



2013

## MAKHADO LOCAL ECONOMIC DEVELOPMENT STRATEGY



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**ACRONYMS AND ABBREVIATIONS**

<b>AIDS</b>	:	Acquired Immune Deficiency Syndrome
<b>CBD</b>	:	Central Business District
<b>CBO</b>	:	Community Based Organisation
<b>CRDP</b>	:	Comprehensive Rural Development Programme
<b>CSIR</b>	:	Council for Scientific and Industrial Research
<b>CTA</b>	:	Community Tourism Association
<b>DC</b>	:	Development Corridors
<b>DDP</b>	:	Department of Development and Planning
<b>DGP</b>	:	District Growth Point
<b>District</b>	:	Vhembe District Municipality
<b>DMR</b>	:	Department of Mineral Resources
<b>DoL</b>	:	Department of Labour
<b>DTI</b>	:	Department of Trade and Industry
<b>FET</b>	:	Further Education and Training
<b>GVA</b>	:	Gross Value Added
<b>HDI</b>	:	Human Development Index
<b>HIV</b>	:	Human Immunodeficiency Virus
<b>IDP</b>	:	Integrated Development Plan
<b>LDA</b>	:	Limpopo Department of Agriculture
<b>LDRT</b>	:	Limpopo Department of Roads and Transport
<b>LED</b>	:	Local Economic Development
<b>LEDET</b>	:	Limpopo Economic Development, Environment and Tourism Department
<b>LEDA</b>	:	Limpopo Economic Development Agency
<b>LEGDP</b>	:	Limpopo Employment, Growth and Development Plan
<b>Limpopo</b>	:	Limpopo Province
<b>LSP</b>	:	Local Service Point
<b>LTA</b>	:	Limpopo Tourism Authority
<b>Makhado</b>	:	Makhado Local Municipality
<b>MGP</b>	:	Municipal Growth Point
<b>MINTEK</b>	:	Mining Technology
<b>MLM</b>	:	Makhado Local Municipality



<b>Municipality</b>	:	Makhado Local Municipality
<b>NAFCOC</b>	:	National African Chamber of Commerce and Industry
<b>NSDP</b>	:	National Spatial Development Perspective
<b>PGP</b>	:	Provincial Growth Point
<b>Province</b>	:	Limpopo Province
<b>SDF</b>	:	Spatial Development Framework
<b>SEDA</b>	:	Small Enterprise Development Agency
<b>Study Area</b>	:	Makhado Local Municipality
<b>SMME</b>	:	Small Medium, Micro Enterprise
<b>TIL</b>	:	Trade Investment Limpopo
<b>TISA</b>	:	Trade Investment South Africa
<b>UNIVEN</b>	:	University of Venda
<b>VDM</b>	:	Vhembe District Municipality
<b>Vhembe</b>	:	Vhembe District Municipality



TABLE OF CONTENTS	
ACRONYMS AND ABBREVIATIONS.....	2-3

EXECUTIVE SUMMARY.....	9-13
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## SECTIONS

1. INTRODUCTION.....	14
1.1 Background.....	14
1.2 Report Structure.....	14
1.3 What is LED.....	14-15
1.4 Approach and Methodology.....	15-16
1.5 Geographic Location.....	16
1.6 Legislative and Policy Framework.....	16-17
2. PROFILE OF MAKHADO LOCAL MUNICIPALITY.....	18
2.1 Overview.....	17
2.2 Demographic Profile.....	18
2.2.1 Population.....	18-19
2.2.2 Age distribution.....	19
2.2.3 Education.....	19-20
2.3 Labour Profile.....	20
2.4 Development Profile.....	21
2.4.1 Poverty profile.....	21
2.4.2 Human Development Index.....	21
2.4.3 Local Gini Co-Efficient.....	22
2.5 Social Issues.....	22
2.5.1 Crime.....	22-23
2.5.2 HIV/AIDS.....	23-24
2.6 Basic Services.....	24-25
2.7 Spatial Profile.....	25
2.7.1 Land size.....	25
2.7.2 Land tenure.....	25
2.7.3 Land use.....	25
2.7.4 Growth points.....	26
2.7.5 Development corridors.....	26-27
2.8 Environmental Profile.....	27
2.8.1 Hydrology.....	27-28
2.8.2 Soils.....	28
2.8.3 Climate.....	28
2.9 Infrastructure Profile.....	29
2.9.1 Water.....	29
2.9.2 Electricity.....	29-30
2.9.3 Transport.....	30-31
2.9.4 Telecommunications.....	31-32
2.9.5 Social infrastructure.....	32-33
2.9.6 Commercial and industrial property.....	33-34
3. A PROFILE OF MAKHADO LOCAL MUNICIPALITY ECONOMY.....	34
3.1 An introduction to Makhado economy.....	34
3.2 Gross Value Added.....	35-36
3.3 Gross Domestic Product.....	36-37
3.4 Employment by Sector.....	38
3.5 Comparative Advantage.....	38-39
3.6 Income and Expenditure.....	39
3.6.1 Income.....	39
3.6.2 Expenditure.....	40
3.7 International Trade.....	40-41
3.8 Profile of Economic Sectors.....	42
3.8.1 Agriculture.....	42-50
3.8.2 Mining.....	50-53
3.8.3 Manufacturing.....	53-56
3.8.4 Tourism.....	56-62



3.8.5	Community Services.....	62-63
3.8.6	Trade.....	63-64
3.8.7	Finance.....	64-65
3.8.8	Transport.....	65-66
3.8.9	Construction.....	66-67
3.8.10	Utilities.....	67
3.9	Business in Makhado.....	68
3.9.1	Overview.....	68-71
3.9.2	SMME's.....	71-72
3.9.3	Cooperatives.....	73
3.9.4	Informal Sector.....	73-74
3.9.5	Business Associations and Networks.....	75
4	SWOT/ANALYSIS.....	76-77
5	A STRATEGY FOR ECONOMIC DEVELOPMENT IN MAKHADO.....	78
5.1	Overview.....	78
5.2	LED Vision.....	78
5.3	Goals and Objectives.....	78-79
5.4	Key Strategic Thrusts.....	79
5.4.1	Thrust 1: SMME and business development.....	79-83
5.4.2	Thrust 2: Economic infrastructure development.....	83-84
5.4.3	Thrust 3: Agriculture development.....	84-86
5.4.4	Thrust 4: Investment attraction.....	86-88
5.4.5	Thrust 5: Tourism development.....	88-90
5.4.6	Thrust 6: Mining development.....	90-91
5.4.7	Thrust 7: Manufacturing development.....	92-93
5.4.8	Thrust 8: Human resource development.....	94-95
6	IMPLEMENTING THE LED STRATEGY.....	96
6.1	Overview.....	96
6.2	Implementation Plan.....	97-100
6.3	Institutional Arrangements.....	101
6.3.1	Development planning portfolio committee.....	101
6.3.2	LED Unit.....	101-102
6.3.3	LED Forum.....	102
6.3.4	Key Role Players.....	102-104
6.4	Monitoring and Evaluation.....	105
	STAKEHOLDERS CONSULTED.....	106
	REFERENCES.....	107

## ANNEXURES

### ANNEXURE A: ROLLOUT PLAN

### ANNEXURE B: BUSINESS OPPORTUNITIES IN MAKHADO

## List of Maps

- Map 3-1 Planned Coal Projects
- Map 3-2 Ribolla Open Africa Route

## List of Figures

- Figure 1-1 Approach
- Figure 1-2 Methodology
- Figure 1-3 Summary of Legislative and Policy Framework
- Figure 2-1 Population
- Figure 2-2 Population by Age and Sex



- Figure 2-3 Education Levels
- Figure 2-4 Employment Profile
- Figure 2-5 Poverty Levels (2001-2011)
- Figure 2-6 Human Development Index (2001-2011)
- Figure 2-7 Gini co-efficient
- Figure 2-8 Crime Statistics (April 2010-March 2011)
- Figure 2-9 HIV/AIDS Rate (2001-2011)
- Figure 2-10 Development Corridors
- Figure 2-11 Soil Potential
- Figure 2-12 Access to Telecommunication Services
- Figure 3-1 Limpopo GVA (2001-2011)
- Figure 3-2 Vhembe GVA (2001-2011)
- Figure 3-3 Makhado GVA (2001-2011)
- Figure 3-4 Makhado GDP
- Figure 3-5 Annual GDP Growth
- Figure 3-6 Employment by Sector
- Figure 3-7 Location Quotient (2001-2011)
- Figure 3-8 Household Income
- Figure 3-9 Household Expenditure
- Figure 3-10 Top Five Exports
- Figure 3-11 Major Exports Destination Countries
- Figure 3-12 % of Livestock Area
- Figure 3-13 Summary of Mineral Occurrence
- Figure 3-14 Share of Accommodation Establishments
- Figure 3-15 Location of Businesses
- Figure 3-16 Business Registration Type
- Figure 3-17 Residence of Business Owners
- Figure 3-18 Type of Physical Structure
- Figure 3-19 Business Sectors
- Figure 3-20 Employee Structure
- Figure 5-1 Strategic Thrusts
- Figure 6-1 Rollout Plan
- Figure 6-2 Proposed Organogram

## List of Tables

- Table 1-1 Summary of Legislative and Policy Framework
- Table 2-1 Access to Basic Services
- Table 2-2 Growth Points
- Table 2-3 Public Transport Routes
- Table 2-4 Shopping Centres
- Table 3-1 Crop Production
- Table 3-2 State and Community Owned Plantations
- Table 3-3 Farms with Mineral Resources
- Table 3-5 Tourism Attractions
- Table 3-6 Summary of Trade Activities
- Table 3-7 Summary of Institution Providing Business Support
- Table 4-1 SWOT Analysis
- Table 6-1 Implementation Plan
- Table 6-2 Anchor Projects



- Table 6-3 Role of Key Players

## List of Pictures

- Picture 2-1 Makhado Crossing Shopping Centre
- Picture 3-1 Banana Plantation in Levubu
- Picture 3-2 Cattle Farm
- Picture 3-3 Limpopo Dairy Farm
- Picture 3-4 Musekwa Goat Farming Project
- Picture 3-5 Macadamia Oil
- Picture 3-6 Forestry Plantation
- Picture 3-7 Dairy Products
- Picture 3-8 Pottery Manufactured in Mukondeni Village
- Picture 3-9 Soutpansberg Mountains
- Picture 3-10 Giraffe at one of the Nature Reserves
- Picture 3-11 Natural Hot Springs
- Picture 3-12 Tshakhuma Fruit Market
- Picture 5-1 Moringa Tree and Processed Moringa Food Supplement



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## EXECUTIVE SUMMARY

Makhado Local Municipality appointed Lifhasi Investment to undertake a review of the Local Economic Development Strategy (LED) for the Municipality. The LED is a component of the Municipality's overall strategic plan as outlined in the Integrated Development Planning process. The strategy provides the Municipality with guidelines to create and facilitate economic development, realise the underlying economic development potential, and encourage private sector investment and employment creation.

The Municipality of Makhado is located in the northern parts of Limpopo Province. Its territory covers an area of 8567.38 km<sup>2</sup>. It share borders with the following local municipalities, namely, Blouberg, Musina, Molemole, Greater Letaba, Greater Giyani, Mutale and Thulamela. At least 2.6% of the municipality is urban whereas 97.4% is rural. The major towns include Makhado town, Dzanani, Waterval, Vleifontein and Vuwani. It consists of 38 wards and it is furthermore divided into four sub-areas or administrative clusters, namely: Vuwani, Dzanani, Waterval and Makhado.

The proximity to the N1 highway and districts roads such as R521, R523 and R522 which connects the municipality to African and national markets, productive fresh produce farms, good climatic conditions, availability of a rail network, gives the area a competitive advantage.

### Socio-economic Profile

The socio-economic profile of the municipality revealed the following:

Population	The current population in Makhado is 516,031
Gender Distribution	At least 54% of the population are females Males comprises about 46% of the population
Population Groups	Black African comprises 97.30% of the population White (3%) Asian (0.35%) Coloured (0.21%)
Age Distribution	The age group between 0-14 years comprises 35% of the population The functional age group (15-64) comprises 58% of the population The proportion of the people from the age of 65 years and older is very low at 7%
Number of Households	There are 134,889 households in Makhado
Population Growth Rate	Makhado population grew by 0.4% between 2001-2011
Educational Levels (20 years and older)	No schooling: 18.93% Some primary: 10.66% Completed primary: 4.54% Some secondary: 34.87% Grade 12: 22.06% Higher education: 8.93%
Labour Market	At least 78,768 of the population is employed The current unemployment rate is 36.70%
HIV/AIDS	At least 49.60% of the youths are unemployed At least 35,394 people are living with HIV positive, whereas 1,706 are living with AIDS
Development Profile	At least 45.4% of the population is living under poverty.



The Human Development Index is 2011 the 0.53  
The municipality had a Gini co-efficient of 0.60 in 2011  
which is just slightly higher than that of Vhembe (0.59)

## Access to Basic Services

Access to basic services is improving as 92% of households are living in formal dwellings, 89% have access to electricity for lighting and 44% have piped water inside their dwellings. Refuse removal by the municipality reaches only 10% of households and only 15% have access to flushing or chemical toilets.

## Economic Profile

Makhado has the second biggest economy in Vhembe District. The sector, which contributed the most to the GVA in Makhado Municipality, is the Community Services (33%) followed by the Finance Sector (26%) and Trade Sector (15%). This shows the same trend as in the Limpopo Province where Mining is by far the largest contributor to the GVA. The contribution of Agriculture to the GVA has grown more on Provincial and District level than on National level. The mining sector has grown on National level as well as on District level while the manufacturing sector has grown slightly less on regional level.

Community service and trade sectors are the predominant employers within the study area, responsible for just over 27% and 19% of the active work force respectively. Agriculture is the third largest employer absorbing around 17% followed by the construction sector (8%), finance (5%), transport (5%), manufacturing (5%), and mining (1%).

Agriculture is one of the most important economic sectors in Makhado, and it has a location quotient of 1.75. The area is one of the major producers of Macadamia Nuts in Limpopo Province, with a planted area of 5661.07 hectares. The nut is either exported out of the Municipality in its raw state or sold for further processing into oils. Makhado is also a major producer of avocados with a total planted area of 3005.65 hectares. Other subtropical fruit including mangoes, avocados and bananas are also grown in the area. In fact 12% of the total land area in Levubu is under the production of bananas. These sub-tropical fruits are also either sold to outside markets or used for further processing such as juices, aachaar, dried fruit and pulp.

Mining sector in the area is currently dominated by medium and small-scale mining companies such as WG Wearne and Crystal Salt. These companies currently produce sand and salt respectively. There exist plenty opportunities for small-scale and large scale mining of minerals that can be found in the Schiel Complex and the Bandelier Complex. These minerals include Phosphate, Vermiculite, Gold, Magnetite, Mica, Limestone, Marble, Manganese, Graphite, Coal, Corundum, Copper, etc. Furthermore there are planned coal projects in the Mudimeli area (Makhado Colliery), Chapudi Coal Project. There is also a gas project to be constructed at the envisaged Makhado Colliery. All these projects are being developed by Coal of Africa.

The Tourism Sector has become increasingly important in the Municipality. The rich cultural heritage of the area, natural beauty, proximity to the N1, large dams (such as Albasini), waterfalls, breathing stone and the climate gives it competitive advantage in tourism. Various tourism routes exist in the area, such as the Ivory route, Ribolla Open Africa Route, Greater Mapubungwe Route, and the Soutpansberg Birding Route. Major tourism products in the area include Dzata Ruins and Schoemansdal Museum.

