
- Nukor Sawmilling Group

*(A) Value Chain Analysis*

In order to identify opportunities within agro-processing, it is important to analyse the value chains of the main agricultural commodities, namely fruits and vegetables, especially tomatoes as well as the forestry sector.

In the 2015/16 marketing year, South Africa produced roughly 2.5 million tonnes of citrus fruit. South Africa is a major exporter of citrus, exporting an estimated 62% of the national citrus crop (DAFF, 2016). The main agro-processing activities from citrus include juicing, production of concentrates to be used by other industries. Products that can be made with the by-products if citrus processing are candied citrus peel and essential oils. The Diagram below illustrates the market value chain for citrus.

Diagram 4.6: Citrus Fruit Value Chain



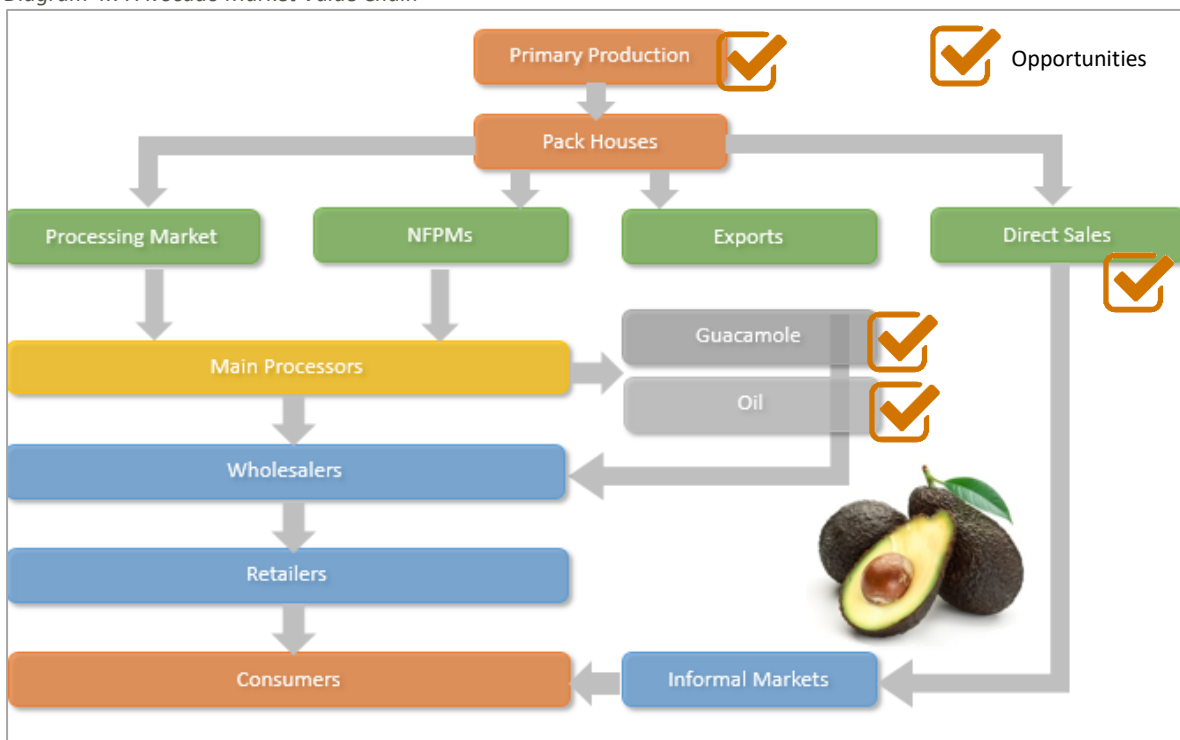
Source: Adapted from Limpopo Agro-Processing Strategy, 2012



South Africa produced roughly 98.2 million tonnes of avocados in the 2015/16 marketing year, where 60% of the crop was exported and roughly 10% used for processing (DAFF, 2016). The Limpopo province is the main avocado producing areas within the country, with roughly 7 568 hectares under production (DAFF, 2015).

The Diagram below outlines the market value chain for avocados. Processing of avocados can be in the form of avocado oil or guacamole. In 2016, roughly 6 000 tonnes of avocados were processed for avocado oil, while 5 237 tonnes were processed for guacamole (SAAGA, 2016).

Diagram 4.7: Avocado Market Value Chain



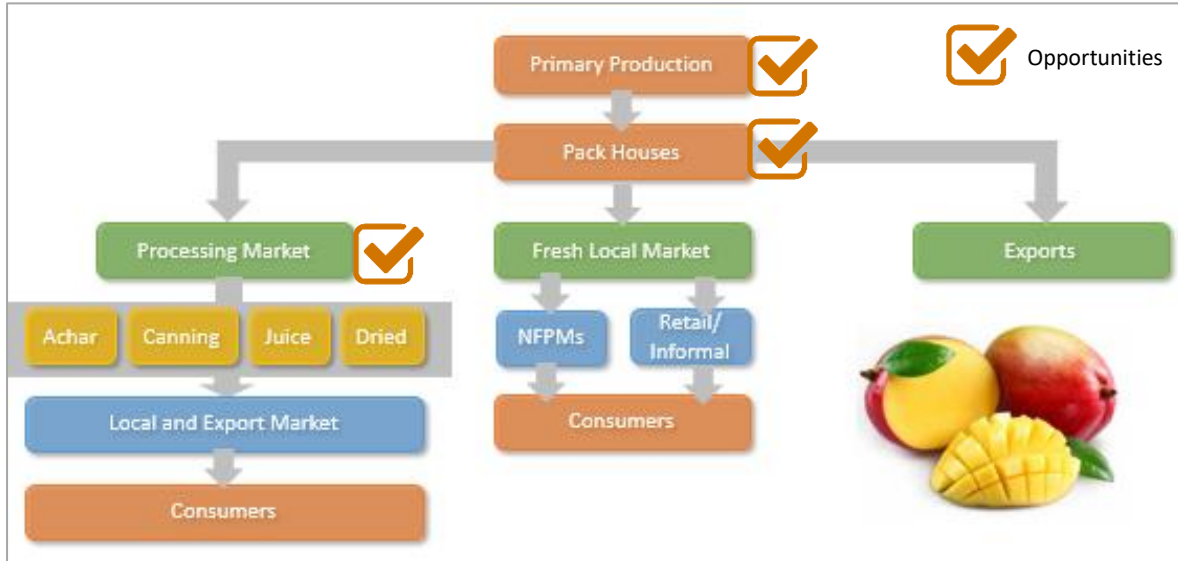
Source: Adapted from DAFF, 2015

South Africa produced 61.9 tonnes of mangoes in the 2015/16 marketing year. The Limpopo Province is one of the main mango producing areas in South Africa (DAFF, 2015).

The Diagram below illustrates the mango market value chain. By-products from the processing industry is mango kernel, which can be made into mango oil to be used in cosmetic and soap production (DAFF, 2015).



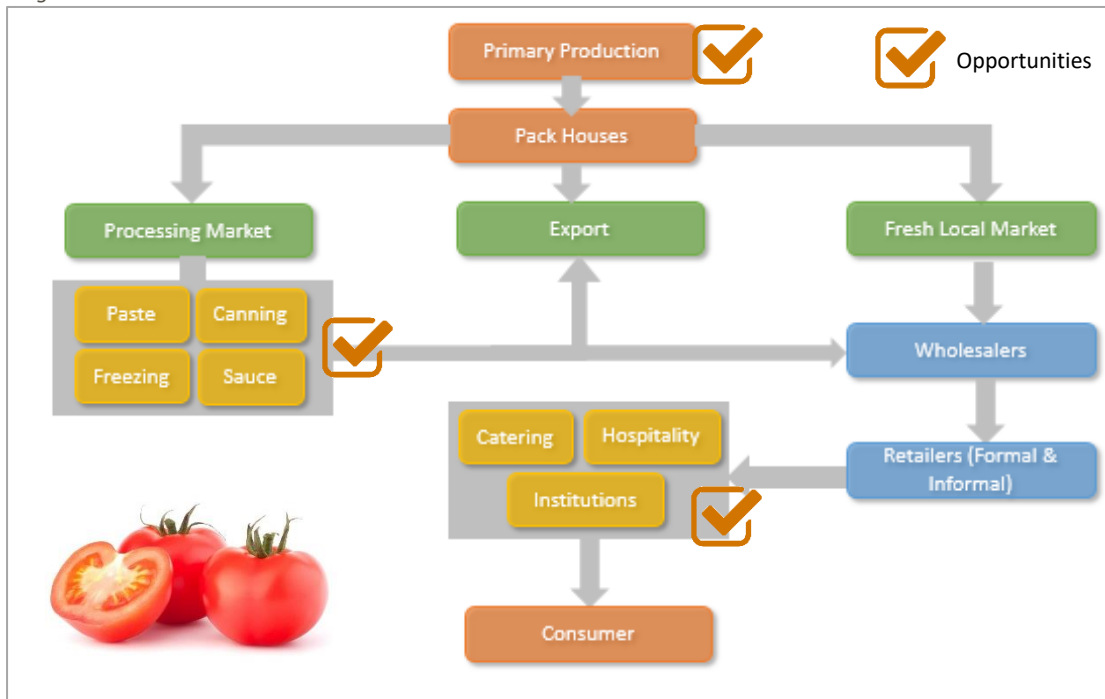
Diagram 4.8: Mango Market Value Chain



Source: Adapted from DAFF, 2014

South Africa produced nearly 540 000 tonnes of tomatoes in the 2014/15 marketing year (DAFF, 2016). The Limpopo province is the largest producer of tomatoes in the country compared to other provinces (DAFF, 2014).

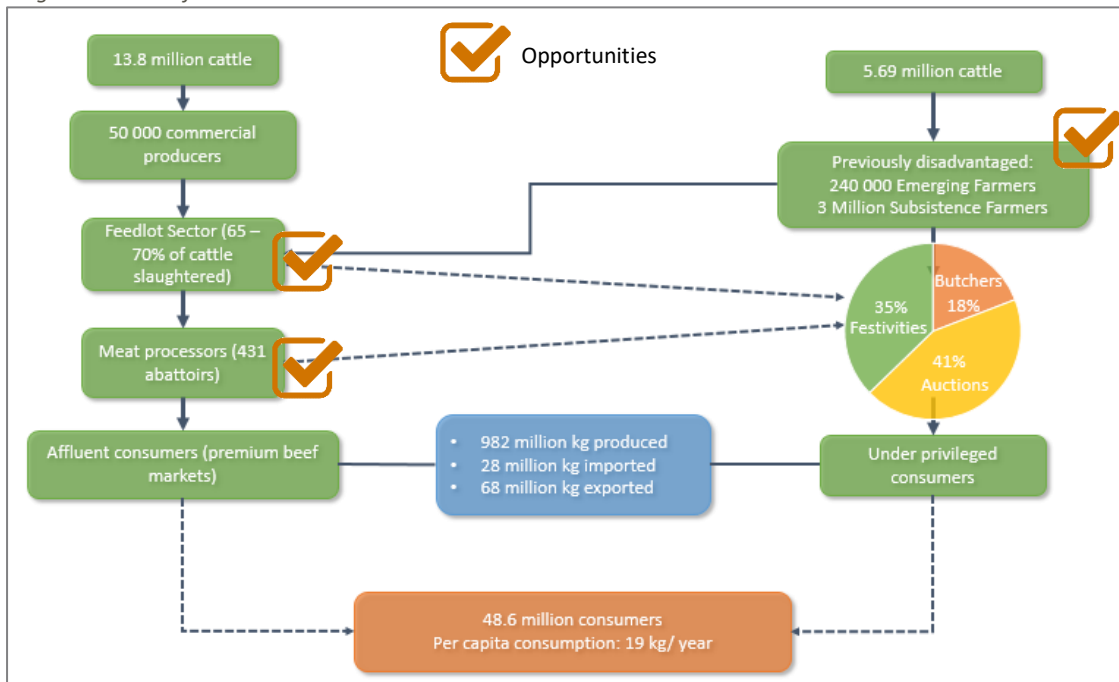
Diagram 4.9: Tomato Market Value Chain



Source: DAFF, 2014

The livestock value chain is outlined in the Diagram below.

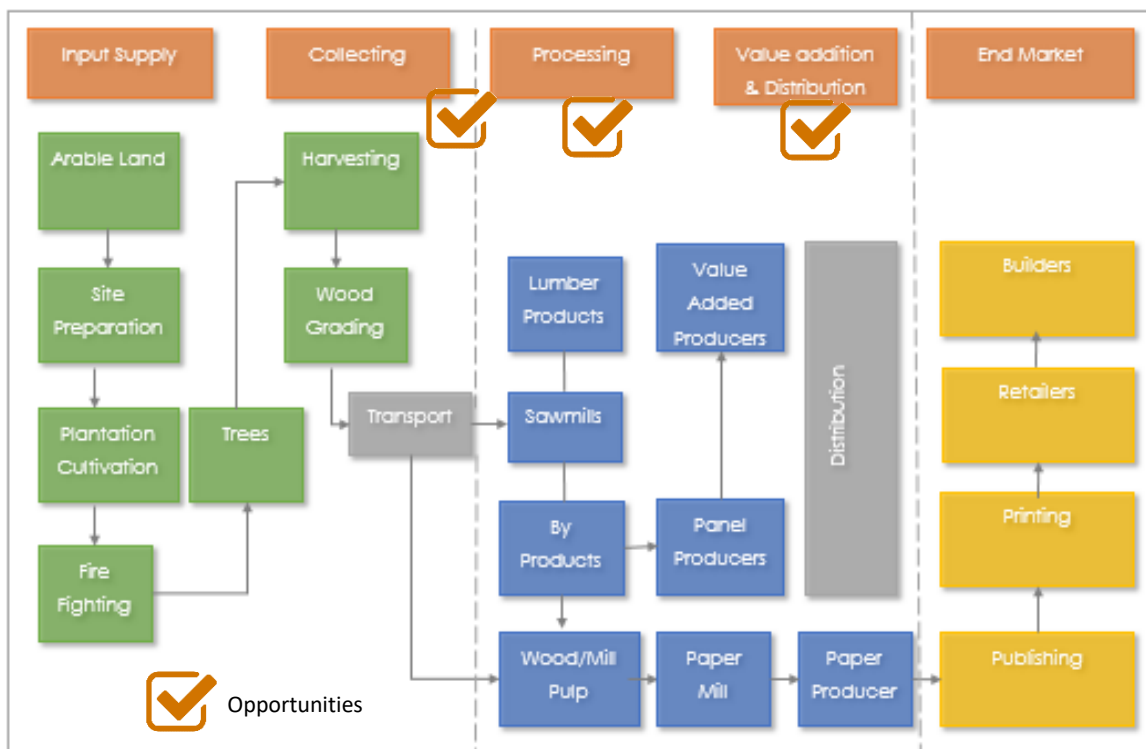
Diagram 4.10: Beef Cattle Value Chain



Source: DAFF, 2015

Greater Tzaneen LM also has a significant number of forestry plantations as seen in Map 3.1. The Diagram below outlines the forestry sector value chain.

Diagram 4.11: Forestry Sector Value Chain



Source: DAFF, 2010















The woodlands are a valuable source of fuel, building material, craft timber and a variety of non-timber products. These include fruit, fodder, medicinal compounds, honey, meat and mushrooms. They form the backbone of the livelihoods of millions of people. The annual marula-fruit (*Sclerocaryabirrea*) harvest, for example, is worth some R1, 1 billion a year to rural communities

Local markets and their associated marketing channels for agro-forestry products are as follows:

- Timber and wood for woodwork ranging from conventional commercial timber products to small piece hardwood for furniture, carving etc.
- Fuel wood, including various hardwood species that produce excellent copier wood.
- Craft wood to produce various craft items for household purposes.
- Honey and other bee products which represents an ideal opportunity for easy cash generation.
- Wild fruits including various fruits that could have potential for commercialisation.
- Game birds including Guinea fowls and various other indigenous and wild poultry or large birds for export or niche poultry meat markets.
- Medicinal plant parts which could supply a multi-million rand local and export industry. There are two major marketing channels: informal traders (mainly local and regional) and formal export (supplying large global pharmaceutical industries with crude plant parts for further processing).
- Other food including gums, resin derived sugars and gelling agents (very large and expanding market) etc.
- Beverages including fruit juices, beers and wines, and some other specialty beverages.
- Industrial products including fine chemicals mainly for the export market.