The manufacturing sector is mostly focussed on the processing of products from the agricultural sector. Agro-processing creates opportunities for skills developments and also supplies a market for small-scale farmers who currently do not have access to the market. There processing of timber is also being undertaken in the Municipality although there are more opportunities in this subsector.



There are various constraints that are hampering development in the Municipality and this include inter alia skills level of the population, poverty, aging infrastructure, lack of industrial infrastructure in the rural areas, problems with the supply of water, etc. These constraints need to be addressed to ensure sustainable economic growth and development in Makhado.

Various opportunities exist for economic development in the Municipalities. These opportunities were identified through a SWOT Analysis which was conducted during the analysis phase. Some of the identified opportunities are agro-processing, transportation of forestry products, milling, beneficiation, harvesting and siculture activities; small scale mining and beneficiation of minerals such as clay, stone aggregate; untapped minerals for large scale mining; business linkages between existing and planned mines with local businesses through the supply of mining inputs such as spares and machinery; and joint venture between emerging contractors when tendering for high value construction projects.

## Strategic Thrusts

In light of the key sectors identified in Makhado and the existing opportunities identified, the LED strategy developed eight strategic thrusts for economic development. These thrusts had been identified during the process of consultations with various stakeholders including government departments, the community, businesses and workshops.

The following table indicates the thrusts along with the identified programmes and projects.

Thrust	Programme	Projects
SMME and Business Development	Promoting innovation and diversification	Makhado business awards
		Best business idea competition
	Promote market access for locally produced goods and services	Local procurement
		Initiate buy local campaigns
		Annual networking sessions
		Makhado monthly flea markets
	Promote business retention	Annual business retention survey
		Business visitation programmes
	Provision of integrated holistic business support services	Establishment of a one stop-centre
		Business incubators
Improving local business environment	Reduce the complexity of business applications	
	Reduce time it takes to process business applications	
Development of Informal Traders	Informal traders working committee	
	Database of informal traders	
Infrastructure Development	Ensure that there is a enough land for business needs	Land and property database
		Engage LEDA for the reopening of small business industries
	Create the local infrastructure for economic development	Small rural retail centres
		Conduct an audit of business sites and premises to determine the required support infrastructure
		Tshakhuma fruit market revitalisation project



		Revitalisation of informal traders markets
		Makhado N1 Arts and Crafts Centre
		Compile a CBD Development Plan
Agriculture Development	Diversification into niche markets	Game farming
		Commercial bee farming and honey production
		Cultivation, harvesting and processing of Moringa crop
	Emerging farmers development programme	Certification and accreditation of local farmers with Fairtrade
		Commercial-emerging farmers partnership
		Farmer of the year competition
		Makhado farmers day expo
		Certification of the Vhembe Fresh Produce Market with DTI
	Promotion of commercial farming in rural areas	Establishment of a feedlot
		Commercial feed mill
Establishment of agri -parks		
Investment Attraction	Investment generation	Makhado investors conference
		Outward missions
		Investment incentives scheme
		Makhado annual show
	Image building	Local business directory
		Investment opportunities guide
		Guide to municipal approval processes
Tourism Development	Tourism facilities	Location signage
		Grading programme
		Enhance and expansion of Makhado Tourism Centre
		Development of recreation facilities
	Tourism marketing	Creation of a tourism image
		Increase publicity activities
		Familiarisation trips
		Tourism dedicated website
		Tourism ambassador
		Tourism management information system
	Tourism SMME support	Schoemansdal schools tourism education camp
		Capacity building of tourism SMME
		Access to marketing platforms
Mining Development	Promotion of small scale mining	Database of mining permit/licence holders
		Comprehensive support services to prospective small scale miners



Manufacturing Development	Promotion of green economy	Makhado mining indaba
		Recycling of waste plastic, cans, bottles, etc
		Production of compost from waste food
	Beneficiation of local agricultural produce	Renewable energy project
		Fruit juice processing
		Bananas puree processing
		Avocado oils processing
		Macadamia oils processing plant
	Beneficiation of forestry products	Drying and packaging of wild vegetables
		Manufacturing of household, office and school furniture
	Promotion of small scale manufacturing in rural areas	Manufacturing of wooden arts and crafts products
		Manufacturing of steel products
		Manufacturing of chemical products
Human Resources Development	Skills development programme	Skills Development Task Team
		Skills Audit
		Skills Development Strategy
		Bursary and Scholarship Scheme
	Institutional Development	Create the position of One Stop Centre Advisor
		Investment Promotion and Marketing Officer
		Fill all the existing vacancies



## SECTION 1: INTRODUCTION

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### 1.1 Background

The strategy was commissioned by Makhado Local Municipality and it has been prepared by Lifhasi Investments. The overarching aim of this strategy is to achieve an improved competitive position for the Makhado Municipality. The scope of work as articulated in the Terms of Reference<sup>1</sup> provided for the review of the LED document and mobilization of stakeholders during the review.

The purpose of this study report was to review the 2005 Local Economic Development and formulate a comprehensive LED Strategy. It seeks amongst other things, the exploration of economic opportunities that exist within the area and robust approach to economic development through establishment of the LED Framework that aims at addressing local economic development.

### 1.2 Report Structure

With the exception of this section, the other sections of the report include:

- **Section 2: A Profile of Makhado Local Municipality:** This section presents the detailed profile of the Municipality. It presents demographic characteristics, socioeconomic characteristics, physical & geographical characteristics, linkages & connectivity to nearby locations, etc. The section also provides an analysis of the major infrastructure.
- **Section 3: Profile of Makhado Local Municipality Economy:** A broad economic overview of the Municipality is provided, containing relevant information on the gross value added, annual growth and comparative advantage. This is followed by a comprehensive sectoral analysis. An analysis of businesses in Makhado is also made, and it profiles SMME's, Cooperatives, informal sector in the area.
- **Section 4: SWOT Analysis:** This section presents the strengths, weaknesses, opportunities and threats to the local economy.
- **Section 5: Strategy for Economic Development:** The purpose of this section is to present the LED Strategy for the local economic development of Makhado.
- **Section 6: Implementing the LED Strategy:** This section describes the implementation phase of the LED and makes firm recommendations on the implementation of the LED strategy.

### 1.3 What is LED

Blakely<sup>2</sup> definition of LED is that, it is as a process by which public, private and community role players within a specific area manage their shared resources in a manner that is sustainable and equitable through an inclusive and participative process. This process should ideally be based on partnership arrangements and could include the formation of new institutions, the development of alternative industries, the improvement in capacity of existing employers to produce better products, the development of new markets, the sharing of knowledge, as well as the promotion of new firms and businesses.

An LED strategy should address the economic developmental objectives of the municipality, through the identification and coordination of opportunities for development; and become the basis for the municipality to partner with other stakeholders (civic, business, NGO's, labour, etc) through formal LED forums representing all the identified stakeholders and other interest groups.

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<sup>1</sup> Quotation: The Review of the Makhado LED Strategy, Quote No.MAK000069/2012.

<sup>2</sup>Blakely. E. 1994. Planning Local Economic Development, Theory and Practice, Second Edition.



Rodriguez-Pose (2001, pp. 11-12)<sup>3</sup> identifies numerous advantages related to the adoption of LED strategies. The advantages are broken down between economic and social advantages.

The social advantages are that:

- LED strategies empower local societies and generate local dialogue. Until recently people living in many areas of the developing world have had little say or control over economic activity taking place in their territory and now are beginning to adopt a more proactive stance with respect to their own future.
- LED strategies should assist in making local institutions more transparent and accountable thus contributing to the development of local civil society.

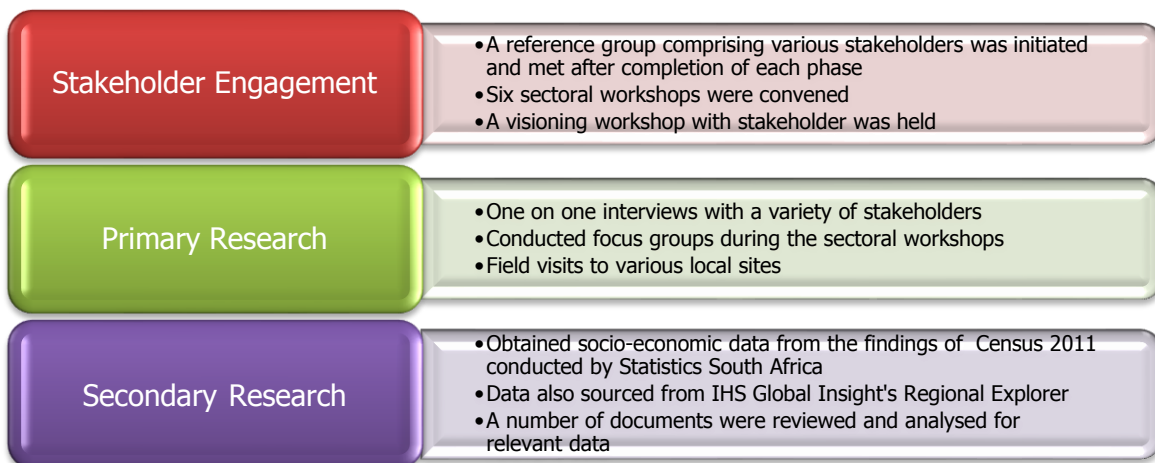
The economic advantages of the approach of LED are the most significant:

- As LED strategies seek to embed economic activity in a territory and make economic activity dependent on the specific economic conditions and comparative advantages of that place, they generate sustainable employment in enterprises more capable to withstand changes in the global economic environment.
- As a result of the involvement of local stakeholders and the rooting of economic activity in a territory, LED strategies can also contribute towards a general improvement in the quality of jobs.

## 1.4 Approach and Methodology

This report has been compiled following extensive consultation and research as depicted in figure 1-1 below.

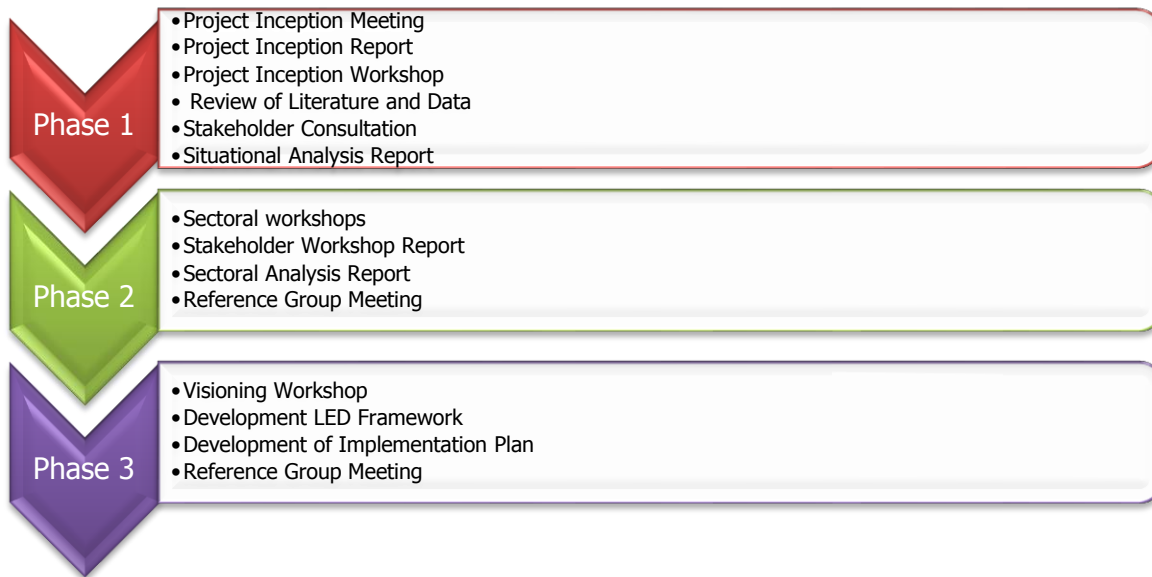
**Figure 1-1 Approach**



The methodology applied in this study is divided into three (3) phases that are illustrated in Figure 1-2 below.

<sup>3</sup>Rodriguez-Pose, A., 2001: The Role of the ILO in Implementing Local Economic Development Strategies in a Globalized World, Unpublished paper, London School of Economics, London.

Figure 1-2 Methodology



## 1.5 Geographic Location

The Municipality of Makhado is located in the northern parts of Limpopo Province. Its territory covers an area of 8567.38 km<sup>2</sup>. It share borders with the following local municipalities, namely, Blouberg, Musina, Molemole, Greater Letaba, Greater Giyani, Mutale and Thulamela. At least 2.6% of the municipality is urban whereas 97.4% is rural. The major towns include Makhado town, Dzanani, Waterval, Vleifontein and Vuwani. It consists of 38 wards and it is furthermore divided into four sub-areas or administrative clusters, namely: Vuwani, Dzanani, Waterval and Makhado.

It is connected to major cities in Gauteng Province via the N1, which is an important asset for the further development of the area and to connect it with outside markets. The Trans-Limpopo Corridor proceeds through the Municipality and follows the N1 from Polokwane in the south through Makhado into Musina and Zimbabwe in the north.

## 1.6 Legislative and Policy Framework

This subsection scans various pieces of legislation as well policies designed to promote and support the development of local economies and conclude by looking on the implications they will have on the envisaged LED Strategy. An LED Strategy is a key determinant of growth and of poverty reduction in an area and therefore local economic development issues need to be integrated into mainstream planning processes affecting these and other development objectives.

The LED Strategy should be developed in the context of the South African wide economic environment. There should be convergence in the underlying principles of national, provincial and local government level planning frameworks and the LED Strategy. More broadly, convergence is necessary to avoid duplication, confusion and straining of capacity and resources.

As the strategy could not be developed in isolation of the political, economic and social factors affecting the Municipality, a review of relevant documents was carried out. Legislation and policy documents reviewed include: Constitution of the Republic of South Africa; New Growth Path; National Framework for LED; National Development Plan; National Spatial Development Perspective; National Industry Policy Framework; Comprehensive Rural Development Programme; Limpopo Employment, Growth and Development Plan; and Limpopo Spatial Development Framework.



Figure1-3 Summary of Legislative and Policy Framework



## SECTION 2: PROFILE OF MAKHADO LOCAL MUNICIPALITY

### 2.1 Overview

This section provides a situational analysis of Makhado Local Municipality. The LED Strategy for Makhado Municipality is based on a thorough analysis and understanding of a range of development indicators, particularly the following, population structure and dynamics; spatial structure; infrastructure; access to basic services; access to public facilities and social amenities; access to land and security of tenure; and quality of life.

Each of these aspects of development has been assessed with a view to identify trends that should be strengthened or redirected, opportunities and constraints, and areas that require immediate intervention.

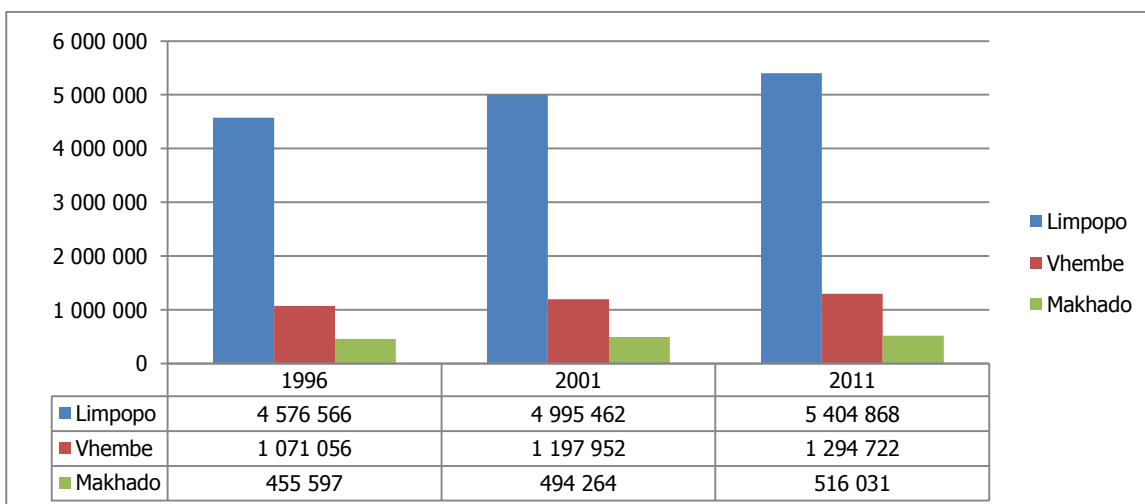
### 2.2 Demographic Profile

To understand the current conditions of Makhado, where it is going and its relationship to the surrounding municipalities, the district and province, various demographic statistics were gathered and analyzed. Data was sourced from Statistics South Africa and IHS Global Insight Regional Explorer.

#### 2.2.1 Population

The figure below (2-1) is depicting the population of Makhado Municipality which is comprised of 516,031 people, and constituting 9.55% share of the total population of Limpopo Province and 39.86% of Vhembe's population. The number of households in Makhado is 134,889, as per 2011 census and the average members per household has declined from 4.4 in 2001 to about 3.8 in 2011.

**Figure 2-1 Population**



Source: Statistics South Africa (2012)

Females comprise the majority of the population at a provincial (53%) and district (54%) level. This is also mirrored within the study area, where females constitute 54% (279,326) of the population compared to males who constitute 46% (236,759) of Makhado population. In terms of the population groups, Black Africans comprises the majority of the population with 97.30% followed by Whites at 2%, Asians/Indians 0.35% and Coloured 0.21%.

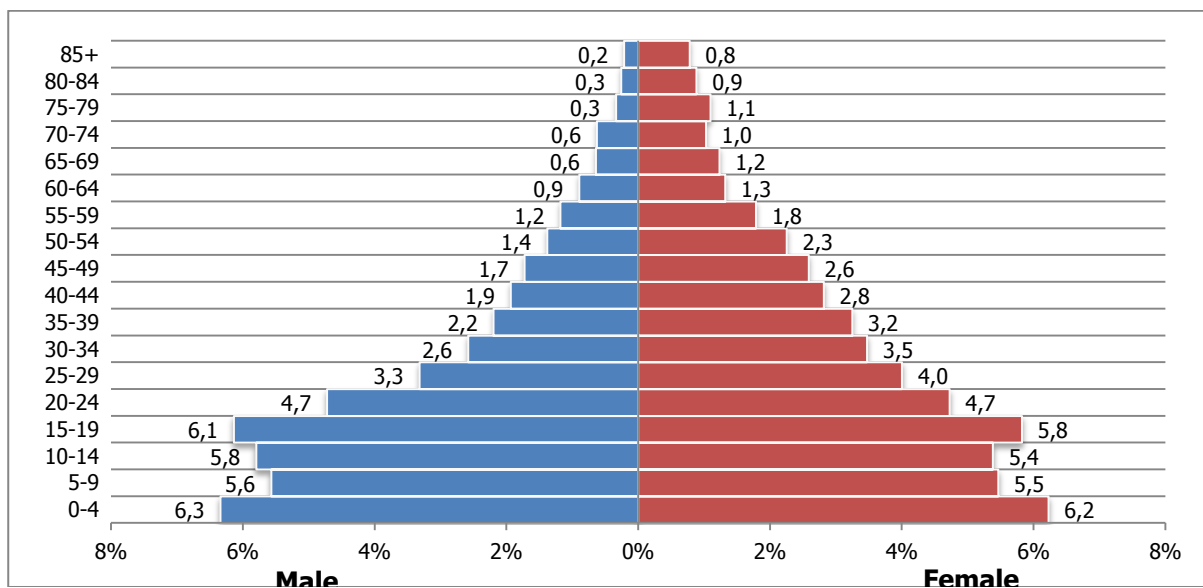


Makhado Municipality experienced significant population growth between 1996 and 2001 whereby the population grew at a rate of 1.6%. The population growth rate for the period between 2001 and 2011 was recorded at 0.4% in the Municipality which is less than the growth rate in Vhembe (0.8%) during the same period, and the provincial population growth for the same year was also 0.8%.

### 2.2.2 Age Distribution

A review of the population by age of the Municipality reveals some important considerations. The population size by age is reported in figure (2-2) below, and the data shows those between 0-14 years comprises 35% of the population, while the functional age group (15-64) comprises 58% of the population. The proportion of the people from the age of 65 years and older is very low at 7%.

Figure 2-2 Population by Age and Sex



Source: Census 2011, Statistics South Africa (2012)

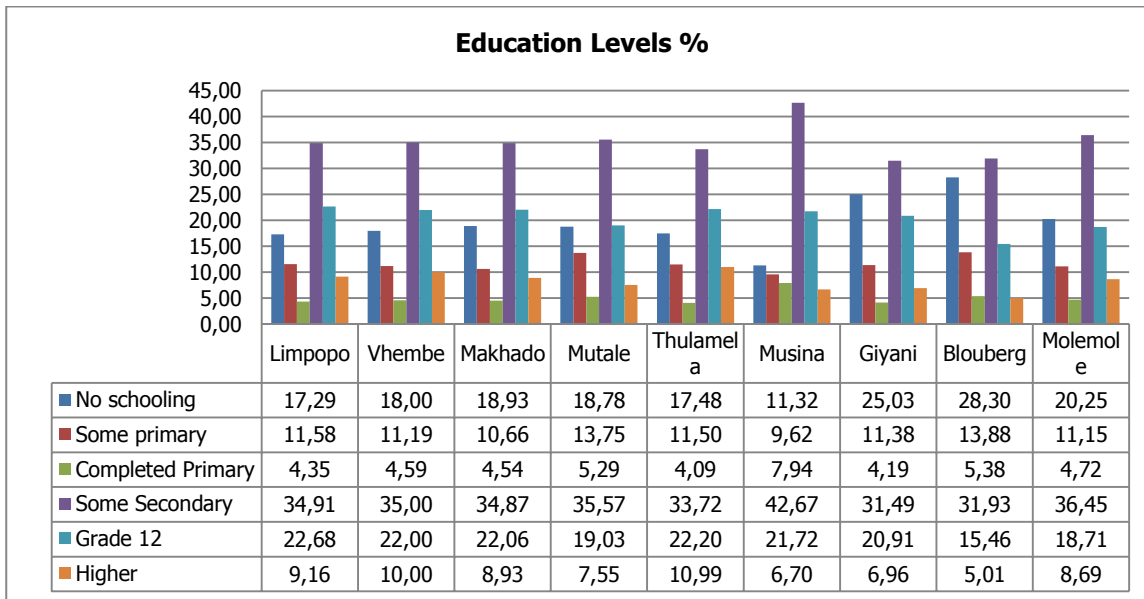
### 2.2.3 Education

The level of educational accomplishment in an area can be used as a general indicator of the capacity for improvement of the local population. Generally put, educational attainment is often seen as a contributing factor to the quality of the human capital, or the accumulation of skills and talents which manifests itself in the educated and skilled workforce of the region.

Figure 2-3 below is depicting the highest level of education among people who are 20 years and older in Makhado as compared to other neighbouring local municipalities. In 2011, approximately 11% of the population over 20 years of age had attained some form of primary education. At least 19% of people have had no schooling, 22% people have a Grade 12 education, and 9% people have attained a higher education. This analysis reveals that the population in Makhado is most heavily weighted towards high school education.



Figure 2-3 Education Levels

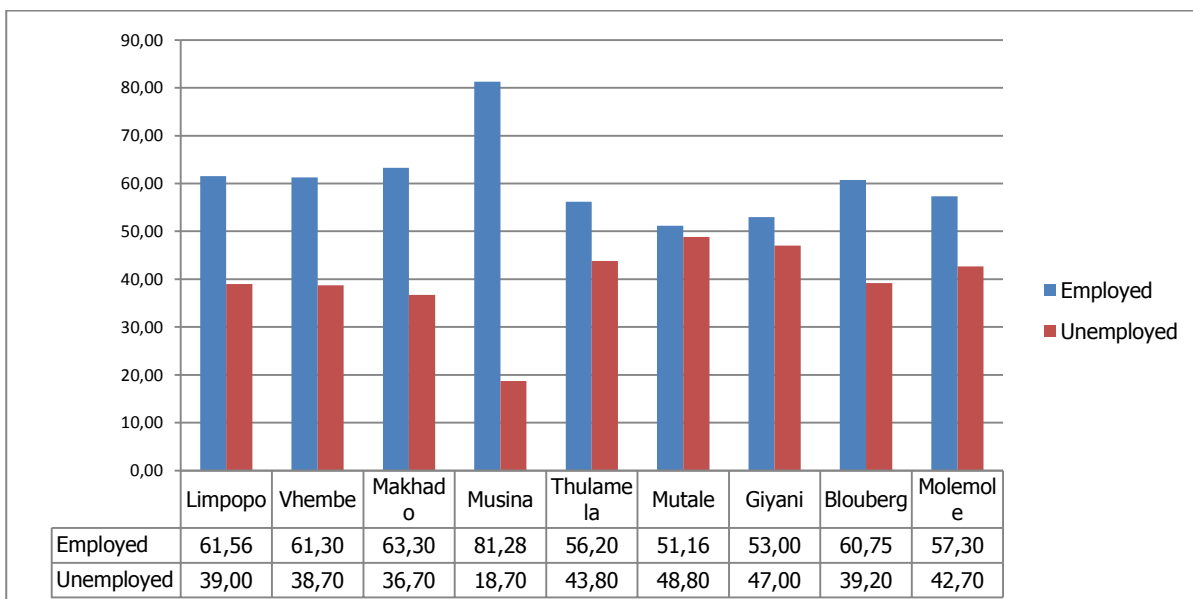


Source: Census 2011, Statistics South Africa (2012)

## 2.3 Labour Profile

According to the results of Census 2011, the Municipality had an Economically Active Population (EAP) of 124,473 which represent about 24.12% of the entire population of Makhado. In recent years, in common with the provincial and district economies, the Municipality has experienced an increase in overall employment levels. The total number of employed people is 78,768 (63%) of the EAP and the total number of unemployed persons is 45,705 (36.7%) of the EAP. The unemployment rate in Makhado has decreased by 8.2% in recent years (from 44.9% in 1996 to 36.70% in 2011). The unemployment rate for Limpopo as a whole has also decreased by 6.1% in the same period (from 45.1% to 39%).

Figure 2-4 Employment Profile



Source: Census 2011, Statistics South Africa (2012)

The unemployment rate amongst the youths (15-34years) has also declined from 62.30% in 2001 to 49.60% in 2011, but it remains very high.

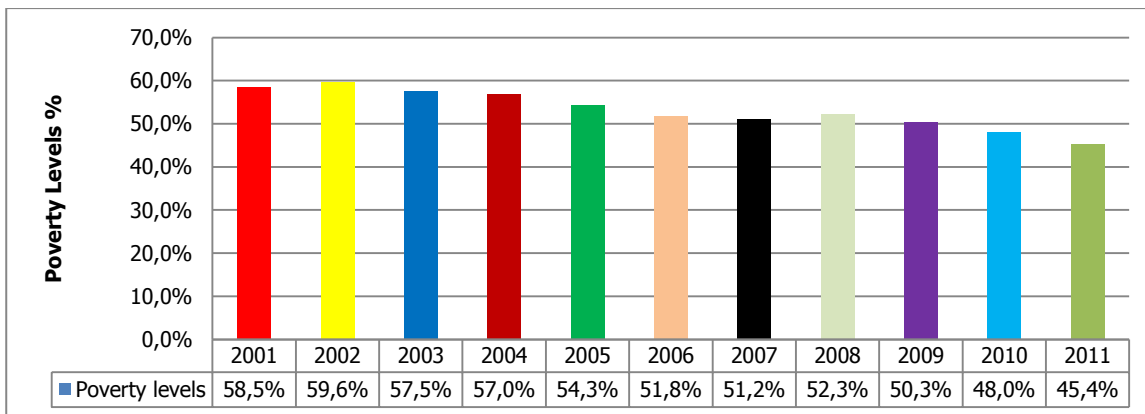


## 2.4 Development Profile

### 2.4.1 Poverty Profile

There are pockets of extreme poverty within the area. Patterns of poverty and inequality have been reinforced by economic trends that have impacted harshly on semi-skilled and unskilled workers. This includes the seasonal nature of agricultural, tourism and domestic work. Between the years 2001 and 2011 the poverty level has declined by 13.10% and in 2011 45.4% of the population were living in poverty.

Figure 2-5 Poverty Levels (2001-2011)

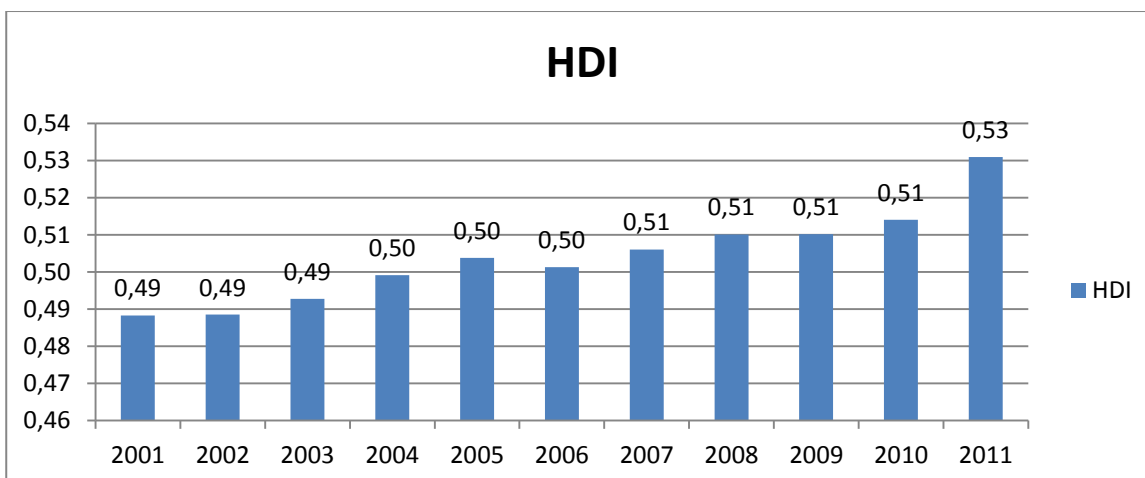


Source: IHS Global Insight (2012)

### 2.4.2 Human Development Index

The Human Development Index (HDI) is a composite, relative index which attempts to quantify the extent of human development of a community. It is based on measures of life expectancy, literacy and income. It is thus seen as a measure of people's ability to live a long and healthy life, to communicate, to participate in the life of the community and to have sufficient resources to make a decent living. The HDI can assume a maximum value of 1, indicating a high level of human development, and a minimum value of 0. The HDI for 2001-2011 in the area is depicted in the figure below and in 2011 the HDI level was 0.53.