Table 4.4: Manufacturing Sector Opportunity Analysis

 Resources	Main Products
<p>The LM has a significant agricultural sector as well as a forestry sector, but little beneficiation takes place. Industrial areas as located in Tzaneen, Nkowankowa and Letsitele. There is also potential for a development corridor between Tzaneen and Nkowankowa</p>	<p>Canning Juice Guacamole Dried products</p>
 Sector Linkages	Support & Enabling Environment 
<p><b>Transport Sector:</b> Inputs as well as processed goods need to be transported to processors and markets </p>	<p>Road expansions and regular maintenance in major transport corridors is important. Expanding the road network in rural areas will also enable emerging and smallholder farmers easier access to markets</p>
<p><b>Retail Sector:</b> Manufactured goods needs will be sold at local and national retail outlets (formal and informal) </p>	<p>Tzaneen is a retail Hub of the District. There should be incentives to attract new investors Service delivery Safety and security in main retail areas</p>
<p><b>Construction Sector:</b> New investment in manufacturing will create employment within the construction sector as well as industries linked to this sector </p>	<p>Incentives for new investment in processing plants Water and electricity supply Improvement of communication between enterprises and local government</p>
<p><b>Commercial:</b> Processors need to use a variety of commercial services such as banking, advertising, etc. Attracting new commercial investment will thus also benefit this sector </p>	<p>Establishing CIDs Involvement in Business Chambers and local industry forums Service delivery</p>
 New Developments & Trends	Environmental Sustainability 
<p>Increased used of mechanisation leading to a reduction in employment in this sector Organic products Gluten free products</p>	<p>Harvesting rain water Compost production from organic waste Solar panels for electricity in new developments</p>
 Skills Development	External Impacts 
<p>Vocational skills development</p> <ul style="list-style-type: none"> <li>- Civil engineering and construction</li> <li>- Furniture manufacturing and wood working</li> <li>- Electrical engineering</li> </ul>	<p>Climatic conditions affecting the agricultural sector Input price changes Exchange rate fluctuations Consumer preferences Fuel price fluctuations Competition</p>
 Project Identification	
<ul style="list-style-type: none"> <li>- Development of Agri-Hub in Tzaneen (Agri-Parks)</li> <li>- SMME Support (Transport and Manufacturing Sector)</li> <li>- Phapamani Vhangoma Project (Packaging warehouse) (Budget: R400 000,00) – 2019/2020</li> <li>- GTEDA Project: Agroprocessing businesses for mango, marula and tomato (Budget: R90 000,00) – 2016/17</li> </ul>	



### 4.5 Tourism

The tourism sector in Greater Tzaneen LM cannot be viewed in isolation. The tourism product offerings of the area need to be considered as well, as tourists will also travel through the municipality to reach their destination. The Kruger National Park is one of the main attractions, and tourists travelling from Polokwane will need to travel through the LM in order to reach the Park.



The IDP (2016/17) lists the following broad tourism opportunities within Greater Tzaneen LM:

Diagram 4.12: Pillars for Tourism Development



Source: Greater Tzaneen IDP (2016/17)

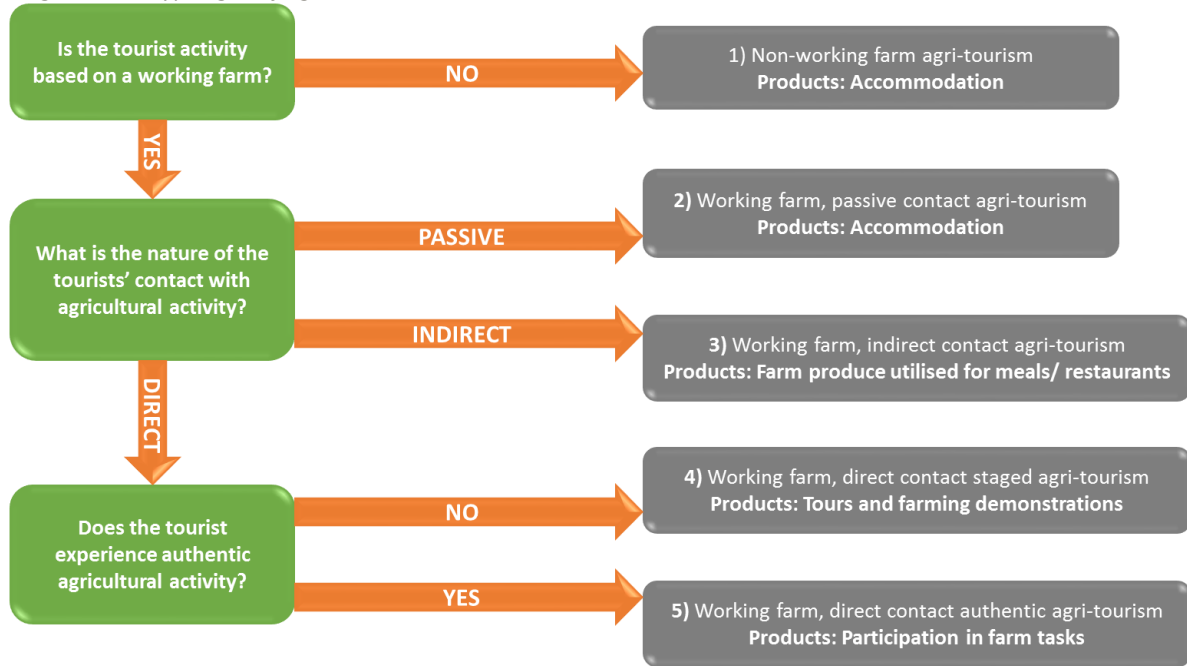
The following subsections will analyse each component identified for tourism development in order to determine the potential that exists in the LM.

#### 4.5.1 Agri-Tourism

Agri-tourism is the act of visiting a working farm for the purpose of enjoyment, education or active involvement in the activities of the farm (Myer & De Crom, 2013). There are many facets to agri-tourism:



Diagram 4.13: Typologies of Agri-Tourism



(Phillip, et al., 2010)

Agri-tourism can provide a potential for diversification for farmers as well as creating new revenue streams. Motivations for agri-tourism product development can include (Polovitch Nickerson, et al., 2001):

- Fluctuations in agricultural income
- Additional employment creation for family members
- Better use of farm resources
- Education to the consumer

Existing agri-tourism which exists in the region include:

Table 4.5: Existing Agri-Tourism Activities

Name	Location	Distance from Tzaneen	Product Offering
<b>Kuhestan Organic Farm (avocados and berries)</b>	Magoebaskloof	26.2 Km	Farm stays, farm products
<b>Wegraakbosch Organic Dairy Farm</b>	Magoebaskloof	28.9 Km	Dairy products, cheese dairy tours
<b>Thomac Essential Oils</b>	Magoebaskloof	36.4 Km	Helichrysum Splendidum essential oil, tours
<b>Agatha Crocodile Ranch</b>	Near Agatha forest reserve	12.6 Km	Tours, art gallery, crocodile feeding, curio shop
<b>Blueberry Heights</b>	Magoebaskloof	30 Km	Blueberry picking, blueberry products, accommodation



#### 4.5.2 Adventure and Sports Tourism

Adventure tourism can be defined as a trip that includes at least two of the following three elements (UNTWO, 2013):

- Physical activity
- Natural environment
- Cultural immersion



There are various types of adventure tourism ranging from soft adventure tourism (fishing, rafting etc.) to hard adventure tourism (trekking, climbing etc.).

Sport tourism can be defined as travel to take part in- or watch sport or more comprehensively as *“leisure-based tourism that takes individuals temporarily outside of their home communities to participate in physical activities, to watch physical activities, or venerate attractions associated with physical activities”* (Gibson, 2003).

Table 4.6: Adventure Tourism

Name	Activity	Location
<b>Magoebaskloof Adventure</b>	- Abseiling - Canopy Tour - Gecko-tubing - Paint ball - Climbing wall	Magoebaskloof
<b>Haenertsburg Trout Association</b>	Trout fishing	Haenertsburg
<b>Various mountain biking routes</b>		Magoebaskloof
<b>Various hiking trails and birding</b>		Magoebaskloof
<b>Tzaneen Dam Fishing</b>		Tzaneen
<b>Ebenezer Dam Fishing &amp; Cruises</b>		Haenertsburg

A number of sporting events also occur:

- Ebenezer Dam mile swim
- Triathlon
- Clemengold Wolkberg Trail Run
- Magoebaskloof MTB Classic
- Tzaneen Bass Classic fishing competition
- Fly fishing competitions
- The TCC Golf Day

### 4.5.3 Nature Based Tourism

Nature based tourism can be defined as *“the segment in the tourism market in which people travel with the primary purpose of visiting a natural destination”* (Kuenzi & McNeely, 2008).

As indicated in Map 3.9, there are numerous protected areas within the District including a section of the Kruger National Park (entry through Phalaborwa gate). The Magoebaskloof is also a very scenic area, which also includes the Wolkberg and Georges Valley. The Haenertsburg Grassland is a protected area; due to the threatened vegetation in the area, the grasslands are of the highest conservation priority (Magoebaskloof Tourism).



The Modjadji Cycad Reserve is a natural forest and home to the largest concentration of a single cycad species in the world (SA Tourism).

A number of trees in the area was also classified as “champion trees” under Section 21 (1)(A) and (B) of the National Forests Act, 1998 (Act No. 84 of 1998) which adds value to the nature based tourism product of the area (see Section 4.5.4)

Local government play an important role in promoting nature based tourism by promoting and enforcing conservation efforts (Kuenzi & McNeely, 2008). It is important to consider the impact on the natural environment when tourism development takes place.

### 4.5.4 Culture and Heritage Tourism

Cultural tourism can be defined as *“the movement of persons to cultural attractions away from their normal place of residence, with the intention to gather new information and experiences to satisfy their cultural needs”* (Mousavi, et al., 2016).

The cultural products available in the area are limited to local museums:

- a) Haenertsburg is was proclaimed in 1887 and there is a collection of memorabilia in a local museum as well as an open-air museum in town that provides information on the history of the town.
- b) The Muti Wa Vatsonga Museum near the Hans Merensky Nature Reserve (Ba Phalaborwa LM) is another cultural tourism attraction in the area showing tourists a glimpse of the traditional lives of the Tsonga people.
- c) Tzaneen Museum contains ethnological artefacts of the area such as beadwork, pottery, weapons and drums

d) Modjadji Royal Kraal: The home of the Balobedu Tribe and the Modjadji Rain Queen

“Champion Trees” in the area which holds significant historical value are:

- Woodbush Plantation, Haenertsburg:
  - Twin giants of Magoebaskloof – a stand of Eucalyptus trees planted in 1906 by A.K Eastwood, including the two tallest trees in South Africa
  - The O’Connor tree lane – a very tall tree lane planted around 1920 by AJ O’Connor
  - Misty Grove – a stand of tall Sequoia trees planted about 80 years ago
- Middelkop Plantation, Haenertsburg:
  - Arboretum of Eucalyptus trees planted in the 1930s and protected to the commemorate the Commonwealth Forestry Conference of 1935
- Westfalia Estate, Tzaneen
  - A stand of tall Eucalyptus trees planted in 1933 by Dr Hans Merensky

#### 4.5.5 Events and Routes Opportunities

Events tourism can be described as *“the planning, development, and marketing of events as tourism attractions to maximise the number of tourists participating in events”* (Stokes, 2008). Events tourism can benefit retailers, filling stations, accommodation facilities and restaurants. Popular local events include:

- Haenertsburg Food, Wine and Beer Festival
- Magoebaskloof/ Haenertsburg Spring Festival
- Silver Mist Holistic Fair
- Magoebaskloof Berry Festival
- Greater Tzaneen Agri Expo

#### 4.5.6 Marketing


The marketing of an area is a critical component in attracting tourists as well as tourism investment. The following entities are key stakeholders in marketing the area

Image 4.1: Tourism Marketing Stakeholders



Road signs and destination branding and marketing materials such as brochures and route maps are all part of development tourism within a region.

Table 4.7: Tourism Opportunity Analysis

 Resources	Main Products
<p>Greater Tzaneen LM is on the route between the Kruger National Park and Polokwane, as well as other popular tourism destinations such as ATKV Eiland Spa, Hoedspruit and Blyde River Canyon. Haenertsburg as well as the Heanertsburg- and Tzaneen Dams hold significant potential. There are many tourism accommodation options in Haenertsburg as well as Tzaneen.</p>	<p>The Haenertsburg and Magoebaskloof areas have a variety of tourist attractions, events and activities</p>
 Sector Linkages	Support & Enabling Environment 
<p><b>Transport Sector:</b> Inputs as well as processed goods need to be transported to other areas</p>	<p>Road expansions and regular maintenance in major transport corridors is important. Expanding the road network in rural areas will also enable emerging and smallholder farmers easier access to markets</p> 
<p><b>Retail Sector:</b> Manufactured goods needs will be sold at local and national retail outlets (formal and informal)</p>	<p>Tzaneen is a retail Hub of the District. There should be incentives to attract new investors Service deliver Safety and security in main retail areas</p> 
<p><b>Community Services:</b> Tourists may require services such as hairdressers, spa and beauty salons, doctors as well as entertainment</p>	<p>Supporting SMMEs Involvement in Business Chambers and local industry forums Service delivery</p> 
<p><b>Commercial:</b> Marketing, advertising and banking services are needed by tourism operators</p>	<p>Establishing CIDs Involvement in Business Chambers and local industry forums Service delivery</p> 
 New Developments & Trends	Environmental Sustainability 
<p>Agri-tourism Events tourism, Sport and adventure tourism Responsible Tourism, Conservation and Eco-friendly Tourism route development</p>	<p>Recycling Environmental protection</p>
 Skills Development	External Impacts 
<p>Vocational skills development</p> <ul style="list-style-type: none"> <li>- Hospitality</li> <li>- Marketing</li> <li>- Administration</li> </ul>	<p>Exchange rate fluctuations Consumer preferences Fuel price fluctuations Competition Crime</p>
 Project Identification	
<p>Construction and renovation of Tzaneen Museum (Budget: R13 000 000,00) – 2019/2020 Kalanga Lodge Phase 3 (Budget: R4 000 000,00) – 2019/2020 Signage and Advertising (Budget: R500 000,00) – 2019/2020 Reconstruction of Tourism Information Centre (Budget: R8 000 000,00) – 2019/2020 Brand establishment</p>	

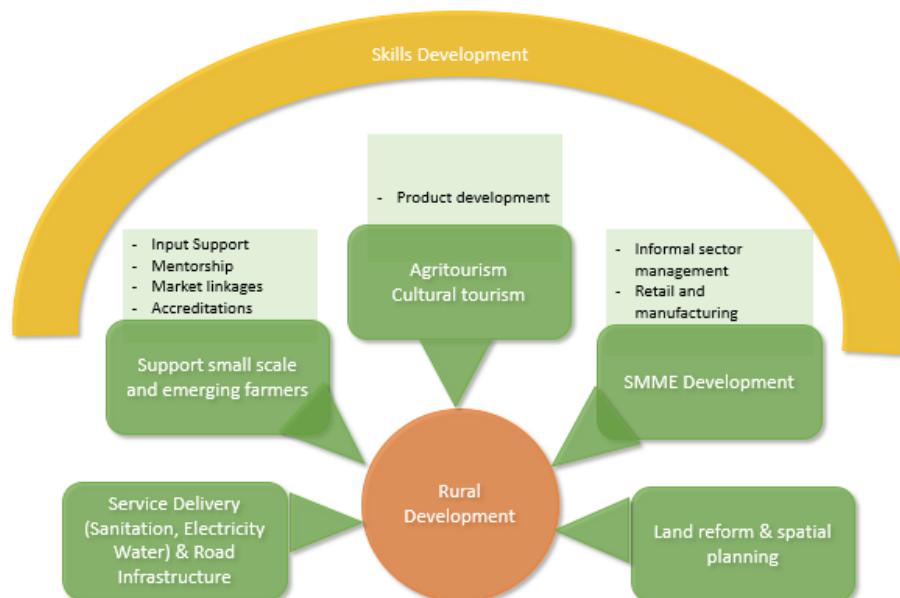
## 4.6 Rural Development

Outcome 7 of the Limpopo Development Plan (LDP) is specifically aimed towards comprehensive rural development within the province. The LDP lists the following goals in order to achieve rural development:

- Improved land administration and spatial planning for integrated development with a bias towards rural areas;
- Up-scaled rural development as a result of coordinated and integrated planning, resource allocation and implementation by all stakeholders;
- Sustainable land reform (agrarian transformation);
- Improved food security;
- Smallholder farmer development and support for agrarian transformation;
- Increased access to quality basic infrastructure and services, particularly in education, healthcare and public transport in rural areas;
- Growth of sustainable rural enterprises and industries characterised by strong rural-urban linkages, increased investment in agro-processing, trade development and access to markets and financial services– resulting in rural job-creation.

The Diagram below indicates how key sectors can be utilised for rural development in Greater Tzaneen LM.

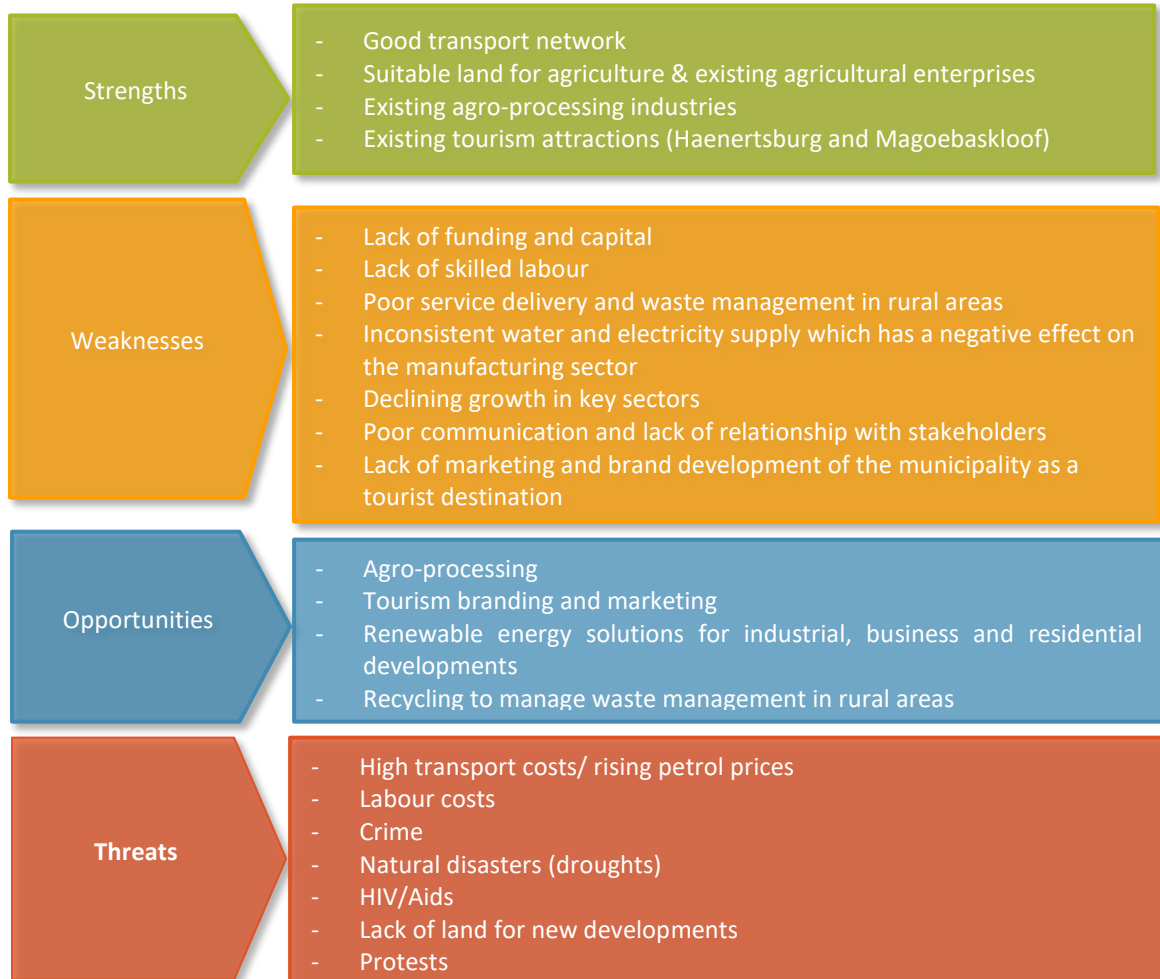
Diagram 4.14: Rural Development



## 4.7 SWOT Analysis

The Diagram below indicates the strengths, weaknesses, opportunities and threats on the LM taking into consideration the information of the situation analysis as well as information from the IDP.

Diagram 4.15: Greater Tzaneen LM SWOT Analysis



## 4.8 Conclusion

Based on the situation analysis as well as the development objectives on a local and national level, there is opportunity for development in the agriculture sector, manufacturing sector (agro-processing) as well as the tourism sector. The local government should ensure that there is an enabling environment to attract new investment as well as retain current businesses so that economic and employment growth can occur. The Diagram below illustrates the key opportunities in the agriculture and manufacturing sector and the critical components that is needed to ensure an enabling environment for growth and development, namely:

- Skills development
- Safety and security
- Service delivery
- Infrastructure and road network
- Technological advancements
- Stakeholder engagement





- Financing and funding availability
- Land reform and spatial planning

Diagram 4.16: Integrated Development Opportunities



## Section 5: LED Framework

### 5.1 Introduction

The purpose of this section is to formulate the strategic framework which will guide the local economic development within the Greater Tzaneen LM. The opportunities will be considered in terms of their ability to broaden the local economic base of the region, create sustainable employment and stimulate business development.

### 5.2 Development Goal and Objectives

The vision of the Greater Tzaneen LM is:

***“To be the most prosperous economy in the country where communities are integrated and have access to sustainable basic services”***

While the mission of the LM is:

***“To stimulate economic growth and improve the quality of live through sustainable, integrated service delivery and partnerships”***

In order to achieve the vision for the LM, the goal for the revised LED strategy is as follows:

***To develop an inclusive local economy with opportunities which will generate sustainable economic growth and employment***

The following **development strategies** support the overall LED goal:

1. Creating an enabling environment for retaining existing businesses, attracting new investment and supporting SMMEs
2. Nodal and cluster development by focusing investment on key sectors
3. Linkages and corridor developments

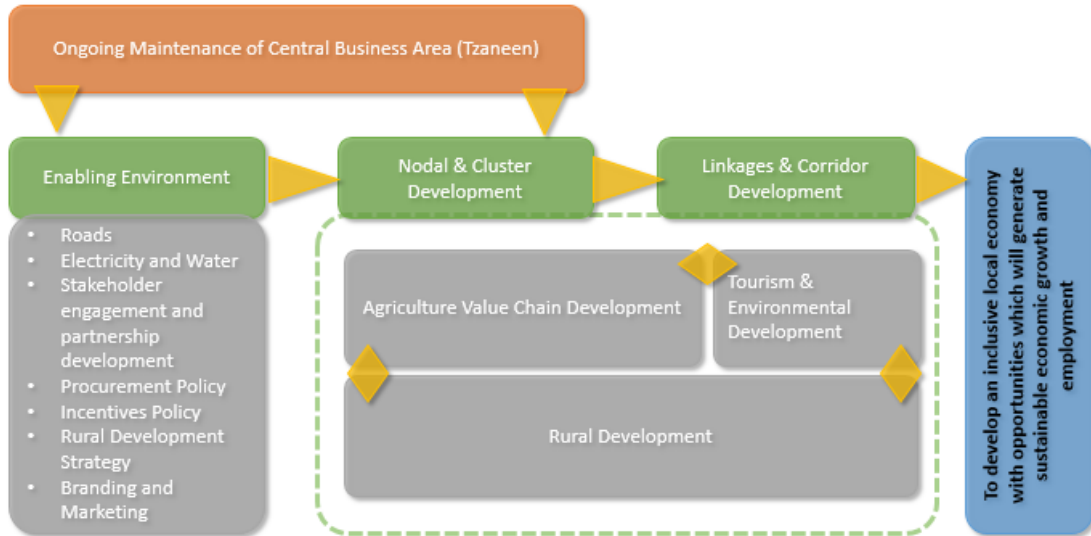
The strategies can be achieved through the following three **development objectives**:

1. Policy and strategy development to support development
2. Agriculture value chain development
3. Environmental sustainability and tourism development
4. Rural development



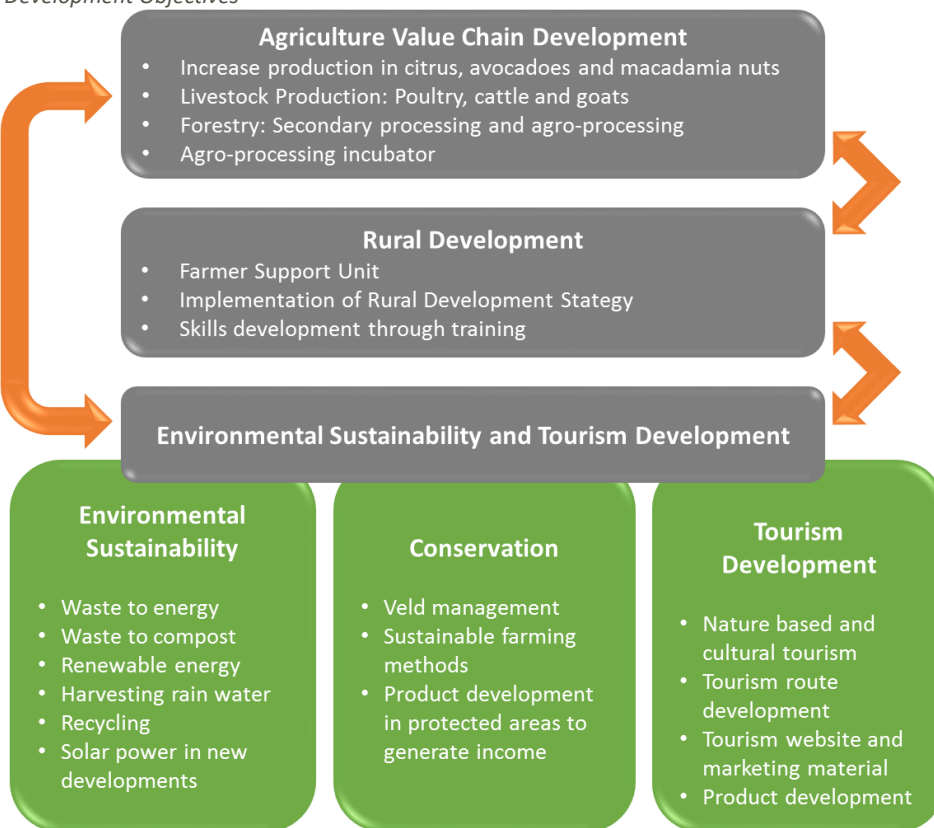
The Diagram below indicates the linkages between the identified strategies and objectives can how their successful implementation will assist the LM to achieve the LED goal:

Diagram 5.1: LED Framework



The following subsections will discuss each of the strategies and objectives identified in the framework as well as identify projects which will assist in achieving the objectives, and ultimately the development goal. The three development objectives can be further expanded:

Diagram 5.2: Development Objectives



### 5.3 Creating an Enabling Environment

An efficient and enabling municipality is dependent on the following points:

- **Proper internal municipal capacity:** this means that the Municipality must have adequate staff with sufficient skills to ensure that the Municipality can function at its optimal level
- **Service delivery & infrastructure:** The Municipality is responsible for providing water, electricity and sanitation services to the local communities. These services are necessary for any new developments and assists in creating an enabling environment to attract new investments.
- **Municipal planning:** Policies and by-laws of the Greater Tzaneen LM should be able to create an environment that is conducive of growth, that promotes public private partnerships and that is favourable towards private investment in the local economy. LED is only successful and sustainable if the private and public sector strives towards development and the municipality should thus be encouraging towards such partnerships and private development in its policies and strategies.
- **Accountability and Transparency:** Accountability and transparency is necessary to create confidence in the local municipality not only for local communities but also for businesses and future investors (Batho Pele Principles)

Creating an enabling environment therefore depends on all Departments within the Local Municipality to work effectively and efficiently.

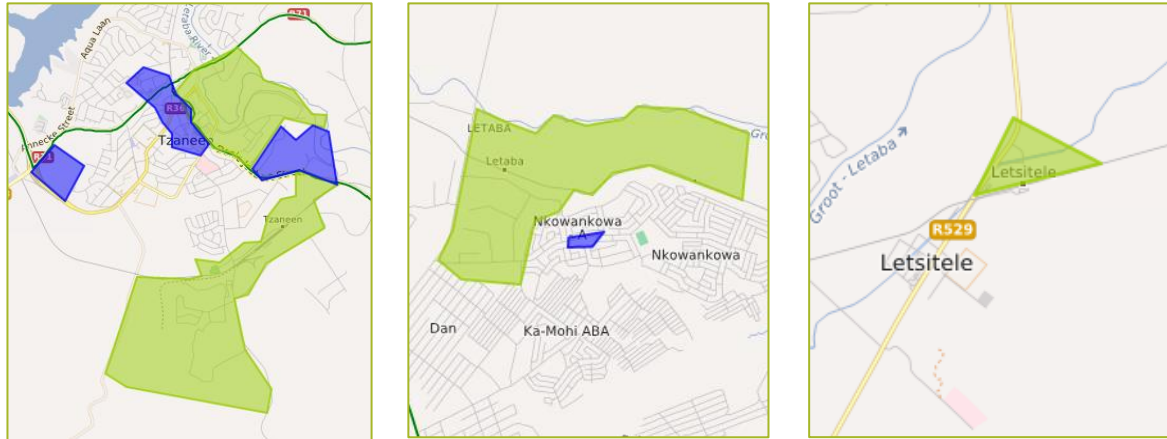
The following development objectives are directly related to promoting local economic development and link to the LED framework:

#### 5.3.1 Roads, Water and Electricity

To promote economic development and employment creation, roads and service delivery should be improved in commercial and industrial areas of Tzaneen, Nkowankowa and Letsitele and regular maintenance should occur.



Map 5.1: Industrial and Commercial Areas



Source: Urban-Econ via MapAble, 2017

Projects and activities include:

- Improving electrical capacity in industrial areas
- Improving water service delivery in industrial areas
- Fixing and regular maintenance on roads in industrial areas, and roads leading to industrial areas
- Building working relationships with local manufacturing and creating a platform for open communication between the local municipality and manufacturers

### 5.3.2 Stakeholder Engagement and Partnership Development

The municipality will not be able to implement projects and programmes and facilitate economic development by working in isolation. An important part of local economic development is to create partnerships and engaging with the private sector as well as with other government departments. LED Forums, as well as partnership development on specific projects is essential. Building good working relationships with the following stakeholders can be beneficial for local economic development in Greater Tzaneen LM:

- Local manufacturers, business chambers and associations
- Limpopo Department of Cooperative Governance, Human Settlements and Traditional Affairs
- Limpopo Department of Public Works, Roads and Infrastructure
- Limpopo Department of Agriculture and Rural Development (LDARD)
- National Department of Rural Development and Land Reform
- Department of Economic Development, Environment and Tourism Limpopo (LEDET)
- Sector Education and Training Authorities (SETAs) and T
- Limpopo Economic Development Agency (LEDA)
- Limpopo Tourism Agency and Tourism South Africa

- Roads Agency Limpopo

### 5.3.3 Local Municipality Policy & Strategies

Implementable policies and strategies will assist to create a framework to promote local economic development in Greater Tzaneen LM.

Table 5.1: Policies and Strategies

Policy/ Strategy	Status
<b>Preferential Procurement Policy</b>	Outdated
<b>Incentive policy for Investment</b>	Needs to be developed
<b>LED Strategy</b>	Review in progress
<b>SDF</b>	Review in progress
<b>Rural Development Strategy</b>	Needs to be development
<b>Tourism Development Strategy</b>	Outdated

An incentive policy to attract investment can include (City of Tshwane, 2014):

- Fast tracking of applications
- Land use
- Fiscal incentives (rebates, reduction in rates, etc.)
- Area improvement incentives

Projects and activities include:

- Update/review the Preferential Procurement Policy
- Develop an Incentive Policy for Investment
- Develop a Rural Development Strategy
- Update/review the Tourism Development Strategy

### 5.3.4 Branding and Marketing

Projects and activities include:

- Create a brand for the Local Municipality which highlights tourism and agriculture
- Participate in tourism expos
- Develop a user-friendly website to provide information for residence, tourists and potential investors

## 5.4 Development Strategy 2: Nodal and Cluster Development

By creating an enabling environment together with developing primary (agriculture), secondary (manufacturing) and tertiary industries (retail, tourism, services) in nodal areas, a sustainable local



economy can be created. Cluster Development is also a tool utilised for promoting inclusive growth in local economies. Clusters are (UNIDO, 2013):

- A critical mass of enterprises located in geographical proximity to each other
- Enterprises within a cluster share many common features:
  - Using the same supplier for inputs
  - Cater for the same markets
  - Share common obstacles, infrastructure etc.
- Clusters also include training agencies, business development service providers, associations etc.

#### 5.4.1 Agriculture Value Chain Development

In order to develop the agriculture value chain, it is important to focus on increasing local production. This can be achieved by supporting small scale and emerging farmers. The Department of Rural Development as well as the LDARD have a number of projects within the LM which they have dedicated funding to. The Local Municipality and GTEDA can also support selected farmers by providing non-financial support this can include training, mentorship, attracting strategic partners as well as providing financial support.

Projects and activities include:

- Identify and support emerging and smallholder fruit and nut farmers
- Promote cluster farming
- Support restitution farms to increase production
- Revitalise Sepakoe Tea Estate
- Beef feedlot and abattoir
- Establish/support local co-operatives in producing:
  - Honey
  - Coffins
  - Roof trusses

#### 5.4.2 Environmental Sustainability and Tourism Development

##### *(A) Environmental Sustainability*

The Greater Tzaneen LM can promote environmental sustainability principles through:

- Promoting the importance of 'reduce, re-use and recycle' in local communities, especially in rural areas



- Encouraging new developments to use products such as solar panels for electricity, solar geysers, energy saving light bulbs and environmentally friendly building materials and water tanks to harvest rain water.
- Encouraging businesses and households to use energy and water more efficiently and to reduce waste
- Creating more environmentally friendly practices within the day-to-day functioning of the Municipality.
- Utilising alternative energy sources to reduce infrastructure backlogs in rural communities (electricity and solar geysers)
- Reducing the carbon footprint of the Municipality
- Lobbying nationally for power to be put back into the grid by residential generation options

### *(B) Conservation*

Nature tourism play an important role in the tourism industry within the local municipality. The majority of tourism activities are also related to activities taking place outside i.e. hiking and biking. It is therefore important to promote conservation of the natural resources of the local municipality which contributes to tourism (natural forests, grasslands, dams and rivers). Protecting valuable agricultural land is also critical for the future and development of the agriculture sector.

The increase in the population will have a negative effect on the natural environment. Deforestation, overgrazing, erosion and water pollution as a result of informal human settlements can all have negative effects on the environment which in turn can have a negative result on the regional tourism industry and the rural agricultural sector.

It is therefore necessary that local government, tourism stakeholders and the local community work together to protect the eco-systems and natural environment of the region as it can form valuable linkages to the tourism sector of the region and assist in creating new employment opportunities for the local communities.