Figure 2-6 Human Development Index (2001-2011)



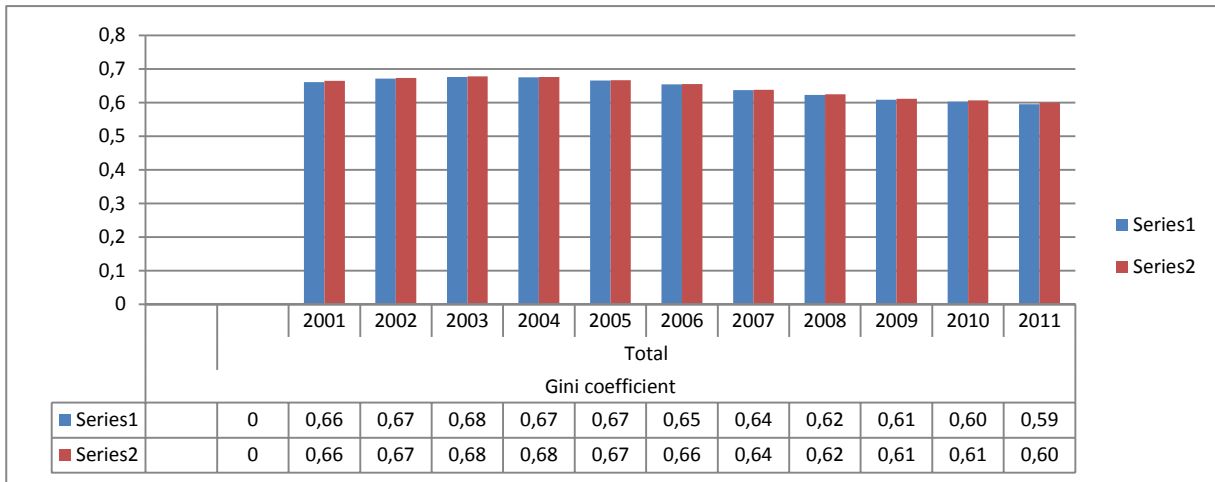
Source: IHS Global Insight (2012)



### 2.4.3 Local Gini Co-Efficient

Gini coefficient is commonly used as a measure of inequality of income or wealth. It measures the inequality among values of a frequency distribution (for example levels of income). The figure below is depicting the local Gini co-efficient in comparison with that of Vhembe District Municipality. The municipality had a Gini co-efficient of 0.60 in 2011 which is just slightly higher than that of Vhembe (0.59).

Figure 2-7 Gini Co-Efficient



Source: IHS Global Insight (2012)

## 2.5 Social Issues

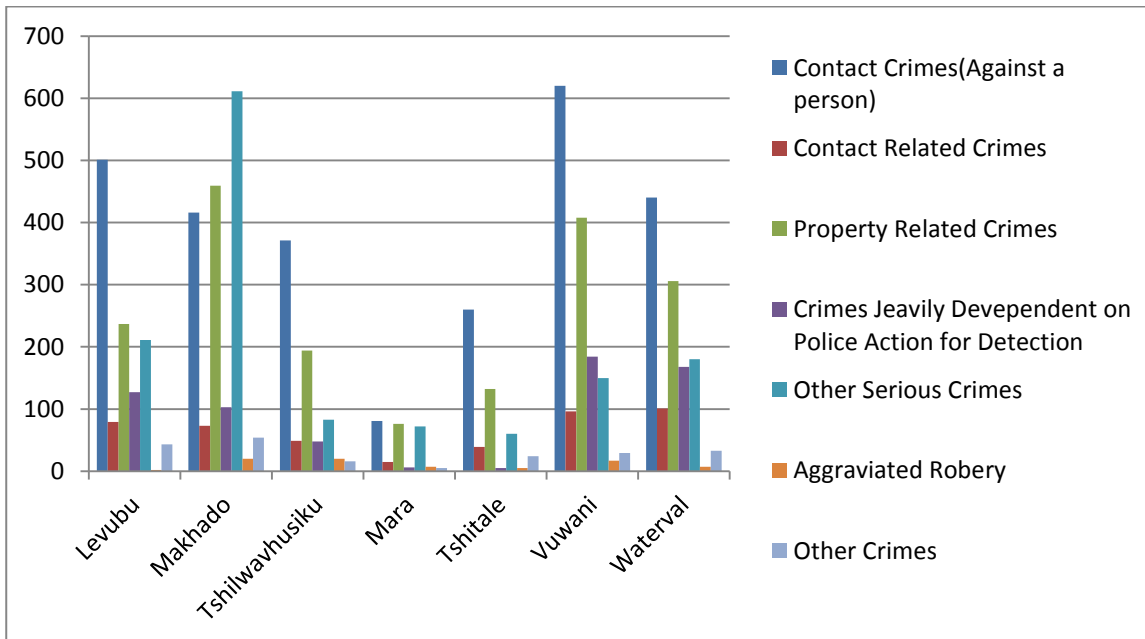
### 2.5.1 Crime

Crime is just one of many factors that impair an area's ability to attract economic development. To attract more business activity in Makhado Municipality it is important to avoid raising the cost of living and working in the area. Having high crime rates or even the reputation of high crime raises the cost of living and doing business.

The figure below is depicting the crime statistics per station in the Municipality from April 2010-March 2011. The most reported crimes were contact crimes against a person, followed by other serious crimes such as commercial crime and shoplifting. The third most reported crimes were property related crime such as burglary, stock theft, etc. There are several police stations and satellite stations in the study area. The police station with the most reported crimes is Makhado (1736), followed by Vuwani (1504), Waterval (1235), Levubu (1200), Tshilwavhusiku (781), Tshitale (525) and Mara (262).



Figure 2-8 Crime Statistics (April 2010- March 2011)



Source: VDM IDP (2012)

## 2.5.2 HIV/AIDS

HIV/AIDS has the potential of creating severe economic impacts if it is left unmanaged. The mere fact that it affects people in their most productive age is a cause for concern. The two major economic consequences as identified are a reduction in labour supply and increased costs. The loss of economic active people in their most productive years will have an overall negative impact on economic output.

The direct costs of HIV/AIDS include increased expenses for medical care, drugs and funeral expenses. There are also indirect costs that include lost time due to illness, recruitment and training costs to replace workers and these factors must be taken in consideration of when devising local economic development strategies.

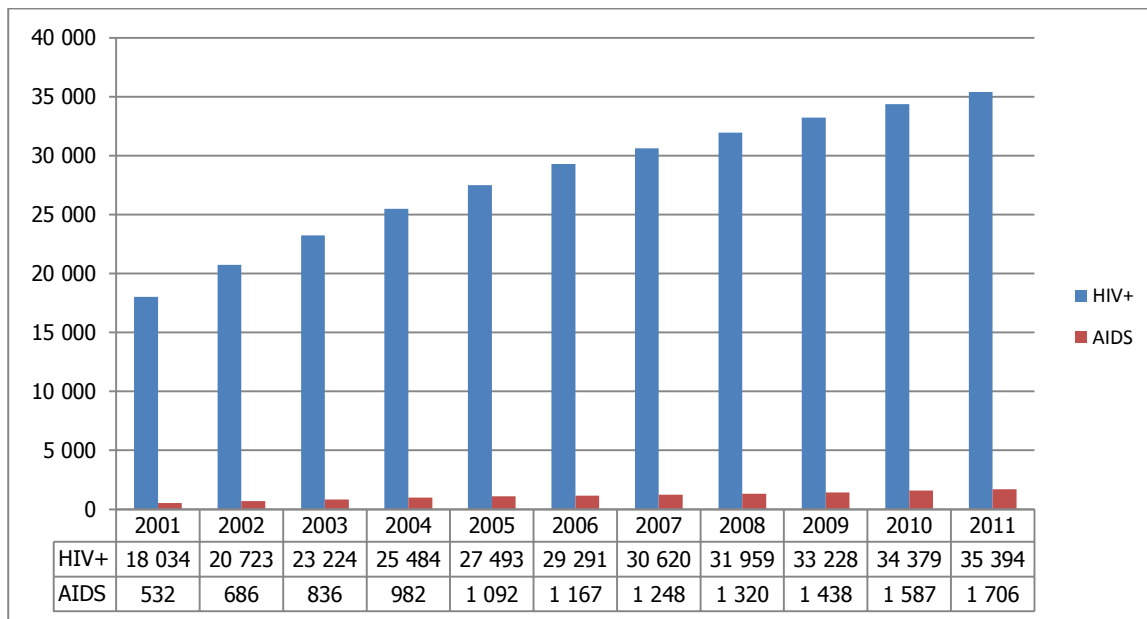
HIV and AIDS impacts can negatively affect a municipality's ability to carry out its service delivery functions and can also detrimentally affect the quality of services provided. This in terms of the effects of the disease on residents, and this has implications for the demand for, and supply of, services that a municipality provide.

On the demand side, there will be a greater demand for certain municipal services and support, such as health care, burial spaces, poverty alleviation, and indigent concessions. On the supply side, the capacity of a municipality to provide services on an efficient and sustainable basis can also be affected. For instance municipal revenue generated through local rates and taxes may be reduced as a consequence of higher rates of unemployment and poverty within households. The quality of services supplied by municipalities may also be negatively affected, as extra pressure is placed on staff and often limited resources.

HIV/AIDS statistics for the period between 2001 and 2011 in the Municipality as depicted in figure (2-9) below, reveals that there has been an increase in the number of people who are living with HIV and AIDS. At least 35,394 (7% of the population) people in the study area were living with HIV in 2011, whilst 1,706 (0.3% of the population) were living with AIDS.



Figure 2-9 HIV/AIDS Rate (2001-2011)



Source: IHS Global Insight (2012)

## 2.6 Basic Services

Basic services are provided by local municipalities and these are services such as water, sanitation, refuse removal and electricity. A municipality is also required to provide poor households with free basic services of 6000 litres of water and 50kwh of electricity monthly<sup>4</sup>. The provision of houses is the responsibility of Provincial Department of Co-operative Governance, Human Settlements and Traditional Affairs whereas local municipalities have an obligation to provide serviced sites or plots.

Table 2-1 is depicting the number of household with access to basic services in Makhado. Traditional pit latrines form the main human excreta disposal method for the majority of households (77%), 92% of households has formal dwellings, and only 43% of households have tap water inside their yard.

Table 2-1 Access to Basic Services

SERVICE	NUMBER OF HOUSEHOLD		
	1996	2001	2011
<b>HOUSING</b>			
Formal dwellings	49 304	77 640	123 950 (92%)
Traditional dwellings	36 555	27 541	6 749 (5%)
Informal dwellings	1 438	3 277	3 473 (3%)
<b>ELECTRICITY</b>			
Lighting	24 841	72 969	120 591 (89%)
Cooking	14 444	22 758	48 117 (36%)
Heating	14 044	26 444	53 249 (39%)
<b>WATER</b>			
Piped (tap) water inside the dwelling/yard	26 603	43 411	58 631 (44%)
Piped (tap) water on communal stand	48 126	52 868	58 590 (43%)

<sup>4</sup>Limpopo Provincial Government: Limpopo Employment, Growth and Development Plan (2009), page 20





No access to piped (tap) water	12 978	12 394	17 668 (13%)
REFUSE REMOVAL			
Removed by local authority	6 449	10 790	13 606 (10%)
Communal refuse dump	72 102	84 099	107 357 (80%)
No rubbish disposal	8 170	13 784	12 552 (9%)
TOILET FACILITY			
Flush/chemical toilet	7 481	13 613	19 553 (15%)
Pit toilet	69 688	76 773	104 373 (77%)
Bucket latrine	307	710	748 (1%)
No toilets	10 230	17 576	8 986 (7%)

Source: Statistics South Africa: Census 2011, Municipal Report Limpopo (2012)

## 2.7 Spatial Profile

### 2.7.1 Land Size

The total size of Makhado Local Municipality is 8567.38 km<sup>2</sup> (856 738ha).

### 2.7.2 Land Tenure

Land tenure describes the way in which people own or occupy land. Ownership of land in the area is characterised by private ownership in proclaimed townships, state ownership (departments, Makhado Municipality, etc), and tribal land which is held by traditional leaders. In tribal areas the dominant form of land tenure is the Permission to Occupy (PTO). Over 49.31% of land is under private ownership. At least 30% of inhabited is owned by government in various forms. This category includes tribal land, land held by government departments but excluding parastatals who owns 3% of the land within the municipality.<sup>5</sup>

Government owned land is distributed in large pockets in the north-eastern portion of the Makhado town within the former Venda homeland area, eastern and south-eastern portion of the Municipality within the former Venda and Gazankulu homelands areas; and south-west of the Makhado town within the former Venda area. Private land is located primarily through the central and western portions of the Municipality with the exception of the Levubu area along the R524.

In 2011, at least 898 land claims had been settled (13 partly settled) from a total of 1024 which were initially lodged in the area. The number of urban claims equals 129 and rural claims are about 748 of which the outstanding claims are 124.<sup>6</sup> Normally land under land claim or restitution cannot be considered for development immediately, or at least without further consultation with affected communities.

### 2.7.3 Land Use

Land within Makhado is comprised of residential land, forests, agricultural land, industrial land, etc. In other words there are a variety of land uses within the area. The rural areas are the most underdeveloped with large open spaces. Large sections of the open spaces are used for farming purposes with approximately 10 478 farms in the area.

Land use in the area could be classified as follows, commercial/industrial in Makhado town; cultivated land in areas such as Levubu, Waterpoort, Makhado, Sending; forestry in Makhado, Elim, Ratombo; subsistence farming in rural areas.

<sup>5</sup> Vhembe District Municipality: Final Land Audit Document (2010), page 20.

<sup>6</sup>Makhado Local Municipality: Integrated Development Plan



## 2.7.4 Growth Points

The various growth points (provincial, district and municipal) in the area are depicted in table 2-2 below. Provincial growth points (PGP) and District growth points (DGP) can be described as that having a meaningful economic sector with some job creation, various higher order social facilities and a large number of people grouped together. Whereas Municipal growth point (MGP) can be described as that having relatively small economic sector compared to the district and provincial growth points and having a sizable business sector providing a meaningful number of job opportunities. They usually exhibit a natural growth potential if positively stimulated.