Potential projects for conservation and tourism promotion in the region includes:

- Sustainable agriculture programme in rural areas
- Management of rivers, streams, wetlands etc.
- Addressing illegal sand mining in rural areas





It is very important to educate local communities in rural areas where there are many subsistence farmers on the importance of conservation and sustainable agricultural practises. Not only for its effect on tourism but also on the livelihoods of future generations

### (C) Tourism Promotion

Existing resources with tourism potential need to be developed into products that can create employment and generate income.

Diagram 5.3: Environmental Sustainability and Tourism Development Projects



### 5.4.3 Rural Development

Factors contributing to rural development include (Department of Rural Development and Land Reform, 2009):

- Agrarian transformation
- Land reform
- The establishment of business initiatives, agro-industries, cooperatives, cultural initiatives and vibrant local markets in local settings;
- The empowerment of rural communities, especially women and youth, through facilitating and mediating strong organisational and institutional capabilities and abilities to take full charge of their collective destiny
- Capacity building initiatives, where local communities are trained in technical skills, combining them with indigenous knowledge to mitigate community vulnerability to, especially climate

change, soil erosion, adverse weather conditions and natural disasters, hunger and food insecurity; and

- Revitalisation and revamping of old, and the creation of new economic, social and information communication infrastructure and public amenities and facilities in villages and small rural towns

Projects and activities include:

- Developing a Rural Development Strategy
- Develop a farmer support unit to support farmers with inputs, mechanisation and training
- Skills development through training in rural areas

### 5.5 Development Strategy 3: Linkages and Corridor Development

Developed nodes and industries will create opportunities for linkages with other sectors (as illustrated in Section 4). Physical linkages, by means of corridors will also promote economic development and employment creation.

As indicated in Section 4, many tourists travel through Tzaneen and Greater Tzaneen LM to reach other destinations, such as the Kruger National Park and Mpumalanga. Developing self-drive routes, proper road signage, road improvements and partnership development with other local municipalities and tourism associations are important.



Projects and activities include:

- Development of tourism routes
- Incorporate corridor development as part of the SDF
- Regular road maintenance on main transport routes

## Section 6: Project Prioritisation

### 6.1 Introduction

The projects identified during the opportunity analysis and strategic framework development needs to be prioritised in terms of each project's importance in the local economy. The prioritisation of projects is done through the employment of prioritisation criteria. The identified prioritisation criteria will form the basis of the prioritisation model and ultimately assist in the identification of anchor LED projects for Greater Tzaneen LM.

### 6.2 Prioritisation Criteria

The prioritisation criteria have been identified for Greater Tzaneen LM:

Diagram 6.1: Project Prioritisation Criteria



#### 6.2.1 Criteria 1: Strategic Importance and Alignment

A project strategic importance is determined by the project's ability to positively impact on the local economy. Strategic importance as criteria takes into account the scale of development, the use of local resources as well as the effect the project will have on the comparative advantages of the local economy. A project will furthermore obtain a high score in this category if the project has strong linkages with other potential and existing projects. The projects should also be aligned with government policies and legislation to adhere to a regional, provincial and national growth path.

#### 6.2.2 Criteria 2: Job Creation Potential

This criterion evaluates the number of jobs to be created from potential project and the sustainability of jobs in the years to come. The creation of jobs is an important element for both local and national government as it assists with poverty eradication.

### 6.2.3 Criteria 3: Economic Impact

The criteria utilised for the assessment of projects, include the project's impact in terms of **socio-economic aspects**. Economic impact refers to the sum of the projects' **influences on the local economy** and includes the following aspects:

- Increased and additional levy income
- New business sales
- Potential agglomeration effects and advantages
- Investment

### 6.2.4 Criteria 4: Sustainability

This criterion evaluates the potential for a project to be sustainable within the local economy. A sustainable project will generate long term benefits for the economy, employment or overall development.

### 6.2.5 Criteria 5: SMME Development Potential

This criterion evaluates the potential of a specific project to assist with small and medium sized business developments; if the project will benefit or assist with development of SMMEs either directly or indirectly.

It is evident that the specific effects of each of the factors mentioned above are directly associated with the establishment of the project. This also includes indirect effects of the local economy and its community (social aspects), which are difficult to accurately measure and include aspects such as sustainable job creation and skills development.

## 6.3 Project Categorisation

The identified projects are also categorised as follows:

- **Quick win projects:** These projects can be implemented within a maximum of 6 months and show a quick success. This will ensure that awareness of the strategy is raised, the commitment of stakeholders is proven and assist stimulate the momentum required to implement a wide reaching economic strategy.
- **Anchor projects:** These projects are flagship projects aimed primarily at facilitating and attaining economic development. These projects should be functionally focused and will



represent the primary marketable development drivers in the study area. These projects are generally aimed at the medium to long term.

- **Supportive projects:** These projects will play a supporting role for both the catalytic as well as the community need projects. An example in this regard could be upgrading of roads.
- **Identified need projects:** The needs identified by the local community in the study area are as important as any other project and thus also require facilitation.
- **Skills linkage projects:** These projects relate to opportunities of local economic development service provision such as municipal labour-intensive projects where local community members with the appropriate skills can be employed or up-skilled.

## 6.4 Project Prioritisation

The Table below indicates the priority of each of the LED projects as well as the type of project.

Table 6.1: Project Prioritisation

Project Categorisation	Project Name	Priority
<b>Quick Win</b> 	Waste to Compost	1
	Honey Production	2
	Coffin Production	3
<b>Anchor</b> 	Incubator	1
	Waste to Energy	2
	Tourism product development at Tzaneen Dam	3
	Beef feedlot and abattoir	4
	Roof trusses production	5
<b>Supportive Projects</b> 	Farmer Support Unit	1
	Update/Review preferential procurement policy	2
	Support for Restitution Farms	3
	Improving electrical capacity in industrial areas	4
	Improving water service delivery	5
	Identify and support emerging and smallholder farmers	6
	Road works/maintenance – industrial areas	7
	Road works/maintenance on main routes	8
<b>Identified Need</b> 	Recycling Programmes	1
	Tourism route development	2
	Rural Development Strategy	3
	Harvesting rain water	4
	Promote Cluster Farming	5
	Solar power in new developments	6
	Development of a tourism brand	7
	Sepakoe Tea Estate	8
	Website	9
	Stakeholder engagement with manufacturing enterprises	10
	Participate in tourism expos	11
<b>Skills Linkage</b> 	Skills development programme in rural areas	1
	Veld management programme	2
	Sustainable farming methods training programme	3

## Section 7: Institutional Framework

### 7.1 Introduction

The institutional framework is a key driver to creating an enabling environment and ensuring that proposed projects are successful, without the appropriate framework, projects could fail. This purpose of this section is to ensure an effective and efficient LED structure exists to implement this LED Strategy.

The importance of good relationship and partnerships between various stakeholders in the Local Municipality is of utmost importance as this will be the driving factor to implement projects.

### 7.2 LED Roles and Responsibility

It is important to stress that LED is an on-going process involving numerous role-players and initiatives and that an integrated approach to LED is required.

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

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

Municipalities need to play a connector role in respect of LED whereby they draw on resources locked in a range of different government support instruments into their localities. For example, municipalities can draw on the support of SETAs to address skills development in their areas, SEDA to assist with the retention and growth of enterprises in their area, etc. Besides government support programmes there are a range of non-governmental support initiatives that municipalities can tap into for resources.

All levels of government have a role to play and a responsibility to facilitate and coordinate LED initiatives in their areas of jurisdiction. Local municipalities are the key implementation agencies of government and therefore play a significant role in Local Economic Development. The Diagram summaries the roles and responsibilities of Local Municipalities.



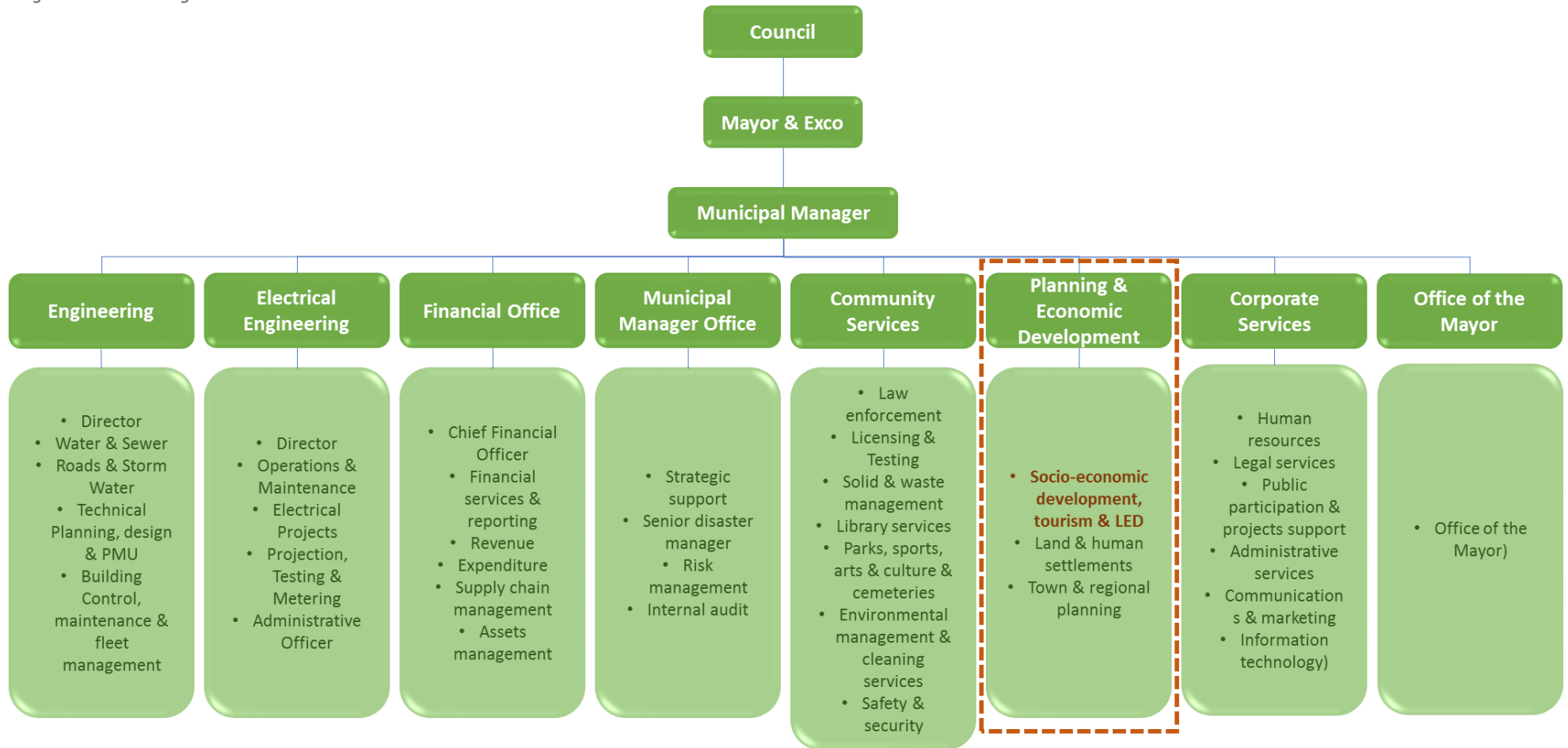
Diagram 7.1: Roles and Responsibilities of Local Municipalities in terms of Local Economic Development



### 7.3 Current Structure and Strength of the LED Unit

The Local Economic Development Unit forms part of the Planning & Economic Development Department of the Greater Tzaneen Local Municipality. LED will be managed under the sub-department, 'Socio-Economic Development, Tourism and LED'. The Diagram to follow illustrates the organisational structure of the Greater Tzaneen LM, which indicates the organisational location of the LED Unit.

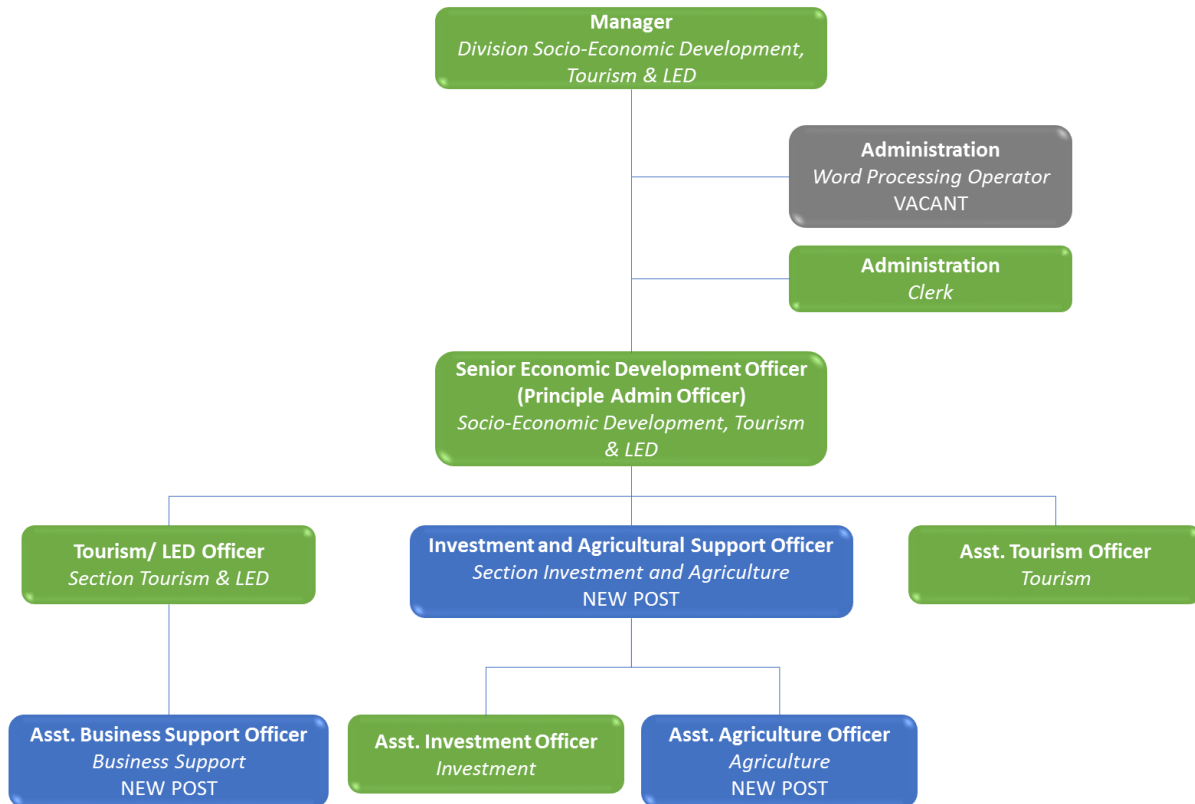
Diagram 7.2: GTLM Organisational Structure





### 7.3.1 Organogram

The Diagram below indicates the organisational structure of the division of Socio-Economic Development, Tourism and LED.



### 7.3.2 Communication

Good communication provides a solid foundation for the local economic development and the implementation of projects.

Communication can be improved by:

- **Establishing a good communication system:**
  - Continuous feedback on progress and roadblocks of LED interventions, can be done via email, faxes, telephone or forum meetings
  - Advertising LED projects and opportunities in the Local Newspapers
  - Communicate with other local municipalities to ensure that potential linkages are established, duplications are prevented and best practises and lessons learnt are discussed amongst the Local Municipalities.
  - Ensure that regular meetings are held with traditional authorities and the well-established private sector preferably during the LED forum meetings.

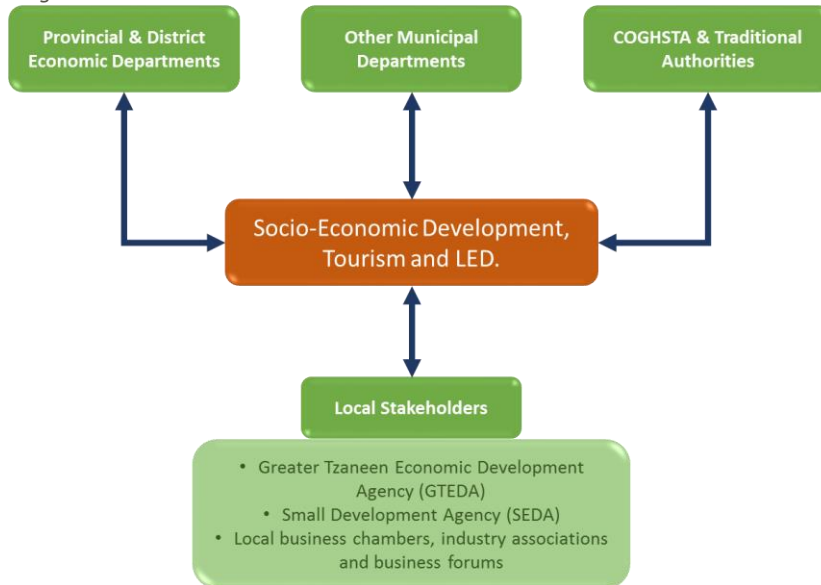


- Inclusion of various organisations, unions and bodies in LED interventions so no group is marginalised. Managing rising tensions among the different organisation is also important.
- Interdepartmental meetings to ensure combined efforts towards development and departmental cooperation in project implementation
- Communicate regularly with Provincial and District Economic Development departments as well as CoGTA to ensure cooperation between spheres of government
- **Establish good relationships with Provincial and National funding bodies, to connect local businesses to available opportunities**
  - Linking local business activities with activities taking place on national level could enhance business performance in the Local Municipality.
  - Relationships and networks could be established among the different businesses and SMME in the various provinces.
  - SMMEs could benefit greatly knowing which interventions and funding on provincial and national level are available to aid them.
- **Effective and well organised meetings, where common goals, project priorities and joint ventures can be established.**
- **Establishment of the LED Partnership between local organisations/business and the municipality with the common purpose of promoting local economic development**
- **Communicate with and support local organisations and charities to collectively promote business and social development**

The Diagram below summarises the departments/authorities with which the LED unit must frequently communicate with to ensure that there is cooperation and a unified vision for economic development in the Greater Tzaneen LM.