**Table 2-2 Growth Points**

Provincial Growth point	District Growth Point	Municipal Growth Point	Local Service Growth Point
Makhado town	Elim/Waterval	Vuwani Dzanani Nkuzana Madombidzha	Vleifontein Valdezia Buysdorp Tshimbupfe Vivo Manyii Olifantshoek Waterpoort

Source: Makhado SDF (2011)

## 2.7.5 Development Corridors

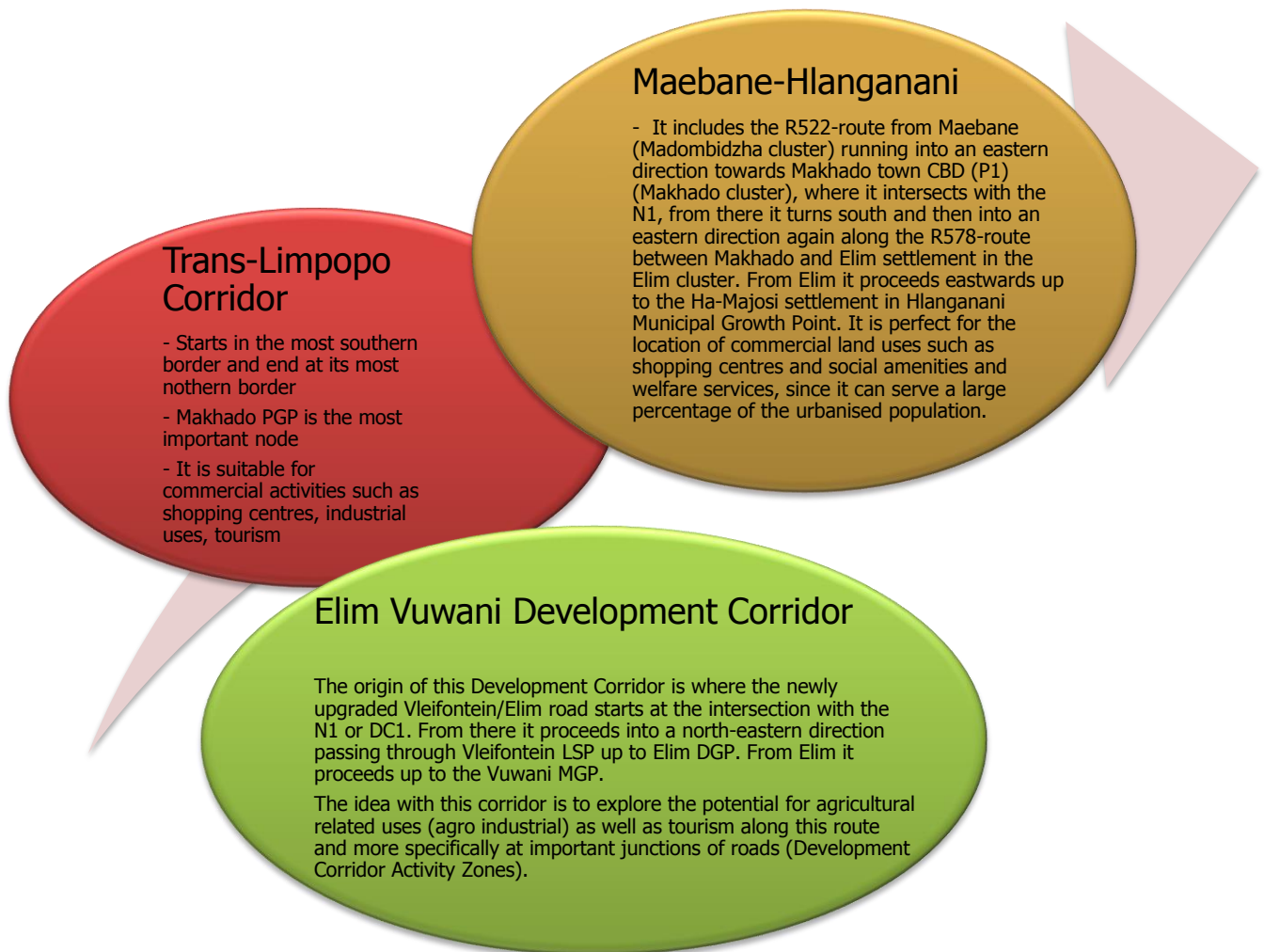
Corridors or Development Corridors (DC) are links or transport routes between nodes with an increased intensity of development (mixed land use) in a linear form along the entire length of the route/corridor or at strategic intersections with lower order routes along such corridor

The Development Corridors as identified in the Makhado SDF<sup>7</sup> are Trans-Limpopo Corridor, Elim-Vuwani Development Corridor and the Maebane-Hlanganani Development Corridor. Figure 2-10 gives a summary of the development corridors in the area.

<sup>7</sup> Makhado Local Municipality: Spatial Development Framework (2011), pages 206-208



Figure 2-10 Development Corridors



## 2.8 Environmental Profile

This analysis provides a summary of the environmental characteristics of the study area. Any development associated with primary sectors such as mining and agriculture, as well as tertiary sectors such as tourism is often based on an area's physical features.

### 2.8.1 Hydrology

The major river systems include the Sand and Hout river system, the Luvuvhu river system, the Little Letaba and Nzhelele river systems. Rivers which are regarded as either endangered or critical endangered and even vulnerable are as follows, namely: Dorinspruit, Sand (upper parts), Hout, Little Letaba, Soeketse, Middle Letaba, Luvuvhu (lower parts), Lutanandwa, Mutshedzi, Tshiluvhadi, Dzindi, Mutshindudi, Mutamba, Nzhelele and Nwanedzi Rivers. These are those rivers where many settlements in the rural areas to the south-east occur. Their status may be explained due to the presence of human activity and facts associated with urbanisation, such as pollution and soil erosion.

The most important catchments in Makhado are the Nzhelele Water Catchment and the Luvuvhu River Catchment and they are described in the paragraphs below.

## Nzhelele Water Catchment

It is a rural catchment draining northwards into the Limpopo which is dominated by irrigation, with some forestry on the slopes of the Soutpansberg Mountains. There are two major dams within the catchment, the Nzhelele Dam and the much smaller Mutshedzi Dam, used for irrigation and domestic supply. This catchment is severely stressed.

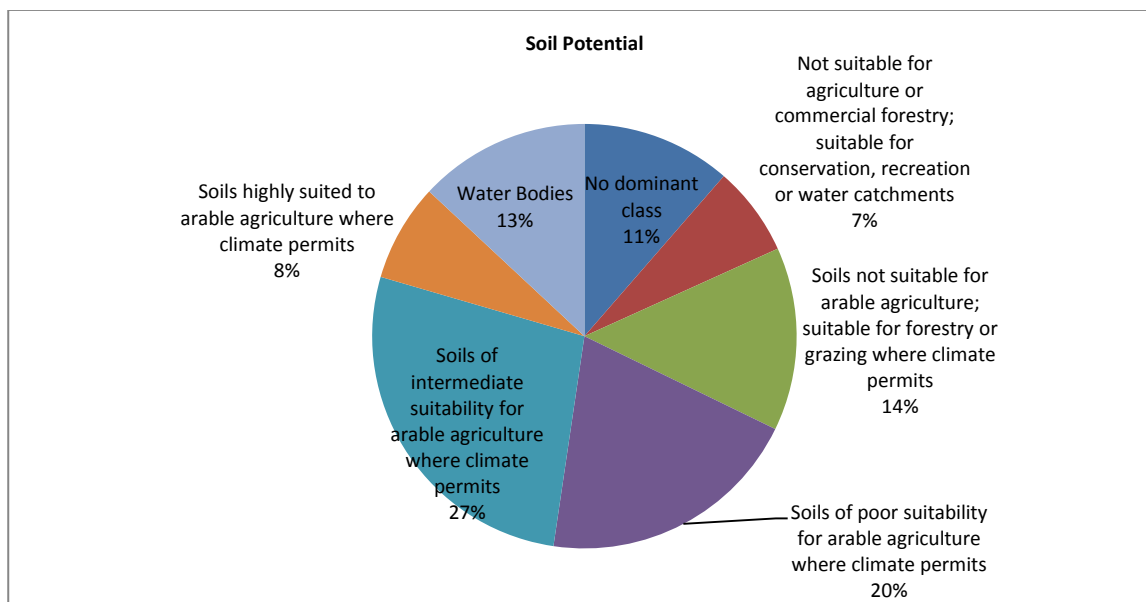
## Luvuvhu River Catchment

It rises off the south-eastern flanks of the Soutpansberg, and it is one of the only well-watered catchments within the Limpopo Water Management Area. The catchment is now very densely populated. A number of dams have been built in the Luvuvhu catchment and there is no scope for further storage. The Albasini Dam is over-allocated and, along with reductions in canal losses, some curtailment of irrigation may be necessary in order to balance requirements with availability. The most recent dam is Nandoni Dam, completed in 2005 and it is going to supply regional bulk water to areas such as Thohoyandou, Malamulele, and Makhado.

### 2.8.2 Soils

Soils suitable to support agriculture where climate permits are restricted to less than 40% of the total land area and basically restricted to the western and central parts of the Municipality and from a planning point of view it should be noted that the areas with suitable soils for agriculture are fortunately also the less populated and urbanised areas. Figure 2-11 below is depicting the soil potential within the study area.<sup>8</sup>

Figure2-11 Soil Potential



Source: Makhado SDF (2011)

<sup>8</sup> Makhado Local Municipality: Spatial Development Framework (2011), page 14



### 2.8.3 Climate

Climatic condition within Makhado Municipality supports a variety of agricultural activities and the climate of the Municipality ranges between 18°C in the mountainous areas to 28°C in the rest of the area, with an average of 25.5°C. Generally summers have a high number of sunshine hours with the occasional afternoon thunderstorms. Winters throughout the province are dry, mild and mostly frost free. Hence, winters are usually characterised by pleasant weather during the day although early mornings and nights can be cool to chilly.

The months of January to February are the main rainfall period with an annual rainfall of 450mm in the low-lying plains to 2300mm in the Soutpansberg. The general average rainfall for the study area ranges between 450mm to 800mm. The areas north of the Soutpansberg have less rainfall than the lower western foothills and central and eastern high lying areas of the mountain itself.<sup>9</sup>

## 2.9 Infrastructure Profile

The provision of infrastructural services such as water, transport, electricity and telecommunications represents a precondition for improved economic growth. By providing well-planned and managed infrastructure, economic opportunities are created. Conversely, the non-provision or reduction of services has a detrimental impact on the efficiency of a region's economy. Infrastructure thus plays a dual role in the economic system, namely an improvement in economic activity and an improvement in living conditions.

The need for infrastructure such as electricity and water is also a necessity for production purposes. Infrastructure, such as roads, railways and ports, is required for the transporting of the bulk commodities in mining, agriculture and manufacturing sectors. If infrastructure is available, it will reduce the capital cost of establishing an operation.

### 2.9.1 Water

Makhado Municipality has inadequate and fragmented water service provision and this inadequacy in water provision implies that less water will be available for agriculture, which is one of the pillars of the economy. The main water users in the area are agriculture, domestic, industrial and afforestation.

Currently the main sources of water are Albasini dam; Makhado town groundwater well-field; Ledig boreholes; Sinthumule/Kutama boreholes; Air Force Base boreholes; Vleifontein boreholes; Tshakhuma dam; Nzhelele dam; Mutshedzi dam; and various other groundwater sources which include springs and fountains. A major concern for underground water is the poor quality (salty) and the drying of underground water in areas such as Sinthumule/Kutama.

In the not so distant future, water will also be drawn from the Nandoni Dam which is located in the Thulamela Municipality as the current water sources are unable to meet the needs of the various users. To mitigate the shortage of water in the town of Makhado, sewage is currently recycled for urban irrigation and this is anticipated to increase as a resource and will also have to be considered for industrial and even domestic use in the future for purposes of meeting demand.<sup>10</sup>

### 2.9.2 Electricity

<sup>9</sup> Makhado Local Municipality: Spatial Development Framework (2011), pages 75-76

<sup>10</sup> Republic of South Africa, 2012: National Water Resources Strategy, pp 224.



Electricity and economic growth are inextricably linked. Makhado Municipality supplies electricity to customers which include large industrial, commercial, and residential. Currently the Municipality is supplied by Eskom at seven different points and the supply is not meeting the demand as basically all in-feed points are either full load or over loaded. The total demand in the municipality for 2011/12 was 52132 kVA.

The existing electricity infrastructure is not sufficient to support the envisaged growth in the manufacturing and mining sector. As such upgrading is required and needs to be done by Eskom and the Municipality.<sup>11</sup>

A number of projects have been planned by Eskom to bring electricity to Makhado town and the rest of the area north of Polokwane, and these include a 400 kV transmission line between the Witkop and Tabor Substations and a 500MVA 400/132 kV transformer at Tabor. Beyond 2015 a 400 kV transmission line between the Tabor and Nzhelele Substations will be constructed to cater for the 20 year horizon. Eskom also has future plans for the area north of Polokwane with possibly a new 400 kV line from the Lephalale generation pool to Nzhelele and this is dependent on the energy demand.<sup>12</sup>

### 2.9.3 Transport

Transport is an important component of the economy impacting on development and the welfare of populations. When transport systems are efficient, they provide economic and social opportunities and benefits that result in positive multipliers effects such as better accessibility to markets, employment and additional investments.

#### 2.9.3.1 Road Transport

The study area is characterised by national, provincial and a local road system. There is a national road (N1) which cuts across the Municipality and it is under the responsibility of South African National Road Agency. Provincial roads within the area are the, R521, R522, R523, R524 and R578 and they under the responsibility of the Limpopo Provincial Department of Transport and Roads.

Makhado Municipality is responsible for all local roads which include streets and accesses. Internal street system of roads in rural areas, are in poor condition and roads linking villages (settlements) are not maintained properly. The area is faced with high backlog in road and storm water management. Poor roads and storm water infrastructure is impacting negatively in the economic growth especially access to tourism attraction spots. The current road and storm water management is 4400km.<sup>13</sup>

Road transport is the most used mode of transport in Makhado. The major freight transport roads in the Makhado Municipality are the following:

- N1 National Road from Polokwane to Beitbridge;
- R522 from Vivo to Makhado;
- R523 from Vivo via Waterpoort to Musekwa;
- R521 from Vivo to Pont drift Border; and
- R524 from the Makhado central business district to Punda Maria.

#### 2.9.3.2 Air Transport

Makhado has an air force base which caters for the needs of the military. There are two airstrips which cater for small civilian aircrafts, Makhado Airport which is located near the township of Tshikota and it has 1 runway which is 1200 metres long, and the Bergtop Airport which is located adjacent the

<sup>11</sup> E-mail interview with Mr. E. Joubert, who is the Electricity Manager at the Municipality.

<sup>12</sup> Zitholele Consulting. Environmental Impact Assessment for the proposed expansion of the Tabor substation and the deviation of the existing Tabor-Louis Trichardt 1 power line (132 kV) north of Polokwane, page 3.

<sup>13</sup> Makhado Local Municipality: Integrated Development Plan (2012/13-2017), page 33



R523. The nearest International Airport is the Polokwane Gateway which is about +/-100km from Makhado town.

### 2.9.3.3 Rail Transport

Within the Municipality the railway stations exist in the following areas, namely, Bandelierkop, Makhado town, Mara and Waterpoort. Only two private sidings serving grain mills at the Makhado station are currently in use, while those in the southern industrial area, including liquid fuel depots, are all out of use but still intact.

The railway network from Pretoria-Piensaarsrivier-Polokwane-Musina-Beitridge which is 579km long passes through the Municipality and it transport lime, liquid petroleum products, cement, coal and various grains.

A new rail line from Johannesburg-Musina (High Speed Standard Gauge Line) has been proposed. This new line will provide a high speed passenger service between Johannesburg, Polokwane and Musina with services to major nodes along the route. A service for time sensitive freight would also be provided and this will impact positively in movement of agriculture produce from the area.<sup>14</sup>

### 2.9.3.4 Public Transport

Public transport within the Municipality is characterised by mini-bus taxis and buses which ferries passengers to work, schools, etc. There are a number of formal and informal bus and ranks and at least 11 formal taxi ranks.

**Table 2-3 Public Transport Routes**

ROUTE CODE	CORRIDOR ROUTE
Makhado to Nzhelele	Along the N1 North from the town of Makhado and turn right along Road R523 to Nzhelele
Makhado to Elim	Along the N1 South from Makhado town and turn left along Road R578 to Elim
Makhado to Midoroni	Along Road R522 south west from Makhado to Midoroni/Maebane

Source: VDM IDP (2012)

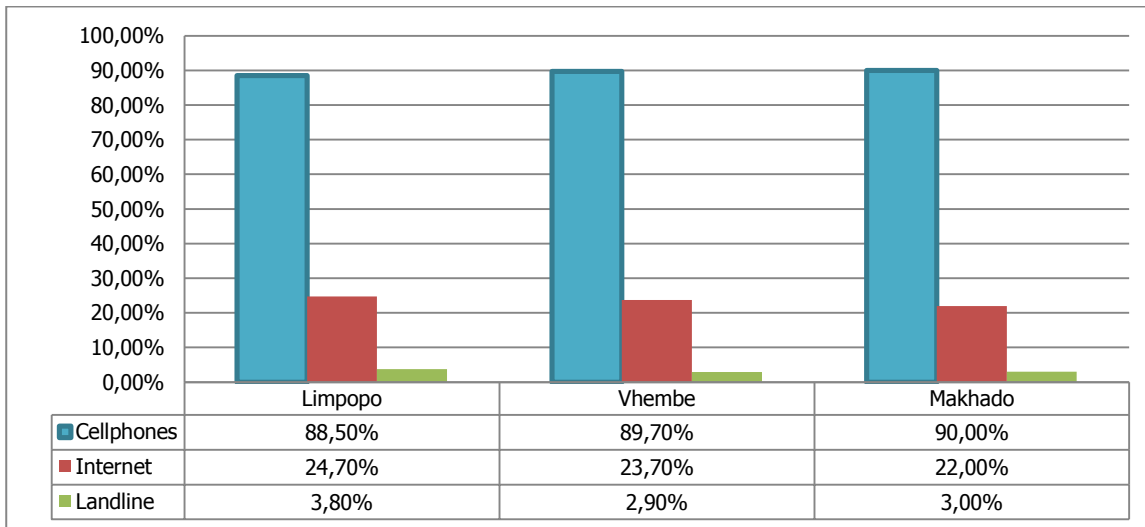
### 2.9.4 Telecommunications

This subsection makes an analysis of the access to internet, cell phones and telephones facilities. Figure 2-12 below is depicting the percentage of households within the Municipality who have access to telecommunication services.

<sup>14</sup>Republic of South Africa: National Transport Master Plan 2050 (2011), pages 3-15



Figure 2-12 Access to Telecommunication Services



Source: Census 2011, Statistics South Africa (2012)

Land line phones are operated by Telkom throughout the Municipality, and they are limited to more developed areas like Makhado Town. Only 3% of households have access to landlines. The number of households using landlines has been declining since 2001, and this could be attributed to the increase in the use of cell phones, as 90% of the households have access to cell phones making it the most popular form of telecommunications within the area. The mobile phone system functions well in both urban areas and in the villages although there are difficulties obtaining a signal in some hillside villages.

Access to internet services is still very low especially in the rural areas, with only 22% households having access to the internet. The internet enables businesses to compete in the global marketplace and can make a vital contribution to the competitiveness and productivity of many businesses in the increasingly knowledge based economy. This is a huge barrier to the competitiveness of rural businesses in today's global economy and limits their potential to access export markets.

## 2.9.5 Social Infrastructure

### Schools

There is a developed network of pre-school, primary and secondary schools. In 2011, there were about 244 primary schools, 114 high schools, 2 special schools, 5 combined schools, and 2 satellite campuses of Vhembe Further Education and Training College (one in Mashamba village and the other in Mavhoi village respectively).<sup>15</sup>

### Health Facilities

Healthcare in the Municipality is organized into two levels, primary healthcare through the clinics and secondary healthcare through hospitals. In total there are 44 clinics and 4 health centres which are spread across the villages and they provide services such as general practice and vaccination service. There are also seven mobile clinics which periodically visit areas where communities do not have access to health care services.

In and around the area there are three hospitals (Elim, Louis Trichardt Memorial and Siloam). These three provide healthcare in the following areas: surgery, gynaecology, paediatrics, general practice and

<sup>15</sup>Vhembe District Municipality: Integrated Development Plan 2012/13-2016/17, page 78.





dentistry. In addition to these public institutions, a number of private institutions are involved in provision of health care services.

## Libraries

The town of Makhado has a library catering for all age groups of the population and there are 14 satellite libraries located throughout the municipality. The rural area of Kutama and Sinthumule is provided with a number of community halls that are used for community meetings and other social and cultural events.

## Sports Facilities

Makhado town has several sports facilities to serve the immediate needs of the local community. These includes sporting facilities such as tennis courts, golf fields, swimming pools, cricket ground, wrestling hall, squash court and rugby ground. All these facilities make a quality infrastructural base for development of sports tourism. There are no formal sport and recreational facilities in the rural areas with the exception of Rabali and Vhuilafuri villages which have soccer stadiums.

### 2.9.6 Commercial and Industrial Property

#### Commercial Land

Vacant land for use in industrial or commercial activities is available, even though it is limited, and plans are afoot to demarcate new commercial sites as per the recommendations of the Makhado SDF.<sup>16</sup>

#### Industrial Parks

In the Municipality, the main industrial nodes are: Makhado town, which is in close proximity to the rail networks and the national roads; Levubu, which is close to the active commercial farms which are the source of raw materials and has good infrastructure; and Dzanani, which offers good clustering, accessibility and infrastructure.

The industrial infrastructure in the town of Makhado ranges from small basic warehousing units to big distribution centres, and purpose-built manufacturing units with precise specifications. In other townships and the villages, there are small industrial parks which are owned by Limpopo Economic Development Agency (LEDA). These parks were built to stimulate and promote small scale manufacturing and currently they are underutilised and some of them are dilapidated and they are as follows<sup>17</sup>:

- Kutama Small Industries in the Maebane village;
- Madombidzha Small Industries in the village of Madombidzha;
- Vuwani Small Industries in the township of Vuwani;
- Vleifontein Small Industries which is located in the township of Vleifontein;
- Tshakhuma Small Industries which is located in the village of Tshakhuma;
- Dzanani Small Industries which is located in the township of Dzanani;
- Sendedza Small Industries which is located in the village of Sendedza; and
- Phadzima Small Industries which is located in the village of Phadzima.

## Shopping Centres

Of the four major shopping centres in the area, two are located in the town of Makhado and the other two are located in Elim. These centres house a range of retailers, from large retail chains like Pick n Pay,

<sup>16</sup> Interview with Mr. N. Thanyani of Makhado Local Municipality

<sup>17</sup> Interview with Mr. T. Mpai of Limpopo Economic Development Agency



Shoprite to small specialised fashion stores. Table 2-4 shows a few characteristics of these shopping centres. There are also small business centres in Sendedza and Vuwani.

**Table 2-4 Shopping Centres**

Shopping Centre Classification	Name	Location	Size (m <sup>2</sup> )	No. of Shops
Convenience Centre	Spar Centre	Makhado	3,500 m <sup>2</sup>	15
	Nzhelele Valley	Dzanani	4,398 m <sup>2</sup>	23
Neighbourhood Centre	Shoprite Centre	Makhado	7,335 m <sup>2</sup>	15
Community Centre	Hubyeni Shopping Centre	Elim	12,815m <sup>2</sup>	42
	Elim Shopping Centre	Elim	12,754m <sup>2</sup>	54
	Makhado Crossing	Makhado	15,616 m <sup>2</sup>	45

From the table above it is evident that the shopping centres in the area are located in the major business nodes. Below is a picture of the Makhado Crossing which is located on N1 and the R524. This shopping centre covers an area of 15,616 m<sup>2</sup> making it the biggest shopping centre in the Municipality. It has 45 shops.

**Picture 2-1 Makhado Crossing Shopping Centre**



There are plans to develop three more new shopping centres in areas such as Siloam, Vuwani and Tshikuwi. There is also a need to investigate the development of shopping centres in the Kutama-Sinthumule area.

## Office Space

The only office space in the Municipality can be found in the town of Makhado. This could be attributed to the fact that the town is the centre of economic activity and it also houses various government sectoral departments.

Demand for space is mainly driven by private companies, government departments, the municipality itself, private training centres and colleges. The key player in the leasing of office space in the area is the Solly Noor Group which owns a number of office buildings in the CBD of Makhado town. Office space range from Grade to A Grade C

## SECTION 3: ECONOMIC PROFILE OF MAKHADO LOCAL MUNICIPALITY

### 3.1 An Introduction to Makhado Economy

The review of the economic data for the period between 2001 and 2011 for the Municipality provides an understanding of the growth or decline of sectors in Makhado over that 10 year period. Understanding the trends in economic growth provides valuable insight into the shape that future growth and investment in the Municipality might take. It also provides an indication of where the priorities of the Municipality should lie, especially with regards to programme development and delivery, and strategic planning.

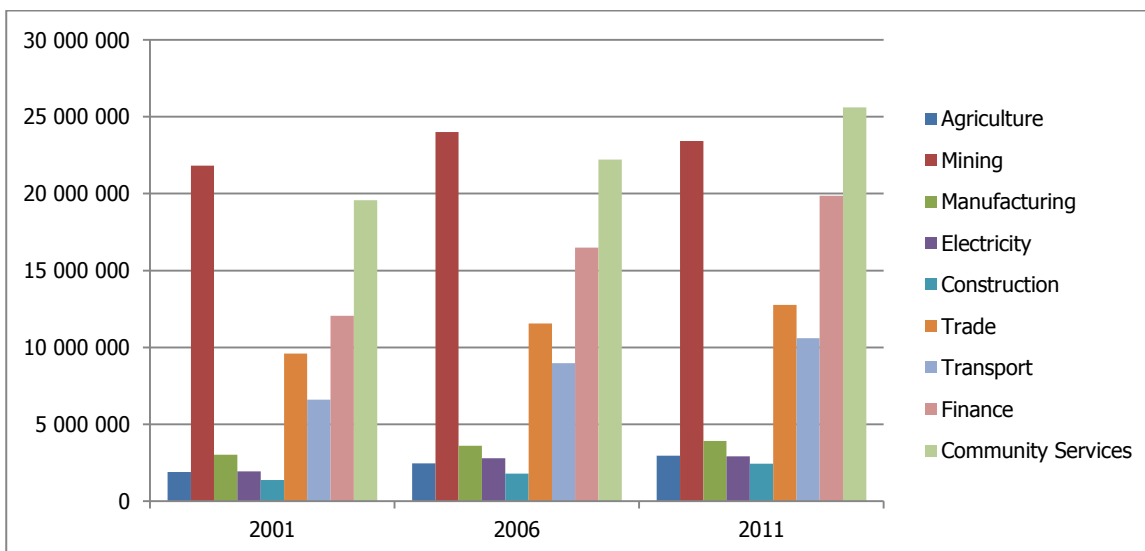
Makhado Local Municipality currently contributes about R8 billion to the economy of South Africa. It is the second largest contributor to Vhembe District Municipality economy, contributing 37% and only surpassed by Thulamela Municipality which contributes 43%.

### 3.2 Gross Value Added

Gross Value Added (GVA) is taken as the main indicator of productivity in a particular location. It is a measure in economics of the value of goods and services produced in an area or sector of an economy. From Figure 3-1 below it is evident that the following sectors contributed the most to Limpopo's GVA. They include, *inter alia*, the following:

- Community Services (24.51%);
- Mining (22.41%);
- Finance (19.01%);
- Trade (12,23%); and
- Transport (10.16%).

**Figure 3-1 Limpopo GVA (2001-2011)**



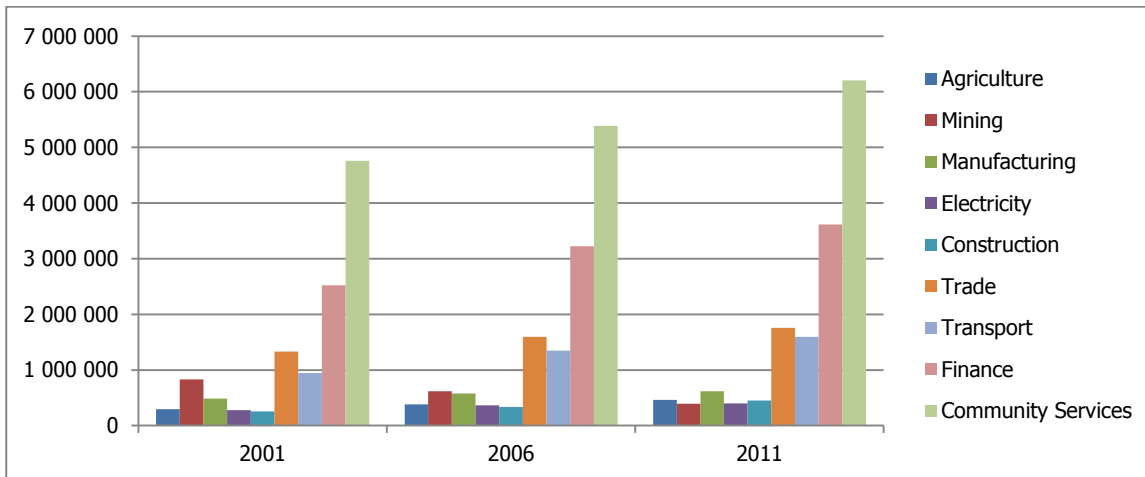
Source: IHS Global Insight (2012)

In figure 3-2 below it is clear that the following sectors contributed the most to Vhembe's GVA. They include, *inter alia*, the following:



- Community Services (40.02%);
- Finance (23.31%);
- Trade (11.34%);
- Transport (10.31%); and
- Manufacturing (4.0%).

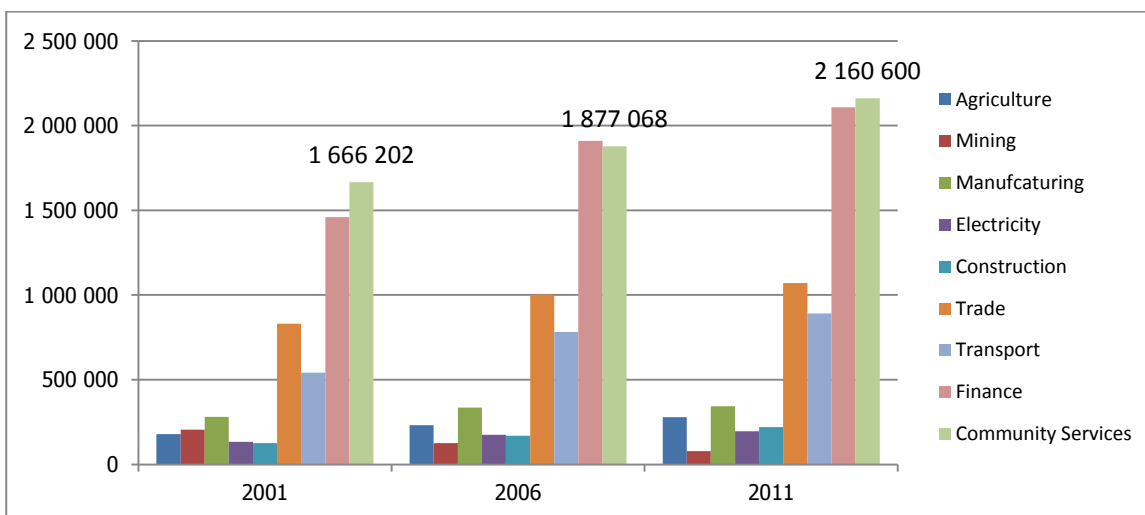
Figure 3-2 Vhembe GVA (2001-2011)



Source: IHS Global Insight (2012)

The GVA per sector for 2011 as depicted in figure 3-3 indicates that community services is the main contributor with a contribution of 33% and this shows that the economy is still deriving a significant income from government related services (public services). It is followed by finance (26%), trade sector (15%) and transport (9%), Manufacturing (4%), Agriculture (4%), Construction (4%), Electricity (3%) and Mining (2%).