Diagram 7.3: Communication Links



## 7.4 Partnerships and Relationships with Local Organisations

### 7.4.1 Greater Tzaneen Economic Development Agency (GTEDA)

GTEDA's mission is to attract investments into the GTLM by promoting a conducive investment climate in innovative and efficient ways; in order to attract suitable investors and to develop an economy that is inclusive, sustainable and resilient.

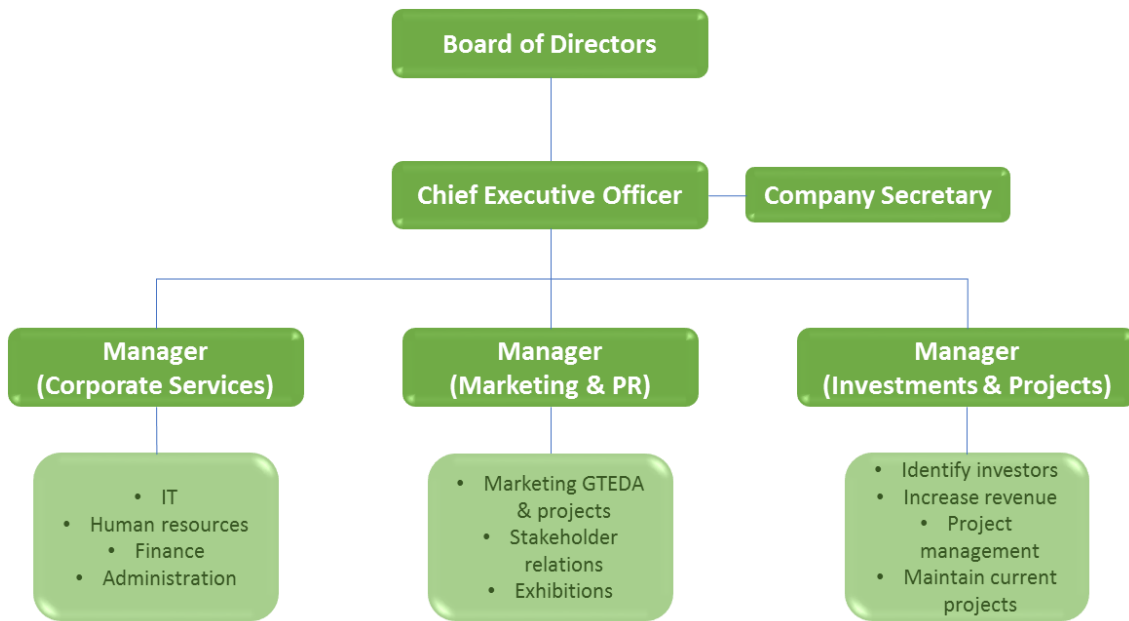
GTEDA summarises the following objectives, which provide a roadmap for fulfilling the strategic direction:

- Support entrepreneurs in accessing investment capital;
- To provide information, advice and support to businesses to ensure growth and sustainability;
- Promote a conducive investment climate in Greater Tzaneen and attract suitable investors;
- To develop effective partnerships with economic development role-players
- To acquire and manage assets and other facilities;
- To promote entrepreneurship as a career of choice among the youth;
- To cultivate entrepreneurship in the broader community;
- Develop economic research and analytical capacity of GTEDA; and
- To improve organisational skills, systems and processes.

The following diagram illustrates the organisational structure as well as the responsibilities within the structure of GTEDA.



Diagram 7.4: GTEDA Organisational Structure and Responsibilities



The LED Unit and GTEDA must have a working relationship to ensure that projects within Greater Tzaneen LM are implemented. Each entity must perform different functions during the implementation of a project as outlined in the Table below.

Table 7.1: Greater Tzaneen LM & GTEDA Partnership

Greater Tzaneen LM		GTEDA	
1	Project Identification		1
2	Stakeholder and Community Engagement	Stakeholder Engagement	2
3		Feasibility Study and Business Plan	3
4	Funding	Funding; investment attraction and project matchmaking	4
5	Fast Track Application Processing	Implementation and Management	5
6	Enabling Environment (Water, Electricity and Roads)		6
7		Monitoring and Evaluation	7
Reporting Marketing			

### 7.4.2 LED Forum

The main objective to establishing a LED Forum is to ensure:

- The participation and input from the local community,
- Businesses and other stakeholders within the local municipality that will enable co-ordination between local stakeholders,

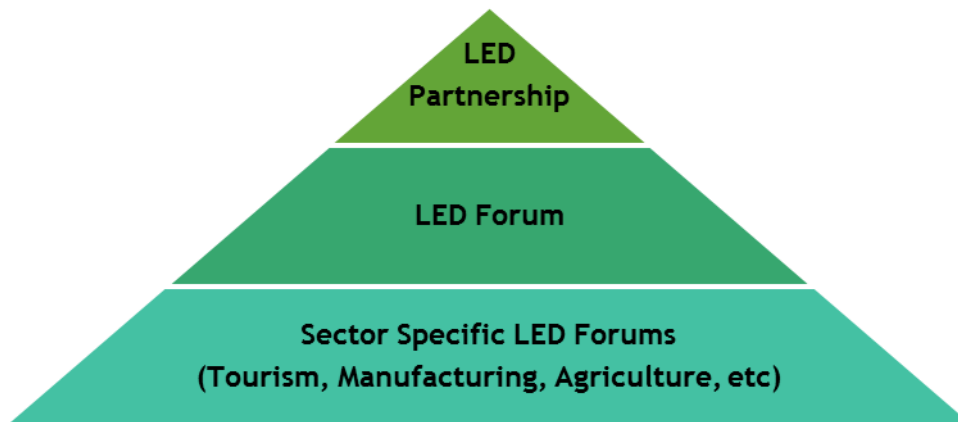


- Mobilisation of resources, obtaining commitment as well as establishing and maintaining a common vision.

The LED Forum is the backbone for implementation of LED projects as the stakeholders will analyse the current economic challenges in the municipality and how to address these challenges, in their specialised field. The forum plays an important role in ensuring community members and local stakeholders are informed of economic happenings in their local areas and how to benefit and contribute to projects.

The LED forum will be a function of the Partnership as indicated in the Diagram below:

Diagram 7.5: LED Forum

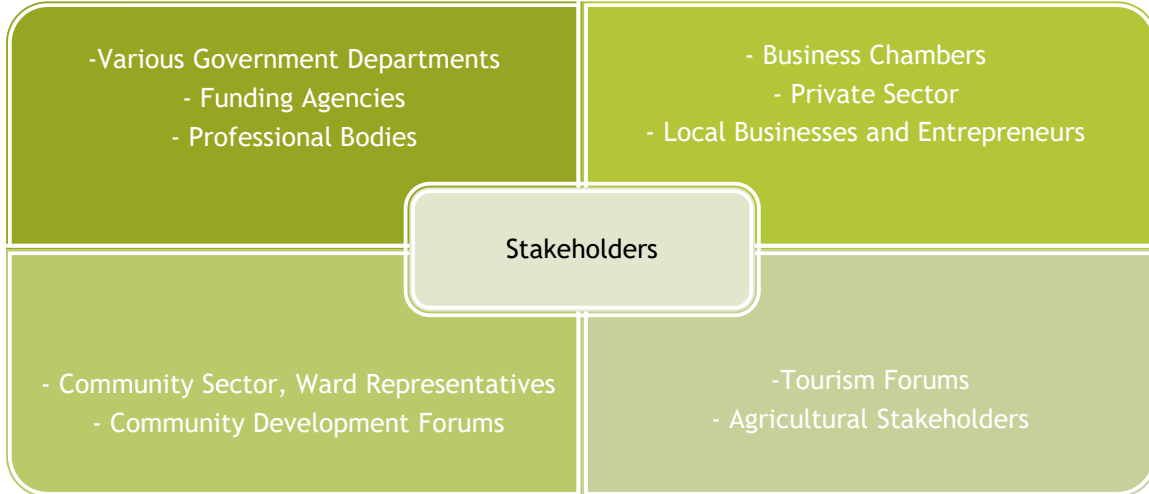


These forums are important and critical tools required in bridging the communication gap and obtaining a common understanding between the local municipality and the community at large. Furthermore, these forums also provide the platform for the Local Municipality to form partnerships with the different stakeholders.

In general, an LED Forum consists of the private, public and community sectors. The Municipality should also seek to involve a greater number of representatives from various government departments. This will increase access to resources as well as provide a different perspective on ensuring and enabling economic growth within the local municipality.

The Diagram below indicates the potential stakeholders that can form part of the LED Forum.

Diagram 7.6: Stakeholders (Multi-sector) to be included in the LED Forum



### 7.4.3 Relationships with Local Organisations

There are numerous organisations who try to have a positive impact on the local community and reduce poverty. It is important for local government to support these initiatives. This will encourage private sector to work together with local government in promoting local economic development. By supporting community organisations, the communities and private sector can become more positive about working and living in the GTLM which will promote good working relationships between public and private sector.

### 7.5 Conclusion

Strengthening of the LED unit with the necessary skills and capacity is imperative. It is also noted that relationships and partnerships between the LED unit, other departments and stakeholders need to be improved so projects can be implemented by various stakeholders and investment benefits can be shared. An improved institutional framework and structure is needed to improve the performance of the LED unit and ensure sustainability of projects. Improved communication between the Local Municipality, other departments and stakeholders will promote good governance and at the same time ensure success of projects.



## Section 8: Implementation Framework

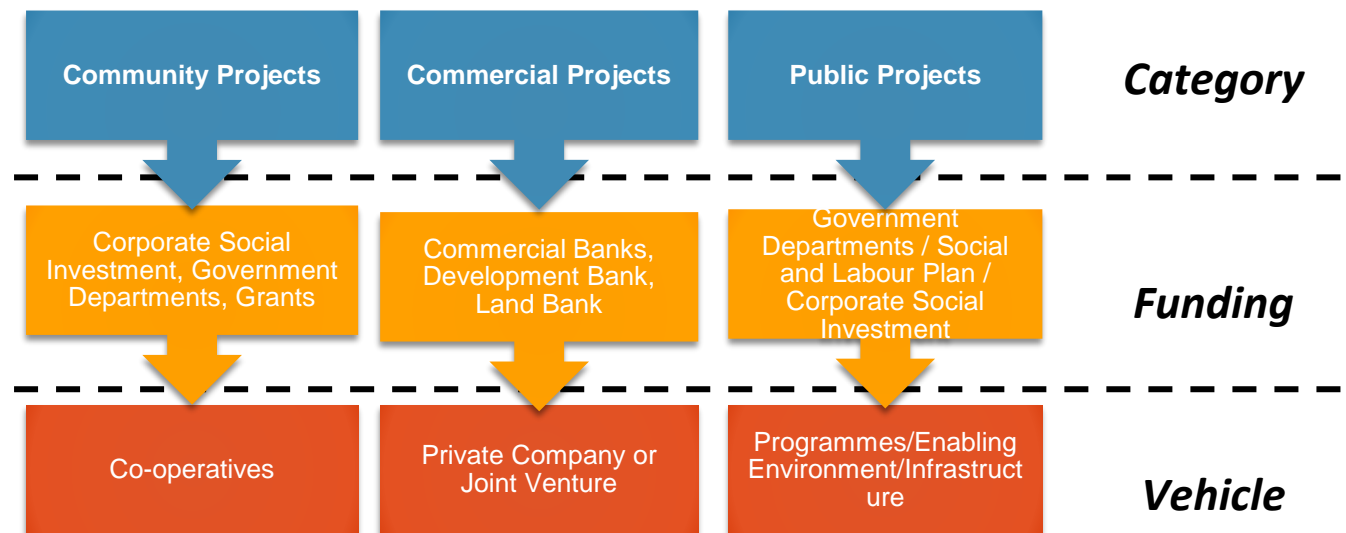
### 8.1 Introduction

This Section will provide implementation guidelines for the projects outlined in the Greater Tzaneen LM LED strategy. The implementation guidelines will include project-specific details such as:

- Key stakeholder responsible for the action
- Partners for implementation of the action
- Potential funding
- Time frame for implementation
- Performance indicators

General guidelines which will be applicable to all projects will also be provided.

Diagram 8.1: Project Categorisation



### 8.2 Key Implementation Actions

In order for the implementation of the development programmes and projects to take place in an efficient and sustainable manner, there are several actions that must be taken by key role players. To ensure optimal stimulation of economic development, job creation, poverty alleviation, SMME development, human resource development etc. the following actions need to be taken:

- Ensure that the LED unit has the capacity to operate and function effectively before commencing any LED implementation
- Ensure that all people employed within the LED unit has the relevant experience, expertise and skills to ensure effective management and implementation of LED initiatives

- Have a member of council focused exclusively on LED implementation
- Utilise external experts in draft project business plans and conducting feasibility studies and utilise expert networking to obtain sufficient funding sources
- Ensure balanced economic development by means of adopting an integrated, holistic, coordinated and diverse development focus
- Ensure that all necessary financial sources, equipment, human resources etc. are in place and available prior to starting with the implementation of a programme or project
- Ensure that the implementation of projects is executed by local people and not through imported labour where possible
- Focus on the stimulation of economic development and empowerment of local people at the same time
- Ensure that 30% of the procurement of goods and services by Greater Tzaneen LM be ring-fenced for local SMME's and Co-operatives and that the LED Unit becomes responsible for capacitating the SMME's and Co-operatives to ensure that they comply with the necessary procurement legislative prescripts
- Start LED by implementing the programmes and projects with the fastest anticipated impact on job creation, poverty alleviation, BEE, SMME development etc. followed by those with a medium and long term effects
- Utilise the tourism sector as economic catalyst for stimulating development across all sectors of the local economy

Set reasonable timeframes and keep monthly/weekly tract records to effectively evaluate the progress of all necessary actions.

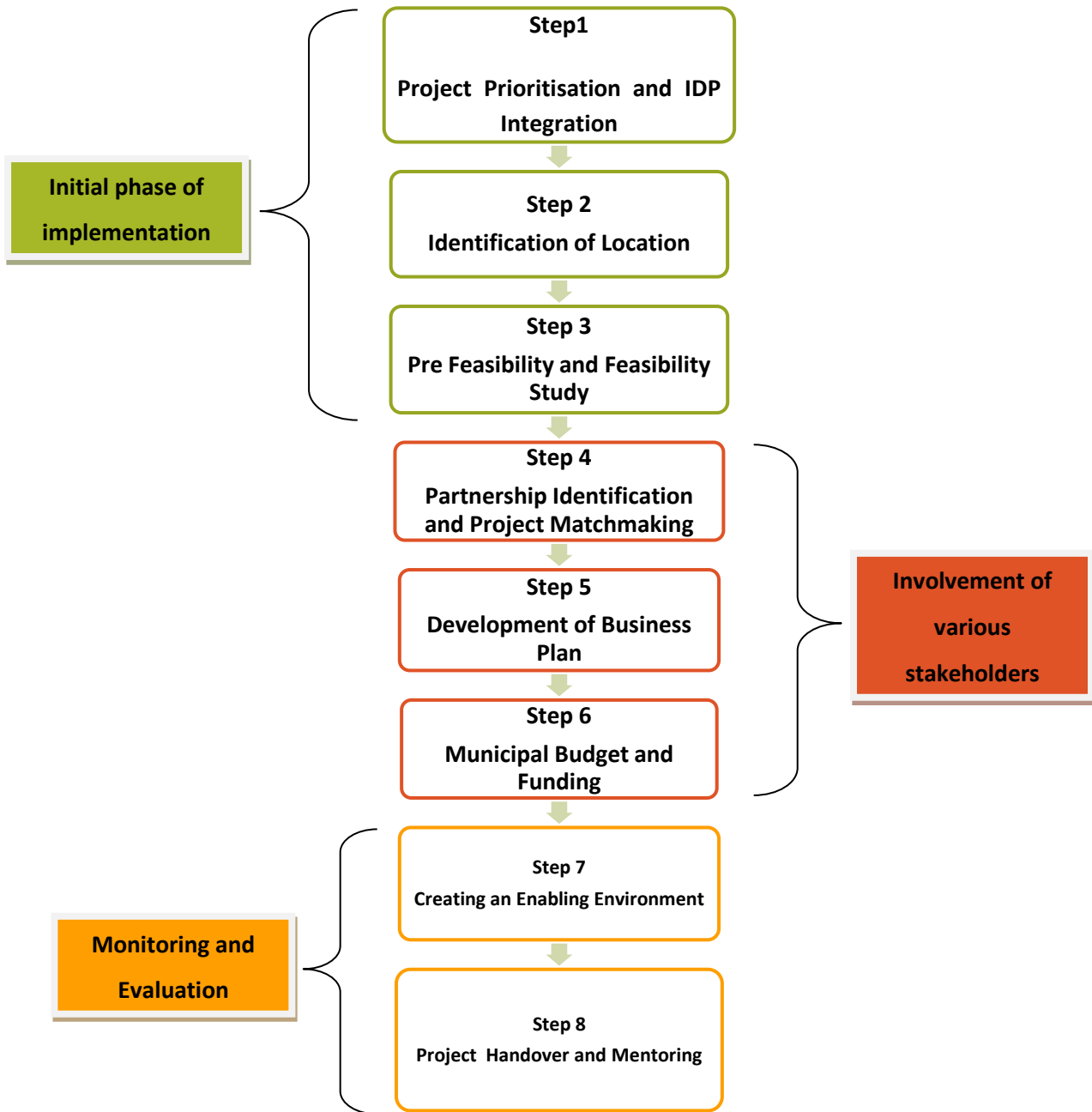
### 8.3 General Guidelines

The Diagram below provides important guidelines which should be followed when implementing LED projects. Each guideline will be discussed below.