Figure 3-3 Makhado GVA (2001-2011)



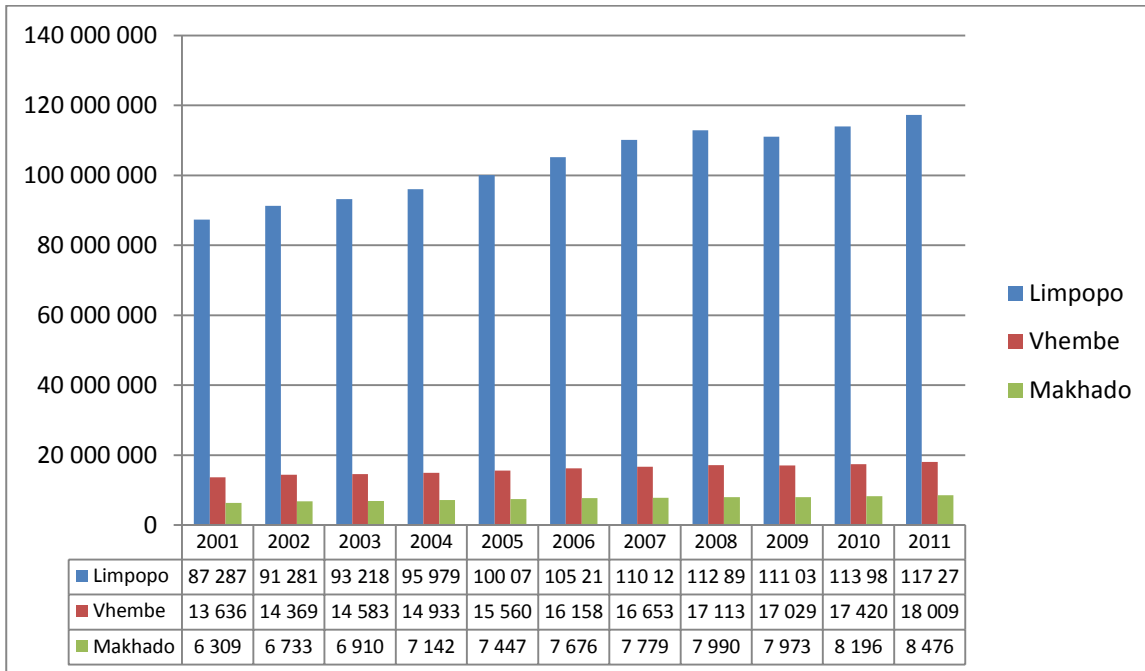
Source: IHS Global Insight (2012)

### 3.3 Gross Domestic Product

Figure 3-4 illustrates the Makhado GDP compared to Limpopo Province and Vhembe District. Makhado has the second largest economy in Vhembe with a GDP of over R8 billion.



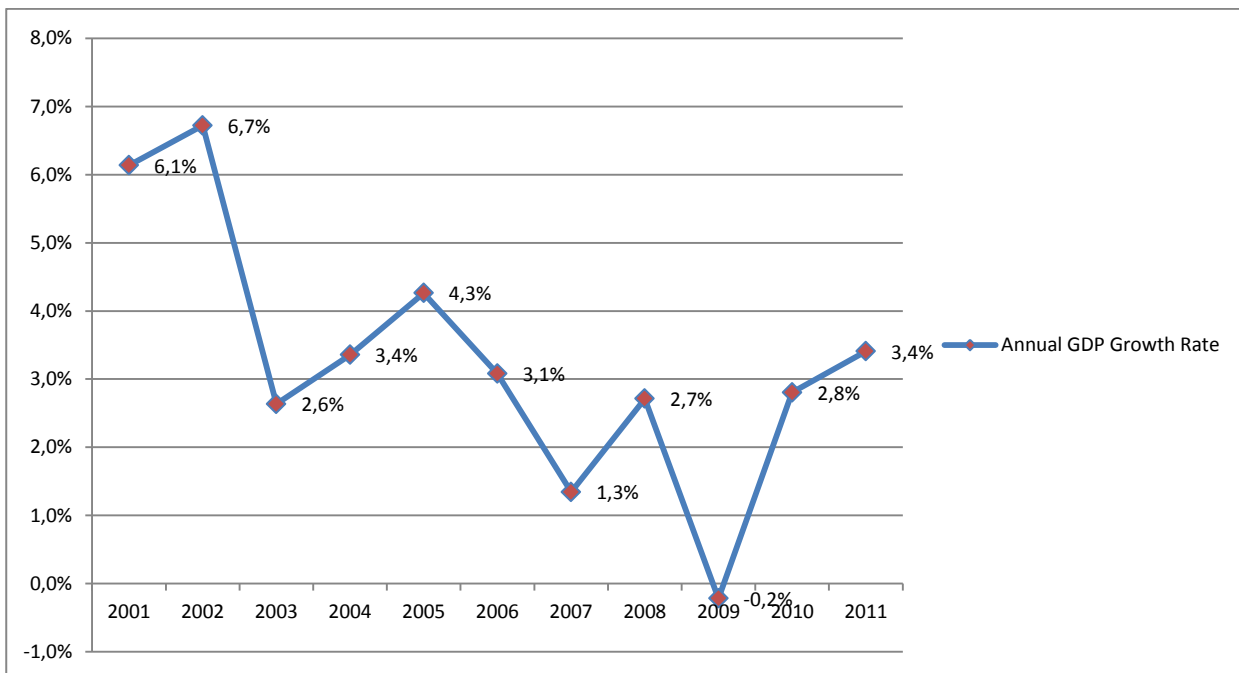
Figure 3-4 GDP by Region Constant 2005 Prices (R1000)



Source: IHS Global Insight (2012)

Figure 3-5 indicates the annual growth rate from 1996 to 2011 in Makhado. During 2001 to 2011, the GDP of Makhado experienced an average annual growth rate of 3.29%. In 2011 the Makhado GDP showed a growth rate of 3.4%.

Figure 3-5 Annual GDP Growth



Source: IHS Global Insight (2012)

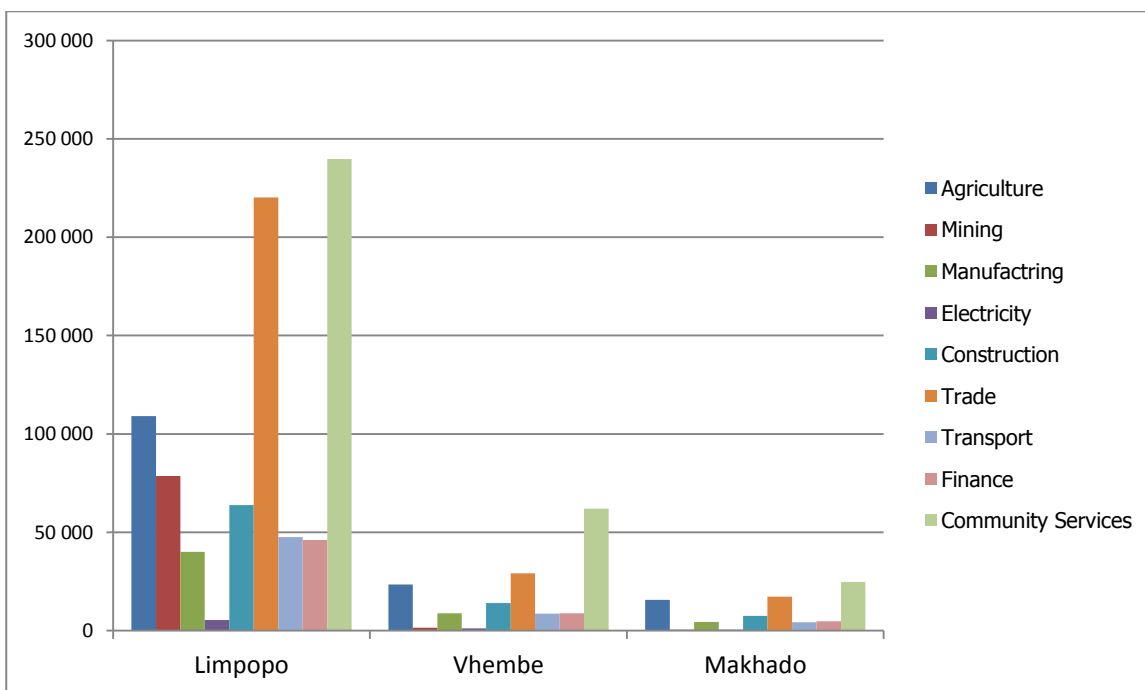


### 3.4 Employment by Sector

Employment in the Municipality across the economic sector classification mirrors that of the province and the district as depicted in the figure (3-6) below. The main labour-absorbing sectors are the agriculture sector; community services sector; and the trade sector. Community service and trade sectors are the predominant employers within the study area, responsible for just over 27% and 19% of the active work force respectively. Agriculture is the third largest employer absorbing around 17% followed by the construction sector (8%), finance (5%), transport (5%), manufacturing (5%), and mining (1%).

Job gains were mostly in the community services sector (1493) and trade (646) in 2011.<sup>18</sup> Even though the agricultural sector is the third largest in terms of labour absorption, it has been shedding jobs since 2001 and a total of 2396 jobs were lost between 2001 and 2011. During the same period 21,262 jobs were lost in the same sector in the Province. The decline in jobs in this sector could be attributed to the trend of shifting away from employment of regular, permanent workers, and a simultaneous (though not commensurate) increase in the use of casual workers, meaning jobs of less security and consistency.<sup>19</sup>

Figure 3-6 Employment by Sector



Source: IHS Global Insight (2012)

### 3.5 Comparative Advantage

Comparative advantage refers to a local economy's ability to produce a particular good or render a service at a lower cost and more efficiently than another local economy. The comparative advantage that a specific sector has in the economy may be measured through the calculation of a location quotient.

They assess the concentration of economic activities within a smaller area relative to the overarching region in which it is located. For the purposes of this study the calculations of the location quotients from the IHS Global Insight database have been used.

Location quotient of more than one (1) would indicate that the local economy enjoys a comparative advantage in that particular sector. If a specific economy has a location quotient of less than 0.75, local

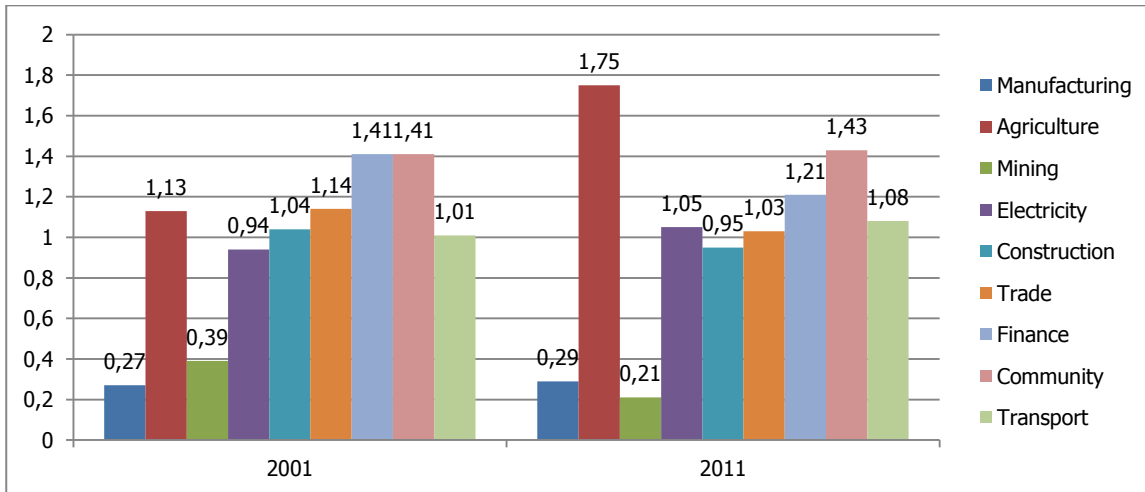
<sup>18</sup> IHS Global Insight, 2012

<sup>19</sup> TIPS 2000, Agricultural Crisis in South Africa, page 5.



needs are not being met by the sector and the area is importing goods and services in that sector, a location quotient between 0.75 and 1.25, the community is self-sufficient in this sector; and a location quotient greater than 1.25, indicates that sector is serving the needs that extend beyond the boundaries of the local area and it is therefore likely to be exporting goods and services.

Figure 3-7 Location Quotients (2001-2011)



Source: IHS Global Insight (2012)

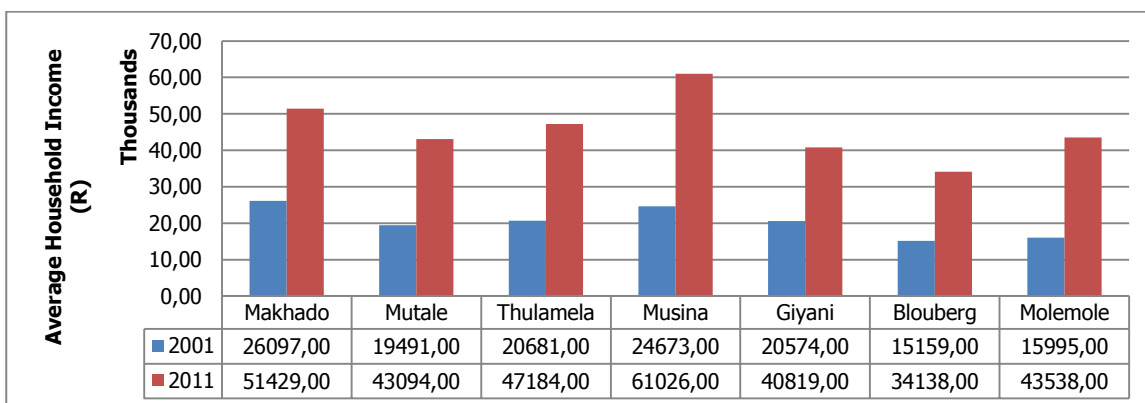
Figure 3-7 above clearly indicates that Makhado has comparative advantages within the following sectors, namely; agriculture (1.75); transport (1.08); trade (1.03); community services (1.43); finance (1.21); electricity (1.05).

## 3.6 Income and Expenditure

### 3.6.1 Income

In order to determine the household's living standards, as well as their ability to pay for basic services, such as water and sanitation, the average household income levels of the local population are analysed. Household income in Makhado increased steadily since 2001, from approximately R26.097 to R51.429 in 2011. Of the neighbouring local municipalities, Musina (R61 026) has an average annual income which is higher than that of Makhado.

Figure 3-8 Household Income



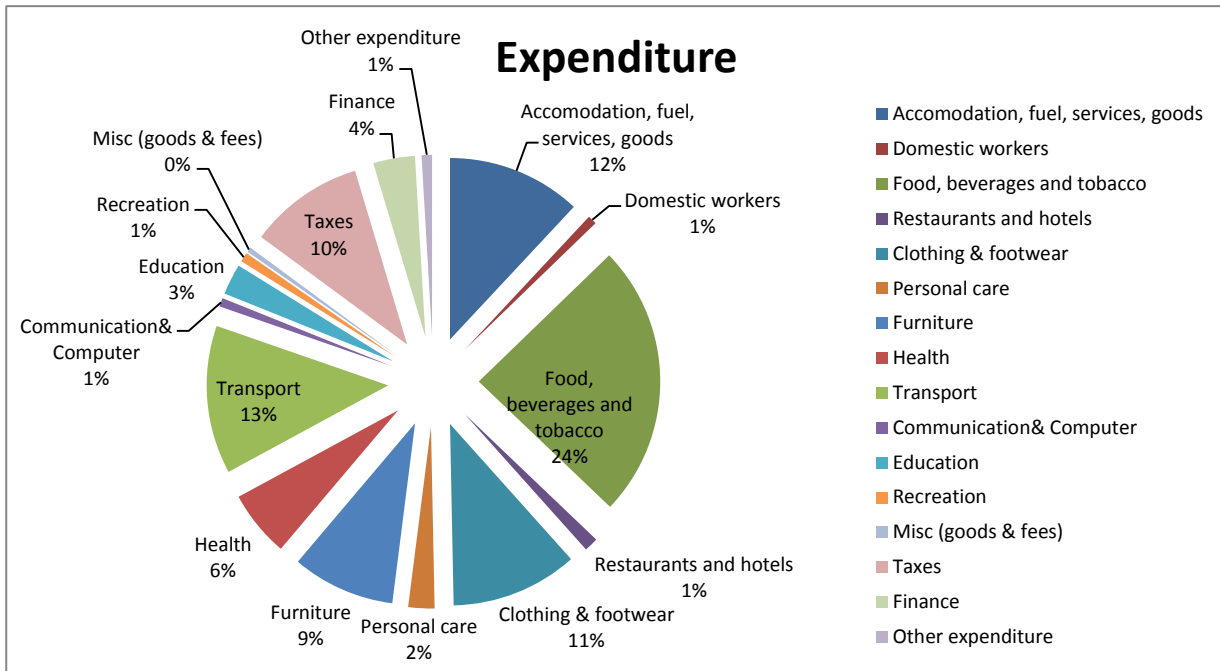
Source: Census 2011, Statistics South Africa (2012)



### 3.6.2 Expenditure

Expenditure on food and beverages is the largest contributor to total annual household consumption expenditure in Makhado. Figure 3-9 shows that approximately 24% of total household expenditure was spent on this main expenditure group. Transport was the second largest contributor of household expenditure, accounting for 13% spent by all households. This is followed by accommodation, household services, household fuels, and other household goods with a contribution of 12%. Clothing and footwear accounted for 11% of household expenditure.