Diagram 8.2: General Implementation Guidelines



### 8.3.1 Identification of Location

Once the project to be implemented has been identified, the next step would be to identify where it will be located. Thereafter, it is important to see whether there is any land available. The location choice is made by considering:

- What is the cost of the land?
- Where is the target market?
- Where are the inputs sourced from?
- What resources are available in that area e.g. water, labour-force?

- Is transport available?
- Is there a network of access routes?
- What is the already-existing activity in that area?
- Is there a possibility of aligning or complementing already-existing programmes?

If the answers to the above questions complement the project, then the location choice is a good one. Sometimes, investors choose a location that may not at face-value, have any benefits. This is because there will be an advantage that outweighs all the negative factors. Therefore, in the end, the choice of location is completely up to the investor or project members.

### 8.3.2 Pre-Feasibility and Full Feasibility Studies

A **pre-feasibility study** may be conducted first to help sort out relevant alternatives. It is a preliminary assessment of the technical and economic viability of a proposed project. Alternative approaches to various elements of the project are compared, and the most suitable alternative for each element is recommended for further analysis. Costs of development and operations are estimated. Anticipated benefits are assessed so that some preliminary economic criteria for evaluation can be calculated. In some cases, the municipality may have the capacity to perform the pre - feasibility study by itself.

The specific tasks of a pre-feasibility study should be spelt out in clear terms of reference. In general terms, the main tasks of a prefeasibility study may include the following steps:

- Undertake a detailed analysis of the development situation and constraints the project is to address, based on the collection of sound, objective data
- Identify partner government policies, programmes and activities designed to address the constraints
- Identify and define the linkages between the project and poverty reduction, taking into account the findings of a poverty analysis
- Define possible design options or concepts, including different forms of aid, that may merit analysis
- Make a preliminary assessment of the viability of alternative approaches, and contrast and compare their likely feasibility and benefits
- Make a preliminary identification of likely risks to feasibility and benefits (including risks to sustainability) and assess the importance of these risks,



- Define achievable outcomes for the activity, and prepare (or further refine) an activity proposal (or proposals), including a logical framework matrix (or matrices), if appropriate
- Prepare terms of reference for a further design step (possibly a feasibility design study), if further design is considered warranted.

A **feasibility study** is designed to provide an overview of the primary issues related to a business idea. The purpose is to identify any 'make or break' issues that would prevent the project from being successful. In other words, a feasibility study determines whether the business idea makes sense. A thorough feasibility analysis provides a lot of information necessary for the business plan. For example, a good market analysis is necessary in order to determine the project's feasibility. This information provides the basis for the market section of the business plan.

Because putting together a business plan is a significant investment of time and money, it has to be made certain that there are no major roadblocks facing the proposed project before investments are made. Identifying such roadblocks is the purpose of a feasibility study.

A feasibility study looks at three major areas:

- Market issues
- Organisational/technical issues
- Financial issues

A feasibility study should not do in-depth long-term financial projections, but it should do a basic break-even analysis to see how much revenue would be necessary to meet the operating expenses. A feasibility study may examine alternative methods of reaching objectives or be used to define or redefine the proposed project. The information gathered must be sufficient to make a decision on whether to go ahead with the project, or to enable an investor to decide whether to commit finances to it. This will normally require analysis of technical, financial, and market issues, including an estimate of resources required in terms of materials, time, personnel, and finance, and the expected return on investment.

Conducting a feasibility study is a good business practice. Below are other reasons to conduct a feasibility study:

- Gives focus to the project and outline alternatives
- Narrows business alternatives
- Surfaces new opportunities through the investigative process



- Identifies reasons not to proceed
- Enhances the probability of success by addressing and mitigating factors early on that could affect the project
- Provides quality information for decision making
- Provides documentation that the venture was thoroughly investigated
- Helps in securing funding from lending institutions and other sources

### 8.3.3 Partnership Identification and Project Matchmaking

The purpose of this step will be to identify possible partnerships that can be formed. It will also identify the parties that will be involved with implementing projects. The correct stakeholders, beneficiaries and project leaders need to be identified. The following activities can be undertaken in order to identify suitable partners.

- Hosting an opportunities awareness campaign. This campaign will assist the Municipality to find interested parties, who will be willing to run with the project by bringing various quotas of the municipal and district population into contact with each other.
- Project-specific workshops can follow the initial one to ensure that the interested parties identified understand the project. At this stage the training requirements, if any, are identified.
- The campaigns will also assist to match investors to projects that are already running in the municipality and district and also to the identified but not yet implemented projects.

### 8.3.4 Development of a Business Plan

If the feasibility study indicates that the project idea is sound, the next step is a business plan. The business plan continues the analysis at a deeper and more complex level, building on the foundation created by the feasibility study. Business plans are drawn up firstly to map out how a project will be executed and secondly they are required when applying for funding. The purpose of the business plan is to minimise the risk associated with a new business and maximise the chances of success through research and maximise the chances for success through research and planning. A business plan should have the following components:



Diagram 8.3: Components of a Business Plan



### 8.3.5 Municipality Budgeting and Funding

The Municipality has to identify funding sources for the development of projects. A good relationship between Local Municipality and funding institutions is essential to be informed with current and new funding opportunities. The World Bank LED booklet states the Local Municipality can raise revenue through property taxes, rates, user fees, sale and renting of Local Municipality own industrial and commercial building, intergovernmental transfers and corporate donations.

### 8.3.6 Enabling Environment and Support Structure

Business activities require key infrastructure to run effectively and it's the responsibility of the Local Municipality to provide necessary infrastructure. Key factors that affect business are:

- **Electricity:** There is a raising concern amongst business stakeholders about the rising demand for electricity that the municipality might not be able to keep up with demand. The Local Municipality provides urban areas with electricity while Eskom target rural areas.
- **Water:** The backlog for water services needs to be dealt with to promote business growth throughout the municipality.



- **Waste Management:** Increasing waste in rural and urban areas need innovative plans to deal with waste management. Growing population means growing settlements next to urban areas, if not properly mitigated; this could be an environmental hazard.
- **Sanitation:** Urban areas in the Local Municipality are well covered with regards to sanitation, but most rural areas still face backlogs.
- **Roads:** Efforts to improve and maintain roads in the Local Municipality will enhance the economic conditions. Potholes and signage into main towns and tourist sites need to be improved to retain and attract further businesses to local areas.
- **Maintenance and provision of Infrastructure:** This is an important element as maintenance of existing infrastructure (roads, bridges etc.) allows access to the area for tourists

### 8.3.7 Project Handover

To ensure long term success and sustainability of the projects the Local Municipality has to monitor and evaluate performance of the supporting projects, providing relevant support where necessary. The handover of projects to beneficiaries requires withdrawal of high level support thus increasing ownership and responsibility to project.

## 8.4 Monitoring and Evaluation Management Framework

To achieve desired goals and objectives a framework to monitor and evaluate the impact of project is needed. The monitoring and evaluation will assist the Local Municipality with:

- Determine the extent to which the LED Strategy is able meet its goals and objectives,
- Assist the municipality in its decision making process,
- Enable the municipality to take corrective action should the monitoring and evaluation indicate that the intended outcomes are not achieved
- Assist the municipality creating a database of successful and unsuccessful initiatives
- Improve future planning, and
- Increase accountability.

There are two possible approaches to monitor and evaluate the impact of the LED Strategy namely, the direct and indirect impact of the LED Strategy. The direct impact approach would need to put measures in place to determine the impact of each project. However, this approach is too costly and time-consuming and therefore the indirect approach is recommended.



**Monitoring and evaluation indicators**

The fundamental step to monitoring and evaluation is employing a system able to measure outcomes and deliverables of projects. Development indexes will be employed to monitor and evaluate development as the indicators were selected on the basis that they would be reflective of the objective that they were designed to measure. They were also designed to be able to be measured on an annual basis, and be based on reliable data. Under the index are various proxies which may be referred to as indirect measurements of the impact of the various projects.

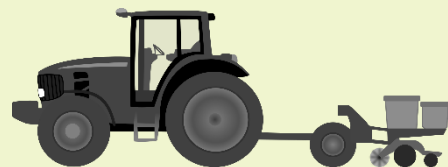
**8.5 Implementation Guidelines for High Priority Projects**

This Section will highlight the implementation guidelines for 10 priority projects identified for Greater Tzaneen LM, which includes:

1. Establishing an incubator aimed at supporting agro-processing SMMEs
2. Developing a farmer support unit
3. Establishing a waste to compost facility
4. Developing a skills development programme aimed at upskilling people in rural communities
5. Establishing a waste recycling programme
6. Development of a Rural Development Strategy
7. Creation of tourism routes
8. Establishing of a waste to energy facility
9. Establishing a beef feedlot and abattoir
10. Updating/ Reviewing the Preferential Procurement Policy

Table 8.1: Project Description - Farmer Support Unit

Project Description: Farmer Support Unit	
<p>There are a number of smallholder and emerging farmers in Greater Tzaneen LM; especially in the northern and southern areas within the local municipality. A farmer support unit should provide the following functions:</p> <ol style="list-style-type: none"> <li>a) Supply subsidised inputs such as seeds, seedlings, fertiliser, herbicides and pesticides</li> <li>b) Equipment hire</li> <li>c) Training and mentorship (practical and theoretical)</li> <li>d) Transport support</li> </ol> <p>The support unit should be located in an area with a high concentration of farmers within 30 kilometre radius with a relatively good road network so that farmers can have ease of access to the unit.</p>	
<p><b>Project linkages</b></p>	<p>The support unit can also be linked with the following identified projects, depending on the identified location:</p> <ul style="list-style-type: none"> <li>- Sustainable farming methods skills programme</li> <li>- Veld management programme</li> <li>- Waste to compost project</li> <li>- Promoting cluster farming</li> <li>- Support for restitution farms</li> </ul>



Project Description: Farmer Support Unit		
<b>Project Category</b>	Public Project	
<b>Potential Stakeholders</b>	Funding	<ul style="list-style-type: none"> <li>- Department of Rural Development and Land Reform (DRDLR)</li> <li>- Limpopo Department of Agriculture and Land Reform (LDARD)</li> </ul>
	Implementation and Operation Support	
	Training and Mentorship of Beneficiaries	<ul style="list-style-type: none"> <li>- Commodity specific associations</li> <li>- Local commercial farmers (training and mentorships)</li> <li>- AgriSETA</li> </ul>
<b>Timeframe</b>	Medium to Long Term	
<b>Implementation Actions</b>	<ol style="list-style-type: none"> <li>1. Identify project location/ (s)</li> <li>2. Feasibility Assessment and Business Plan</li> <li>3. Community- and stakeholder engagement</li> <li>4. Identify beneficiaries</li> <li>5. Obtain funding</li> <li>6. Concept designs and planning</li> <li>7. Appointment of service providers and construction of units</li> <li>8. Farmer training and input support</li> <li>9. Market linkages/ Offtake-agreements for produce</li> <li>10. Monitoring and evaluation</li> </ol>	
<b>Employment potential</b>	The farmer support unit can create direct opportunities for between 4 and 10 people; this includes management, administration, extension officers and drivers. Temporary employment will be also created through the construction of the Unit. Indirect opportunities can also be created; as farmers increase their production, they will have a need for labourers to assist during harvesting and planting season.	
<b>Estimated Budget = R15 million – R25 million</b>		
<i>*Depending on the size and makeup of the support unit</i>		

Table 8.2: Project Description - Waste to Compost

Project Description: Waste to Compost		
<p>Compost can be defined as a “<i>stabilised homogenous, fully decomposed substance of animal or plant origin to which no plant nutrients have been added, and that is free of substance, or elements that could be harmful to main, animal, plant or the environment</i>” (Department of Water and Environmental Affairs, 2014). Compost can be produced using a variety of material such as: fruit peels, nut shells, wood chips, pine needles, grass, waste paper, etc. The project will focus on utilising organic waste from the existing agro-processing industries as well as collecting waste from rural areas that can be used for compost manufacturing. The project can then supply local farmers and projects aimed at supporting farming with compost to be used as fertiliser.</p>		
<b>Project linkages</b>	<ul style="list-style-type: none"> <li>- Farmer Support Unit</li> <li>- Recycling programme</li> <li>- Waste to energy</li> </ul>	
<b>Project Category</b>	Community Project	
<b>Potential Stakeholders</b>	Funding	<ul style="list-style-type: none"> <li>- Limpopo Department of Economic Development, Environment and Tourism (LEDET)</li> <li>- Small Enterprise Development Agency (SEDA)</li> <li>- National Empowerment Fund (NEF)</li> <li>- National Youth Development Agency (NYDA)</li> <li>- DRDLR</li> <li>- LDARD</li> </ul>





Project Description: Waste to Compost	
Implementation and Operation Support	<ul style="list-style-type: none"> <li>- Local agro-processors including sawmills and wood processors</li> <li>- Department of Economic Development, Environment and Tourism</li> <li>- Private Sector</li> </ul>
Training and Mentorship of Beneficiaries	<ul style="list-style-type: none"> <li>- SEDA</li> <li>- Private Sector</li> </ul>
<b>Timeframe</b>	Short- to Medium Term
<b>Implementation Actions</b>	<ol style="list-style-type: none"> <li>1. Identify a project location/ (s)</li> <li>2. Feasibility Assessment and Business Plan</li> <li>3. Community- and stakeholder engagement</li> <li>4. Identify beneficiaries</li> <li>5. Obtain funding</li> <li>6. Concept designs and planning</li> <li>7. Appointment of service providers and construction facility</li> <li>8. Training for beneficiaries</li> <li>9. Market linkages/ Offtake-agreements</li> <li>10. Monitoring and evaluation</li> </ol>
<b>Employment potential</b>	The waste to compost facility can create direct opportunities for between 4 and 15 people; this includes management, administration, waste collectors and drivers. If the radius of collections is expanded, more opportunities will be created.
<b>Estimated Budget = R500 000.00 – R1 200 000.00 (per project)</b>	
<i>*Depending on the size and technology used on site</i>	

Table 8.3: Project Description - Skills Development in Rural Areas

Project Description: Skills Development in Rural Areas	
<p>The rural areas within the municipality is characterised by unemployment, especially among the youth, low levels of education and low household incomes. By providing skills training, on a variety of topics, entrepreneurship can be fostered to create new local enterprises, leading to employment for local people. This project will provide monthly, or bi-monthly, skills courses on a variety of topics such as business management, financial management, entrepreneurship, marketing, administration skills etc. The programme can be also supported by local businesses as part of their Corporate Social Investment (CSI) initiatives.</p>	
	
<b>Project Category</b>	Public Project
<b>Potential Stakeholders</b>	<b>Funding</b> <ul style="list-style-type: none"> <li>- Small Enterprise Development Agency (SEDA)</li> <li>- National Empowerment Fund (NEF)</li> <li>- National Youth Development Agency (NYDA)</li> </ul>
	<b>Implementation and Operation Support</b> <ul style="list-style-type: none"> <li>- Various SETAs such as: <ul style="list-style-type: none"> <li>o Culture, Arts, Tourism, Hospitality and Sports SETA</li> <li>o Financial and Accounting Services SETA</li> <li>o Food and Beverages Manufacturing SETA</li> <li>o Media, Advertising, Information and Communication Technologies SETA</li> <li>o Agriculture SETA</li> <li>o Service SETA</li> <li>o Wholesale and Retail SETA</li> </ul> </li> <li>- SEDA</li> <li>- Private sector</li> </ul>
<b>Timeframe</b>	Short- to Medium Term

Project Description: Skills Development in Rural Areas	
<b>Implementation Actions</b>	<ol style="list-style-type: none"> <li>1. Skills audit/ need assessment in rural areas</li> <li>2. Identify stakeholders</li> <li>3. Obtain funding</li> <li>4. Develop skills programmes</li> <li>5. Marketing of the programme</li> <li>6. Operation of the programme</li> <li>7. Monitoring and evaluation</li> </ol>
<b>Employment potential</b>	Direct employment opportunities exist for between 2 to 4 people, which will be for administration and training personnel. However, due to the increase in skills, the programme can assist many people in the LM to get employment or become entrepreneur.
<b>Estimated Budget = R500 000.00 – R1 000 000.00 (per annum)</b> <i>*Depending on the number of training sessions and specialists required</i>	

Table 8.4: Project Description – Recycling Programme

Project Description: Recycling Programme							
<p>Greater Tzaneen LM has significant back log in terms of providing waste disposal services to local communities, especially in rural areas. A recycling programme can provide opportunities to reduce waste as well as create employment. Products that can be recycled include: cans, glass, paper, plastic, electronic waste and drums. The project can include the collection of waste as well as the processing thereof. Depending on the material, a wide variety of products can be produced from recycled waste, this can include advanced processing or using waste as materials for producing crafts and other items. This programme can be targeted towards a certain area, and if successful, can be expanded to various locations across the Local Municipality to create network of recycling facilities – this will support waste management in the Local Municipality as well as create employment for local community members.</p>							
<b>Project Category</b>	Community Project						
<b>Project Linkages</b>	<ul style="list-style-type: none"> <li>- Waste to compost</li> <li>- Waste to energy</li> </ul>						
<b>Potential Stakeholders</b>	<table border="0"> <tr> <td>Funding</td> <td> <ul style="list-style-type: none"> <li>- LEDET</li> <li>- DRDLR</li> <li>- Department of Trade and Industry</li> </ul> </td> </tr> <tr> <td>Implementation and Operation Support</td> <td> <ul style="list-style-type: none"> <li>- National Recycling Forum (NRF)</li> <li>- Department of Economic Development, Environment and Tourism</li> </ul> </td> </tr> <tr> <td>Training and mentorship</td> <td> <ul style="list-style-type: none"> <li>- Institute of Waste Management of Southern Africa</li> <li>- South African Plastics Recycling Organisation</li> </ul> </td> </tr> </table>	Funding	<ul style="list-style-type: none"> <li>- LEDET</li> <li>- DRDLR</li> <li>- Department of Trade and Industry</li> </ul>	Implementation and Operation Support	<ul style="list-style-type: none"> <li>- National Recycling Forum (NRF)</li> <li>- Department of Economic Development, Environment and Tourism</li> </ul>	Training and mentorship	<ul style="list-style-type: none"> <li>- Institute of Waste Management of Southern Africa</li> <li>- South African Plastics Recycling Organisation</li> </ul>
Funding	<ul style="list-style-type: none"> <li>- LEDET</li> <li>- DRDLR</li> <li>- Department of Trade and Industry</li> </ul>						
Implementation and Operation Support	<ul style="list-style-type: none"> <li>- National Recycling Forum (NRF)</li> <li>- Department of Economic Development, Environment and Tourism</li> </ul>						
Training and mentorship	<ul style="list-style-type: none"> <li>- Institute of Waste Management of Southern Africa</li> <li>- South African Plastics Recycling Organisation</li> </ul>						
<b>Timeframe</b>	Medium- to long term						
<b>Implementation Actions</b>	<ol style="list-style-type: none"> <li>1. Feasibility study to determine potential waste pick-up points and products that can be produced</li> <li>2. Business Plan</li> <li>3. Community and stakeholder engagement</li> <li>4. Source funding</li> <li>5. Designs and construction</li> <li>6. Training and mentorship</li> <li>7. Monitoring and evaluation</li> </ol>						
<b>Employment potential (per recycling facility)</b>	The recycling facility can create direct opportunities for between 15 and 30 people; this includes management, administration, waste collectors and drivers.						
<b>Estimated Budget = R850 000.00 – R1 500 000.00</b> <i>*Depending on size of facility and land availability</i>							



Table 8.5: Project Description - Waste-to-Energy

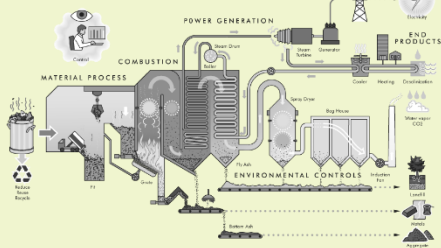

Project Description: Waste-to-Energy	
<p>Turning household, municipal and industrial waste into energy can reduce waste in the local area, generate electricity and create a significant amount of jobs in the local municipality. Waste-to-Energy consists of any form of waste treatment process that creates energy in the form of electricity, heat or transport fuel (World Energy Council, 2013). The project should be able to coexist with existing and planned recycling and waste reduction initiatives. This project is a capital-intensive project which will require a significant investment from a private sector entity.</p> 	
<b>Project Category</b>	Commercial Project
<b>Project Linkages</b>	<ul style="list-style-type: none"> <li>- Recycling programme</li> <li>- Waste to compost</li> </ul>
<b>Potential Stakeholders</b>	<b>Funding</b> <ul style="list-style-type: none"> <li>- LEDET</li> <li>- DRDLR</li> <li>- Department of Trade and Industry (DTI)</li> <li>- Industrial Development Corporation (IDC)</li> <li>- Private sector investment</li> </ul>
	<b>Implementation and Operation Support</b> <ul style="list-style-type: none"> <li>- LEDET</li> <li>- Private Sector</li> </ul>
<b>Timeframe</b>	Long Term
<b>Implementation Actions</b>	<ol style="list-style-type: none"> <li>1. Feasibility study to determine which waste-to-energy technology can be implemented in Greater Tzaneen LM as well as the investment value of the project</li> <li>2. Business Plan</li> <li>3. Community and stakeholder engagement</li> <li>4. Source funding/ attract investment/ strategic partner</li> <li>5. Designs and construction</li> <li>6. Training and mentorship</li> <li>7. Monitoring and evaluation</li> </ol>
<b>Employment potential</b>	Depending on the scale of the project, more than 100 jobs can be created, ranging from low-skilled workers responsible for collecting waste, to high-skilled managers and engineers.
<p><b>Estimated Budget = R1 000 000.00 (planning phase) + R60 million + (Implementation)</b>  <i>*Depending on capacity and technology utilised for transforming waste to energy</i></p>	

Table 8.6: Project Description - Beef Feedlot and Abattoir

Project Description: Beef Feedlot and Abattoir	
<p>The feedlot and abattoir originates from GTEDA who commissioned a feasibility study for livestock improvement on communal grazing within the Municipality. The project was however not implemented due to a lack of funding. The objectives of the project are as follows:</p> <ol style="list-style-type: none"> <li>a) Livestock improvement</li> <li>b) Ensuring market access for stock</li> <li>c) Capacity building through resourcing and training local emerging farmers</li> <li>d) Value adding to local available resources</li> <li>e) Facilitate enterprise development</li> </ol> 	
<b>Project Category</b>	Public/ Community Project
<b>Project Linkages</b>	<ul style="list-style-type: none"> <li>- Farmer Support Unit</li> <li>- Leather manufacturing co-operative (existing GTEDA project)</li> </ul>
<b>Potential Stakeholders</b>	<b>Funding</b> <ul style="list-style-type: none"> <li>- DRDLR</li> <li>- LDARD</li> <li>- LEDET</li> </ul>

Project Description: Beef Feedlot and Abattoir	
Implementation and Operation Support	<ul style="list-style-type: none"> <li>- DRDLR</li> <li>- LDARD</li> <li>- National Red Meat Producers' Organisation (NERPO)</li> </ul>
Training and mentorship	<ul style="list-style-type: none"> <li>- LDARD</li> <li>- AgriSETA</li> <li>- Red Meat Producers' Organisation (RPO)</li> <li>- National Emergent Red Meat Producers' Organisation (NERPO)</li> <li>- Red Meat Abattoir Association (RMAA)</li> <li>- South African Feedlot Association (SAFA)</li> </ul>
<b>Timeframe</b>	Medium- to long term
<b>Implementation Actions</b>	<ol style="list-style-type: none"> <li>1. Update/ review feasibility study and compile a bankable business plan</li> <li>2. Community and stakeholder engagement</li> <li>3. Source funding</li> <li>4. Designs and construction</li> <li>5. Training and mentorship for cattle farmers and beneficiaries of the project</li> <li>6. Monitoring and evaluation</li> </ol>
<b>Employment potential</b>	Depending on the size of the feedlot and abattoir, between 8 and 15 people can be directly employed through the project. The construction of the project will also create temporary employment.
<b>Estimated Budget = R15 million – R20 million (based on 500 head of cattle)</b> <i>*Depending on feedlot capacity and abattoir throughput</i>	

Table 8.7: Project Description - Preferential Procurement Policy



Project Description: Preferential Procurement Policy	
<p>The current preferential procurement policy lists targets for procurement up to the year 2011. The Preferential Procurement Policy of Greater Tzaneen LM must be in line with the Policy of the District which aims to spend a minimum of 40% of its annual procurement budget with Historically Disadvantaged Individuals through the application of preferential procurement.</p> 	
<b>Project Category</b>	Public Project
<b>Potential Stakeholders</b>	<ul style="list-style-type: none"> <li>- GTEDA</li> <li>- Mopani District Municipality</li> <li>- LED Forum</li> </ul>
<b>Timeframe</b>	Short- to Medium Term
<b>Implementation Actions</b>	<ol style="list-style-type: none"> <li>1. Engage with stakeholders</li> <li>2. Review policy</li> <li>3. Present to council</li> </ol>

Table 8.8L Project Description - Tourism Route Development

Project Description: Tourism Route Development	
<p>Many tourists (domestic and international) travel through the local Municipal area to reach their final destination such as the northern parts of the Kruger National Park. A well-designed route, with infrastructure and rest stops for travellers can increase tourism expenditure within the LM and create new employment opportunities. A well-designed tourist route requires a) functional stakeholder relationships with industry role players, neighbouring local municipalities and the District, b) new product development, infrastructure and access c) community participation, and d) marketing (<b>Meyer, 2004</b>). Route development within Greater Tzaneen should</p> 	

Project Description: Tourism Route Development	
also include a comprehensive implementation plan with short-, medium- and long term actions to have a fully developed tourism route.	
<b>Project Category</b>	Public
<b>Project Linkages</b>	<ul style="list-style-type: none"> <li>- Rural Development Strategy</li> <li>- Tourism Product Development</li> <li>- Tourism brand development &amp; expos</li> <li>- Website development</li> <li>- Tourism Strategy</li> </ul>
<b>Potential Stakeholders</b>	<ul style="list-style-type: none"> <li>- LEDET</li> <li>- Limpopo Tourism</li> <li>- Mopani District Municipality</li> <li>- Other LMs within Mopani District</li> <li>- Local Tourism Associations</li> <li>- LED Forum</li> </ul>
<b>Timeframe</b>	Short- to Medium Term
<b>Implementation Actions</b>	<ol style="list-style-type: none"> <li>1. Stakeholder Engagement</li> <li>2. Route identification</li> <li>3. Plan of Action</li> <li>4. Source funding</li> <li>5. Implementation of action plan</li> <li>6. Monitoring and evaluation</li> </ol>
<b>Employment potential</b>	The development of a tourist routes will have few direct employment opportunities, however, the establishments of accommodation facilities, rest stops, retail facilities and other attractions along the route can have the potential for increasing job opportunities within the tourism sector.
<b>Estimated Budget = R500 000.00 – R1 500 000.00</b>	
* For marketing materials, road signs and beatification projects along tourism routes	

Table 8.9: Project Description - Rural Development Strategy

**Project Description: Rural Development Strategy**

Outcome 7 of the National Medium Strategic Framework (MTSF) calls for “vibrant, equitable, sustainable rural communities contributing towards food security for all”. A comprehensive rural development strategy for Greater Tzaneen LM should include rural intervention areas, to be the focus points for rural development. The Plan should outline the needs for each intervention area in terms of social- and engineering infrastructure as well as identify resources of economic activity (agriculture, mining, tourism, forestry, agro-processing). Community based rural precinct plans must also form part of the Rural Development Strategy. The success of Rural Development Strategy implementation is the alignment of inter-government projects as well as investment in specific areas. In order to be aligned with National objectives, the implementation of the Rural Development Strategy should result in (MTSF, 2014):

- Improved land administration and spatial planning for integrated development within the rural areas of Greater Tzaneen LM
- Sustainable land reform for agrarian transformation
- Improved food security
- The development and support for smallholder farmers, this includes technical, financial and infrastructure support
- An increased access to quality basic infrastructure and services
- Support for sustainable rural enterprises and industries

**RURAL ECONOMY TRANSFORMATION: AGRARIAN TRANSFORMATION SYSTEM**



Project Description: Rural Development Strategy		
<ul style="list-style-type: none"> <li>Increased investment in agro-processing, trade development and improves access to markets and financial services in order to create new jobs opportunities</li> </ul>		
<b>Project Category</b>	Public Project	
<b>Project Linkages</b>	<ul style="list-style-type: none"> <li>Farmer Support Unit</li> <li>Skills programme in rural areas</li> <li>Recycling project</li> <li>Waste to compost</li> </ul>	
<b>Potential Stakeholders</b>	Funding	- Internal
	Development	<ul style="list-style-type: none"> <li>LED Forum</li> <li>GTEDA</li> <li>LDARD</li> <li>Department of Human Settlements</li> <li>DRDLR</li> <li>Mopani District Municipality</li> </ul>
<b>Timeframe</b>	Short- to Medium Term	
<b>Implementation Actions</b>	<ol style="list-style-type: none"> <li>1. Include in IDP planning/budget</li> <li>2. Prepare terms of reference</li> <li>3. Appoint service provider</li> <li>4. Stakeholder engagement</li> <li>5. Implementation of Strategy (long term)</li> <li>6. Monitoring and evaluation</li> <li>7. Review</li> </ol>	
<b>Employment Potential</b>	<p>The implementation of the Rural Development Strategy will create significant numbers of employment opportunities. Construction activities will create temporary employment while economic interventions identified within the strategy will create opportunities the establishment of SMMEs which will increase local employment.</p>	
<p><b>Estimated Budget = R350 000.00</b>  <i>Consultation fee for the development of the Rural Development Strategy</i></p>		

Table 8.10: Project Description - Incubator

Project Description: Incubator		
<p>Greater Tzaneen LM has significant agricultural resources, however, there is potential to improve on beneficiation and value-adding to products. An incubator focussing on Small and Medium Enterprises (SME) development and skill training for agro-processors can create opportunities for beneficiation of existing resources as well as create new job opportunities. An incubator can be a physical or virtual facility that assists with the development of early stage SMEs. An incubator provides temporary business support services to enable early stage SMEs to become sustainable, independent businesses (DTI, 2014). Potential services for the Incubator can include:</p> <ul style="list-style-type: none"> <li>Business advisory support</li> <li>Mentorship</li> <li>Finance and administration support services</li> <li>Work-shops</li> <li>Shared office space with access to internet, computers, printers and telephones</li> <li>Assistance with market linkages (suppliers and markets)</li> </ul>		
<b>Project Category</b>	Public/ Private Project	
<b>Project Linkages</b>	- Farmer Support Unit	
<b>Potential Stakeholders</b>	Funding	<ul style="list-style-type: none"> <li>LEDET</li> <li>SEDA</li> </ul>



Project Description: Incubator		
	Implementation and Operation Support	<ul style="list-style-type: none"> <li>- DTI (Incubation Support Programme)</li> <li>- Private Sector</li> <li>- Small Enterprise Finance Agency (SEFA)</li> <li>- NEF</li> <li>- IDC</li> <li>- LDARD</li> </ul>
	Training and mentorship	<ul style="list-style-type: none"> <li>- SEDA</li> <li>- DTI</li> <li>- LDARD</li> <li>- SETAs</li> </ul>
<b>Timeframe</b>	Long term	
<b>Implementation Actions (as per DTI Guidelines)</b>	<ol style="list-style-type: none"> <li>1. Review incubation opportunity</li> <li>2. Specify sector focus</li> <li>3. Specify target SMEs</li> <li>4. Specify service offerings</li> <li>5. Define incubation methodology</li> <li>6. Design outreach strategy</li> <li>7. Define SME Selection Criteria</li> <li>8. Define SME Exit Criteria</li> <li>9. Reach out to partners/ stakeholder engagement</li> <li>10. Define organisational and governance structure</li> <li>11. Define legal status</li> <li>12. Identify location</li> <li>13. Define revenue generation model</li> <li>14. Define monitoring and evaluation mechanisms</li> <li>15. Conduct feasibility study</li> <li>16. Write business plan</li> <li>17. Launch incubator</li> </ol>	
<b>Employment potential</b>	Permanent employment at an incubator can range between 4 and 8 opportunities for admin personnel and people with technical skills, however, the incubator will have a significant impact on local job creation. If SMEs can be sustainable and grow, more opportunities for employment will be created	
<b>Estimated Budget = R800 000.00 (planning phase) + R5 million – R10 million (implementation)</b> <i>* Depending on the type of incubator</i>		

## 8.6 Implementation Action Plan

The Action plan will outline the proposed actions for each identified project, as well as the project category, stakeholders and implementation timeframe.



Table 8.11: Implementation Action Plan

Project	Proposed Actions	Timeframe	Project Category	Stakeholders/ Sources	Funding	Performance indicator
<b>Creating an Enabling Environment</b>						
<b>Improving electrical capacity in industrial areas</b>	<ul style="list-style-type: none"> <li>- Engaging with manufacturers on capacity issues</li> <li>- Determine capacity needs</li> <li>- Applications to Eskom where needed</li> <li>- Develop maintenance plan</li> <li>- Proactive planning towards additional electrical capacity for industrial development (aligned to SDF)</li> </ul>	Short-Medium to	Public	<ul style="list-style-type: none"> <li>- Internal</li> <li>- ESKOM</li> </ul>		<ul style="list-style-type: none"> <li>- Uninterrupted electrical supply in industrial areas</li> <li>- Increase in manufacturing sector output</li> </ul>
<b>Improving water service delivery</b>	<ul style="list-style-type: none"> <li>- Engaging with manufacturers on capacity issues</li> <li>- Determine capacity needs</li> <li>- Develop maintenance plan</li> <li>- Proactive planning towards water demands for industrial development (aligned to SDF)</li> </ul>	Short-Medium to	Public	<ul style="list-style-type: none"> <li>- Internal</li> </ul>		<ul style="list-style-type: none"> <li>- Uninterrupted electrical supply in industrial areas</li> <li>- Increase in manufacturing sector output</li> </ul>
<b>Incentive policy</b>	<ul style="list-style-type: none"> <li>- Research on Incentive Policies implemented in other local municipalities in South Africa</li> <li>- Stakeholder engagement</li> <li>- Draft Incentive Policy together with various stakeholders</li> <li>- Present policy to Council for approval</li> <li>- Take active steps towards implementation and marketing of the policy</li> </ul>	Medium Term	Public	<ul style="list-style-type: none"> <li>- GTEDA</li> <li>- LEDET</li> </ul>		<ul style="list-style-type: none"> <li>- Increase in investment in Greater Tzaneen LM</li> <li>- Increase in the number of new businesses</li> </ul>
<b>Fixing Roads in Industrial areas</b>	<ul style="list-style-type: none"> <li>- Identify main streets within industrial areas which needs attention</li> <li>- Maintenance plan for roads in industrial areas</li> </ul>	Medium Term	Public	<ul style="list-style-type: none"> <li>- Internal</li> </ul>		
<b>Development of Tourism Brand</b>	<ul style="list-style-type: none"> <li>- Stakeholder engagement</li> <li>- Development of marketing material once brand has been developed</li> </ul>	Short Term	Public	<ul style="list-style-type: none"> <li>- LEDET</li> <li>- Tourism Associations</li> </ul>		<ul style="list-style-type: none"> <li>- Increase in tourist arrivals</li> </ul>





Project	Proposed Actions	Timeframe	Project Category	Stakeholders/ Funding Sources	Performance indicator
	- Advertising of the local municipality using various platforms			- Limpopo Tourism	
<b>Website</b>	- Stakeholder engagement - Appointment of service providers	Short- to Medium Term	Public	- LEDET - Tourism Associations - Limpopo Tourism - LED Forum	- Increased number of visits to the Website
<b>Nodal &amp; Cluster Development</b>					
<b>Identify and Support Smallholder Farmers</b>	- Stakeholder engagement - Identify functional areas for support - Identify farmers in support areas - Farmer needs assessment - Develop action plan, budget and timeframe for farmer support based on needs assessment - Source funding	Medium Term	Public/ Community	- LDARD - DRDLR	- Agriculture sector growth
<b>Promote cluster farmer</b>	- Project linked with support of smallholder farmers - Stakeholder engagement - Train farmers identified in functional support areas on benefits of cluster farming	Medium Term	Public/ Community	- LDARD - DRDLR	- Increased agriculture sector growth and employment - Increased levels of production
<b>Support Restitution Farms</b>	- Identify restitution farms to be supported - Conduct needs assessment - Develop action plan, budget and timeframe for farmer support based on needs assessment - Source funding	Medium- to Long Term	Public/ Community	- LDARD - DRDLR	- Increased levels of production
<b>Honey Production</b>	- Feasibility study & business plan - Identify farmers/ co-operatives in close proximity to forestry areas - Source funding - Identify location/ business premises - Fulfil statutory requirements	Medium- to long term	Community	- LDARD - DRDLR - Safcol - LEDA - SEDA	- Increased agriculture sector growth and employment



Project	Proposed Actions	Timeframe	Project Category	Stakeholders/ Funding Sources	Performance indicator
	<ul style="list-style-type: none"> <li>- Training and mentorship for farmers/ co-operative</li> <li>- Marketing &amp; off-take agreements</li> <li>- Monitoring and evaluation</li> </ul>				
<b>Sepakoe Tea Estate</b>	<ul style="list-style-type: none"> <li>- Develop action plan for change with land owners and key stakeholders</li> <li>- Investigate new opportunities by means of a feasibility study for fruit production</li> <li>- Develop a business plan</li> <li>- Obtain funding</li> <li>- Training and mentoring for land owners</li> <li>- Offtake agreements for produce</li> <li>- Monitoring and evaluation</li> </ul>	Medium Term	Community	<ul style="list-style-type: none"> <li>- LDARD</li> <li>- DRDLR</li> <li>- SEDA</li> <li>- AgriSETA</li> </ul>	<ul style="list-style-type: none"> <li>- Production increase at Sepakoe Tea Estate</li> </ul>
<b>Roof Trusses Production</b>	<ul style="list-style-type: none"> <li>- Feasibility study &amp; business plan</li> <li>- Identify co-operative in close proximity to forestry areas</li> <li>- Source funding</li> <li>- Identify location/ business premises</li> <li>- Fulfil statutory requirements</li> <li>- Training and mentorship for co-operative</li> <li>- Marketing &amp; off-take agreements</li> <li>- Monitoring and evaluation</li> </ul>	Medium- to long term	Community	<ul style="list-style-type: none"> <li>- LDARD</li> <li>- DRDLR</li> <li>- Safcol</li> <li>- LEDA</li> <li>- SEDA</li> </ul>	<ul style="list-style-type: none"> <li>- Increased manufacturing sector growth and employment</li> </ul>
<b>Coffin Production</b>	<ul style="list-style-type: none"> <li>- Feasibility study &amp; business plan</li> <li>- Identify co-operative in close proximity to forestry areas</li> <li>- Source funding</li> <li>- Identify location/ business premises</li> <li>- Fulfil statutory requirements</li> <li>- Marketing &amp; off-take agreements</li> <li>- Training and mentorship for co-operative</li> <li>- Monitoring and evaluation</li> </ul>	Medium- to long term	Community	<ul style="list-style-type: none"> <li>- LDARD</li> <li>- DRDLR</li> <li>- Safcol</li> <li>- LEDA</li> <li>- SEDA</li> </ul>	<ul style="list-style-type: none"> <li>- Increased manufacturing sector growth and employment</li> </ul>
<b>Harvesting Rain Water</b>	<ul style="list-style-type: none"> <li>- Stakeholder engagement</li> <li>- Source funding</li> </ul>	Medium Term	Public/ Private	<ul style="list-style-type: none"> <li>- Internal</li> <li>- Private sector</li> <li>- DAFF</li> </ul>	<ul style="list-style-type: none"> <li>- Increase in households with access to running water</li> </ul>



Project	Proposed Actions	Timeframe	Project Category	Stakeholders/ Funding Sources	Performance indicator
	<ul style="list-style-type: none"> <li>- Develop action plan highlighting targets, locations and annual budget</li> <li>- Launch marketing campaign for project to get involvement of private sector</li> <li>- Incorporate into incentive policy</li> </ul>			<ul style="list-style-type: none"> <li>- LEDET</li> </ul>	
<b>Solar Power in New Developments</b>	<ul style="list-style-type: none"> <li>- Stakeholder engagement</li> <li>- Source funding</li> <li>- Develop action plan highlighting targets, locations and annual budget</li> <li>- Launch marketing campaign for project to get involvement of private sector</li> <li>- Incorporate into incentive policy</li> </ul>	Medium- to Long Term	Public/ Private	<ul style="list-style-type: none"> <li>- Internal</li> <li>- Private sector</li> <li>- DAFF</li> <li>- LEDET</li> <li>- LEDA</li> </ul>	<ul style="list-style-type: none"> <li>- Increase in households with access to electricity</li> </ul>
<b>Veld Management Programme</b>	<ul style="list-style-type: none"> <li>- Stakeholder engagement</li> <li>- Develop action plan with targets, budgets and locations for intervention</li> <li>- Identify participants/ beneficiaries</li> <li>- Link with farmer support unit project and support for restitution farms project</li> <li>- Monitoring and evaluation</li> </ul>	Long term	Public	<ul style="list-style-type: none"> <li>- DRDLR</li> <li>- DARDLA</li> </ul>	<ul style="list-style-type: none"> <li>- Increased hectares suitable for agricultural use</li> </ul>
<b>Sustainable Farming Methods</b>	<ul style="list-style-type: none"> <li>- Stakeholder engagement</li> <li>- Develop action plan with targets, budgets and locations for intervention</li> <li>- Identify participants/ beneficiaries</li> <li>- Link with farmer support unit project and support for restitution farms project</li> <li>- Monitoring and evaluation</li> </ul>	Long term	Public	<ul style="list-style-type: none"> <li>- DRDLR</li> <li>- DARDLA</li> </ul>	<ul style="list-style-type: none"> <li>- Increase in agriculture sector output</li> </ul>
<b>Tourism Product Development (Dam)</b>	<ul style="list-style-type: none"> <li>- Gap analysis and feasibility study for developing tourism products at Tzaneen Dam</li> <li>- Business Plan</li> <li>- Stakeholder engagement</li> <li>- Source funding/ attract investment/ strategic partner</li> <li>- Development of project</li> </ul>	Long term	Private/ Public	<ul style="list-style-type: none"> <li>- Private Sector</li> <li>- Tourism Associations</li> <li>- LEDET</li> <li>- LEDA</li> </ul>	<ul style="list-style-type: none"> <li>- Increase in tourist arrivals</li> <li>- Increase in tourist expenditure</li> </ul>



Project	Proposed Actions	Timeframe	Project Category	Stakeholders/ Funding Sources	Performance indicator
	- Monitoring and evaluation				
<b>Road works on major routes</b>	<ul style="list-style-type: none"> <li>- Identify main transport routes (freight &amp; tourism)</li> <li>- Stakeholder engagement</li> <li>- Develop action plan for road works as well as a maintenance plan to keep roads in good condition</li> </ul>	Long term	Public	<ul style="list-style-type: none"> <li>- Department of Public Works (EPWP)</li> <li>- Mopani District</li> <li>- Municipal Infrastructure Grant</li> </ul>	<ul style="list-style-type: none"> <li>- Number of kilometres resurfaced</li> <li>- Number of potholes fixed</li> </ul>



## 8.7 Monitoring and Evaluation Management Framework

To achieve desired goals and objectives a framework to monitor and evaluate the impact of project is needed. The monitoring and evaluation will assist the Local Municipality with:

- Determine the extent to which the LED Strategy is able meet its goals and objectives,
- Assist the municipality in its decision making process,
- Enable the municipality to take corrective action should the monitoring and evaluation indicate that the intended outcomes are not achieved
- Assist the municipality creating a database of successful and unsuccessful initiatives
- Improve future planning, and
- Increase accountability.

There are two possible approaches to monitor and evaluate the impact of the LED Strategy namely, the direct and indirect impact of the LED Strategy. The direct impact approach would need to put measures in place to determine the impact of each project. However, this approach is too costly and time-consuming and therefore the indirect approach is recommended.

### Monitoring and evaluation indicators

The fundamental step to monitoring and evaluation is employing a system able to measure outcomes and deliverables of projects. Development indexes will be employed to monitor and evaluate development as the indicators were selected on the basis that they would be reflective of the objective that they were designed to measure. They were also designed to be able to be measured on an annual basis, and be based on reliable data. Under the index are various proxies which may be referred to as indirect measurements of the impact of the various projects.

#### 8.7.1 Development Indices

##### Agricultural Development Index

In order to determine the success of agricultural development initiatives the following proxies can be used:

- ✓ Number of smallholder farmers supported
- ✓ Number of additional hectares planted

##### Human Resource Development Index

Skills development is an important component of many projects identified, as well for the overall development of the local economy of Greater Tzaneen LM. The proxies that will need to be examined thus include the following:



- ✓ Number of persons classified as highly skilled, skilled, semi-skilled and unskilled
- ✓ Number of students enrolled in local tertiary facilities
- ✓ Number of persons who have completed Grade 12
- ✓ Number of education/training related jobs created
- ✓ Number of training programmes initiated

### **Environmental Sustainability Index**

As such the key proxies for this sector are:

- ✓ Number of landfill sites
- ✓ Number of recycling initiatives
- ✓ Number of households with rainwater tanks
- ✓ Number of houses with solar panels

### **Business Development Index**

This Thrust focuses on the creation of an enabling business environment that provides a supportive platform for SMMEs and large businesses to develop and existing businesses to grow and expand. It is aimed at providing local business owners and entrepreneurs with the necessary skills and knowledge to effectively manage their businesses, as well as providing financial support and increasing access to external markets. The successful implementation of this Thrust would not only see increased direct employment, but also the generation of indirect job opportunities and further spin-off effects in the local economy. The Thrust is also aimed at seeing GVA growth, thereby increasing the incomes of local people and improving their quality of life.

The following indicators are used as a proxy to measure the success of the LED Unit in implementing this Thrust:

- ✓ Overall GVA
- ✓ Overall Employment; and
- ✓ Tress Index for GVA

### **Tourism Clustering and Development Index**

The purpose of this thrust is to further build on the existing strength of the local municipal area. To examine the outcome of this thrust the number of tourism facilities within the local municipal area is one of the main proxies that will be examined. In addition, the following proxies will be examined to determine the impact of this index:

- ✓ GVA for the catering and accommodation sector



- ✓ Employment growth for catering and accommodations
- ✓ Number of establishments accredited by the Tourism Grading Council of South Africa (TGCSA)
- ✓ Number of tourism facilities established
- ✓ Occupancy rates of tourism facilities

### LED Implementation Index

The key proxies for the **LED Implementation Index** are:

- ✓ Number of projects successfully implemented
- ✓ Number of permanent jobs created
- ✓ Number of indirect jobs created
- ✓ Number of skilled developed

### LED Review

The factors that need to be considered when reviewing the LED Strategy itself include the following:

- ✓ Changes in socio-economic and economic data
- ✓ Additions with regards to new opportunities, priorities etc.
- ✓ Alignment with new policies and plans, and
- ✓ Any other changes or new development should be reflected within the LED Strategy.

### 8.7.2 SALGA Implementation Guideline

The Local Economic Development Strategy Implementation Plan Guideline by SALGA has also been adopted to guide implementation of projects in the Local Municipality. The guideline intends to give a practical implementation plan for LED officials with key milestones and tangible outputs. The guidelines are as follows:

- **Project name and location:** This refers to what the project is being called and a brief description of what it is about. Information should also indicate the sector within which the project falls for **easier tracking of sector performance and trends**. The location of the project should also be indicated to show spatially where the main activities shall be happening and also which neighbouring areas/**wards** are **likely to benefit**.
- **Estimated Budget and Source of Funding:** The amount of money and human capital needed to successfully implement the project and an indication of where such funds are more likely to come from, e.g. Private investment/Strategic partners, IDC, DBSA, NDA and other potential funders.
- **Milestones:** Definition of tasks that should be executed in order to achieve the project goals and objectives. Milestones ought to be characterised by the task, the responsible personnel



and time or date by which the task shall be completed, e.g. if a project does not have funding, a milestone would be, a memorandum of agreement for the funding of Project A signed between DBSA and the municipality by the end of November 2012. This milestone can be broken down into activities that the LED official has to undergo before achieving it. What this mean then is that as municipalities facilitate the implementation of LED Strategies, their work plans ought to be derived from the milestones of the LED strategy implementation plan.

- **Timeframes:** Helpful for monitoring purposes. Such information should be included to realistically reflect on the duration of implementation from the start to the end of the project in order to keep track with progress.
- **Anticipated impact:** The impact is the end result which the project intends to eventually achieve, e.g. job creation, investments, faster and responsive service deliver.
- **Impact indicators:** Explains what the project intends to eventually achieve and should always be quantified for easier measurement, for example, the number of jobs created, the amount of investment lured, the number of tourist visiting and their spend.

*(Source: SALGA: Local Economic Development Strategy Implementation Plan Guideline, 2011)*





## Section 9: Conclusion

The successful implementation of this LED strategy urges the need for the proposed institutional drivers to be established as a matter of urgency. This is essential in ensuring that momentum and commitment is not lost. Furthermore, institutional drivers will probably not success unless the political ambition to ensure success is not included in the LED process as a whole. This political ambition can be initiated and developed through the inclusion of all interested and affected parties, stakeholders and role players during the implementation and planning phases. Through the participation and inclusion of all these stakeholders, the political will, interest and communication is stimulated, which when combines, will contribute to the success of the Strategy.

Another critically important aspect for the successful implementation of the LED Strategy is the need to ensure that all stakeholders and parties involved in the LED process take ownership of the programmes and projects identified. It is also important that the monitoring and evaluation elements of the Strategy are incorporated into the performance management system of Greater Tzaneen LM. This will ensure accountability and responsibility for the implementation of the LED Strategy and its programmes, and will eradicate potential conflicts.

The following is recommended to achieve optimal sustainable local economic development, employment creation and human resource development:

- ✓ Start focusing on sectors with the highest development potential, followed by the sectors with less potential. Ensure balances stimulation of growth and development within all sectors
- ✓ Before deciding on the implementation of specific projects, ensure that the adequate funding sources and management capacity are in place
- ✓ Start implementing projects with the highest potential for stimulating economic growth and development
- ✓ Make sure that the projects that stimulate economic growth do not adversely affect the environment and human living conditions
- ✓ Set reasonable time frames for the implementation and ensure effective and continuous monitoring of project progress and effects

Numerous development opportunities exist within Greater Tzaneen LM. However, the possibility of implementing all of the potential projects is not realistic. Financial, institutional as well as market limitation are a constraining factor. Ensuring an enabling environment for future development in the Greater Tzaneen LM is however critically important.



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