Figure 3-9 Household Expenditure



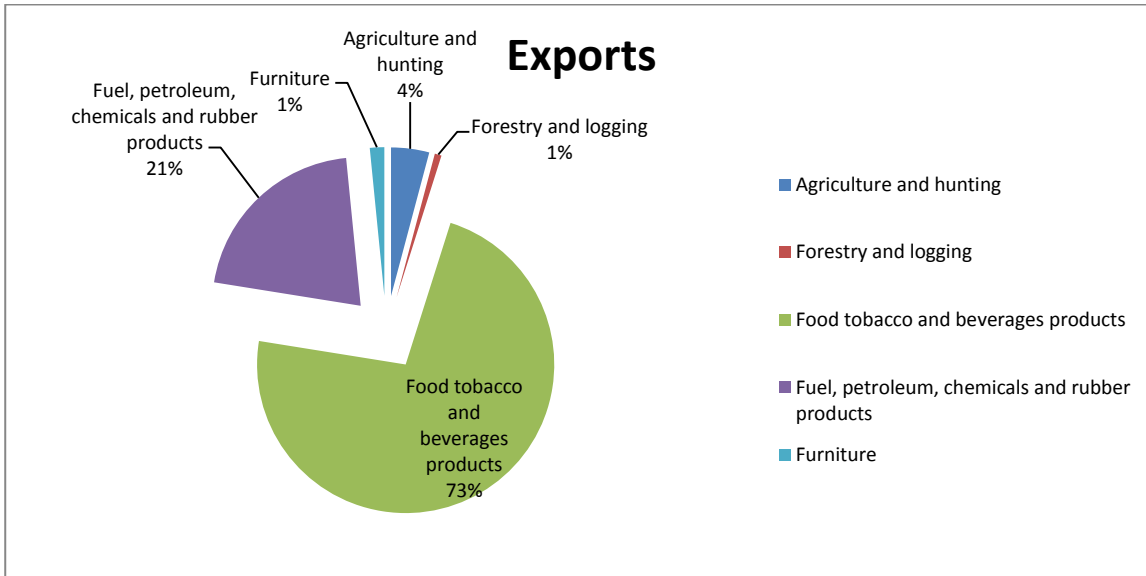
Source: Global Insight (2012)

### 3.7 International Trade

In 2011 Makhado's total exports increased by approximately 37%. Similarly, Makhado's import rose by an annual rate of 1% over the same period. The exports as a percentage of the GDP in 2011 were 15%. For the past two years, Makhado has shown a healthy trade balance, increasing by more than R50 million, from R850 million in 2010 to R1.3 billion in 2011. The figure below is depicting the top five exports in Makhado in the year 2011.



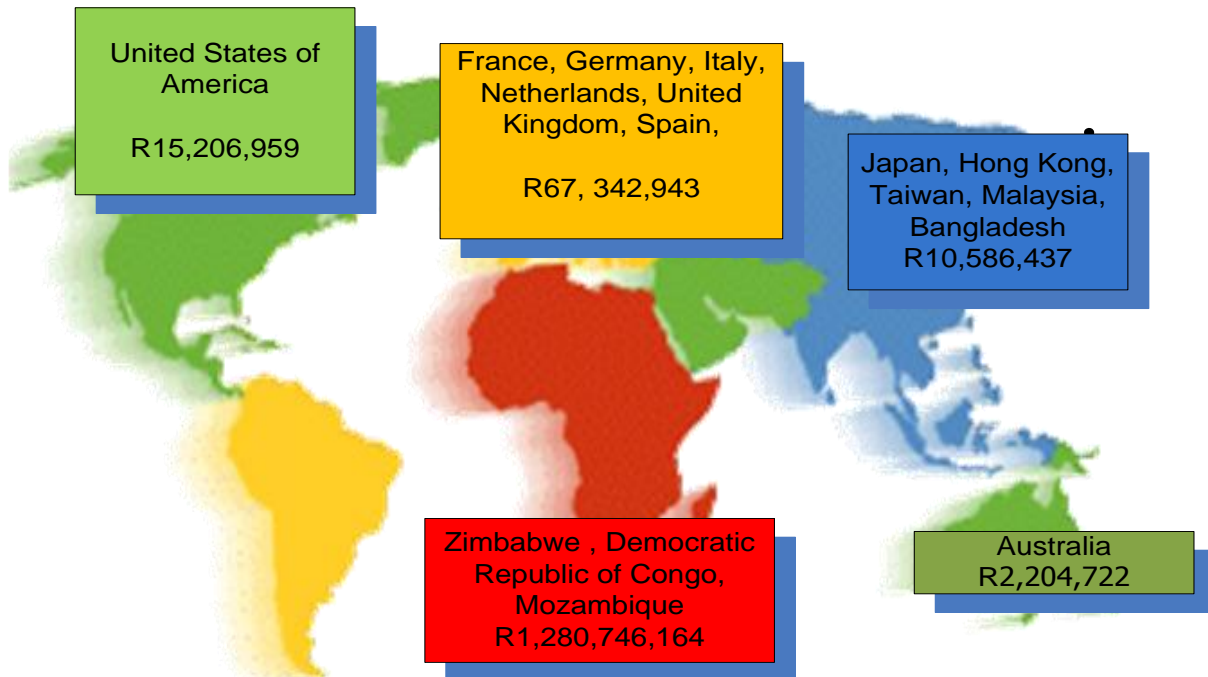
Figure 3-10 Top five exports



Source: IHS Global Insight (2012)

The figure below is depicting the destination countries of Makhado’s exports in 2011. It is evident that major destination country of Makhado exports is Zimbabwe (R1.2 billion). In Europe the major destination country is the Netherlands (R23.8 million) and in the Americas, United States of America (R15.2million) is the major destination country.

Figure 3-11 Major Exports Destination Countries



Source: IHS Global Insight (2012)



## 3.8 Profile of Economic Sectors

This analysis provides a comprehensive profile of all the economic sectors in Makhado, profiling the nature and extent of activity to be found as well as their defining traits. This analysis will also assist in the evaluation of these sectors in order to identify the development potential of each sector.

### 3.8.1 Agriculture

#### 3.8.1.1 Overview

In the national key accounts Agriculture encompasses forestry and fisheries. Agriculture is one of the main fields that will lead the future development of the Municipality. This is because favourable conditions for agricultural development are in place such as fertile land, a suitable climate and a tradition of agriculture, resulting in satisfactory yields. It has certain advantages which can be attributed to its location which are its strong commercial agricultural sector, and access to local and African markets via the N1, and access to international markets through the Gateway International Airport in Polokwane.

This sector is notably a major contributor to employment with a contribution of 17.0% to total employment in the area. The contribution of agriculture to the local GVA in 2011 was approximately 4.2%. The average GVA growth rate between 2001 and 2011 was 6.8%.

Agriculture within the area is diverse in the sense that it is made up of commercial, emerging or small scale and subsistence farming. Farming activities includes crop-production, livestock production, agro-processing, forestry, and aquaculture.

The commercial agriculture sector is well structured, and it is more predominant in areas such as the Levubu valley, the Soutpansberg (Witvlag road), Waterpoort, and Makhado town. This corresponds with areas that are recognised as areas where soils are highly suitable to arable agriculture. The potential of commercial agriculture is undermined by lack of infrastructure as well as training and financial support for local aspirant farmers.

The areas to the south-east are mainly used for small-scale farming and subsistence farming and greatly correspond with traditional authority areas. Some small-scale farming activities are found in the various irrigation schemes such as Nesengani, Mphaila, Mandiwana, Mphephu, Madzhatsha, Rabali, Mauluma, Mavhunga, Cape Thorn and Raliphaswa. These schemes total 16 in number and they cover an area of 861 hectares. Some of these schemes are currently dormant and requires revitalisation.

The majority of emerging farmers are still lagging behind in agricultural production because they lack capacities for fruit and vegetable processing, cold storages for the fruits bought off and packing machines to pack it up properly. Without installing some of these facilities one could hardly expect its due marketing, which is essentially the most important prerequisite for agricultural development.

Poor physical access to local, regional and international markets is one of the significant barriers to greater agricultural productivity especially for emerging farmers. Cost effective, reliable, timely and fit for purpose transport is often not available. A lack of timely transport is one of the reasons that devastating proportions of the harvest are wasted and why accessing markets is so challenging. High transport costs are also exacerbated by the high prices of diesel which is also used for tractors and water pumping generators.<sup>20</sup>

As part of linking emerging farmers with the markets, Vhembe District Municipality has since established the Vhembe Fresh Produce Market which is located in the village of Tshakhuma. It specialises in fresh

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<sup>20</sup> Interview conducted with Mr. Alex Madzhie who is an emerging farmer based in Zamekomste



produce sourcing, grading, packaging, distributing and market linkages, and it is open and accessible to all local farmers.

An agreement is in place to supply both the Joburg and Tshwane Fresh Produce Markets. But it has since proven to be a costly exercise due to the high transportation costs, as the fresh produce is ferried by private freight companies. As a result, the market has been opened for walk-in bulk buyers and already there are interested buyers from Polokwane, Gauteng and Botswana.<sup>21</sup>

Another area of concern is the unwillingness revealed by the national chain stores operating within Makhado to procure fresh produce locally. In this regard programmes and initiatives are required to remedy this situation. Support and intervention from the highest level such as the Office of the Executive Mayor should be sought.

Subsistence agriculture forms an integral part of community life and it is one of the main community based economic activities and survival strategies. This includes a range of activities which can broadly be categorized as follows:

- Homestead and community gardens dominated by the production of fresh vegetables
- Crop production systems which includes the production of maize, and other crops mainly for household consumption
- Livestock farming of cattle and goats for own consumption or to sell off for income during difficult times

The trade in agricultural inputs such as feeds, machinery, equipments, seedlings, vaccines is still dominated by large enterprises. In the case of animal health products, these enterprises also serve as manufacturers making it difficult for small enterprises to enter this market.<sup>22</sup>

With regard to agricultural infrastructure, there are hundred and eighty-eight (188) crush pens without dip tanks and ninety eight (88) crush pens with dip tanks in the area.<sup>23</sup>

### 3.8.1.2 Activities and Commodities

#### Crop Production

A range of crops and fruit are produced within the area. Some of the produce is macadamia, avocados, mangos, litchis, and bananas.

Nationally, there are three provinces which produces macadamia nuts and these Limpopo (Tzaneen and Levubu), Mpumalanga (Barberton, Nelspruit and Hazyview), and on the north and south coast of KwaZulu Natal. Makhado Municipality is one of the major producers of macadamia nuts with a total planted area of 5661.07 hectares.

There are opportunities in the processing of macadamia nuts into domestic oils, and cosmetics (soap, sunscreen and shampoo). Other products that can be processed from macadamia are butter and animal feed.

The main producing avocado area in South Africa is Limpopo Province which produces 52% of national avocado production with 6 400 ha under avocado cultivation.<sup>24</sup> Amongst the district, the Letaba area

<sup>21</sup> Interview conducted with Mr. Kwinda who is Vhembe Fresh Produce Market Manager

<sup>22</sup> Interview conducted with Mr. Luambo Munzhedzi from Limpopo Animal Health

<sup>23</sup> Limpopo Provincial Government: The Mapping of Agricultural Commodity Production in the Limpopo Province (Final Report- October 2012).(pp 40)



produces most of Limpopo avocados and it is followed by the Soutpansberg area. This makes Makhado the second largest producer of avocados in Limpopo. The total planted area of in Makhado is 3 005.65 ha.

The abundance of avocados in the area provides opportunities in the processing of avocados into domestic oils, puree, medicinal uses, cosmetics, etc.

At least 12% (1 849 hectares) of the total land in Levubu is under banana cultivation which makes the area one of the major banana producer in Limpopo after the Tzaneen area. Below is a picture of a banana plantation in the farming area of Levubu.

**Picture 3-1 Banana Plantation in Levubu**



Almost 300 hectares are under the cultivation of litchi in Limpopo province, representing 24% of the total area under litchi cultivation in South Africa. The most important litchi producing areas in Limpopo include Trichardtsdal, Tzaneen, Makhado, and Levubu.

The major mango producing area in South is Limpopo Province. Most of the mango plantings in Limpopo are found in the Soutpansberg, Northern, Central and Southern Letaba as well as Hoedspruit regions. In Makhado at least 799.36 hectares is under the production of mangos. Mangoes exports from Limpopo Province in 2010 were to the value of R4.85 million. The majority of these were from Mopani and Vhembe district municipalities.

There are plenty opportunities in the beneficiation of mangoes. This include canned mango, mango juice, concentrated mango drinks (e.g. mango fizzy drink), mango pulp, dried mangoes, mango jams, chutneys, aachaar and mango-applied products (e.g. mango skin cream, mango detergent).

The South African litchi industry is predominantly export oriented. During the 2009/10 production season 3 509 tons of litchis were exported and 1 919 tons were sold in the local markets. This means that out of a total production of 5 748 tons produced in 2009/10, 61% went to the export market while 33% was

<sup>24</sup>Republic of South Africa: Avocado Market Value Chain (2010), page 2

sold through the local markets. The remaining 6% (320 tons) was delivered for processing (juice). In 2010 Limpopo Province value of litchi export was R14.8 million.

The table below is depicting the crops which are planted in the Makhado area of both small-scale and commercial farmers. It is evident that the largest area is under the production (in order of importance) of maize, followed by macadamia nuts, avocado, bananas, potatoes and tomatoes. Other crops which are produced within Makhado Municipality include groundnuts, beetroot, cauliflower, peppers, chillies, peach, table grapes, and squash.

**Table 3-1 Crop Production**

Crop	Total Area Planted
Maize	9 677.43
Sorghum	412.84
Groundnuts	158.03
Potato	1 442.47
Butternut	254.67
Cabbage	179.97
Mellons	366.00
Tomato	1 026.03
Pumpkin	217.42
Onions	230.32
Avocado	3 005.65
Macadamia Nuts	5 661.07
Guava	640.74
Litchi	141.50
Mango	799.36
Pecan Nut	135.26
Citrus	697.34
Banana	1 849.08
Table Grapes	77.81

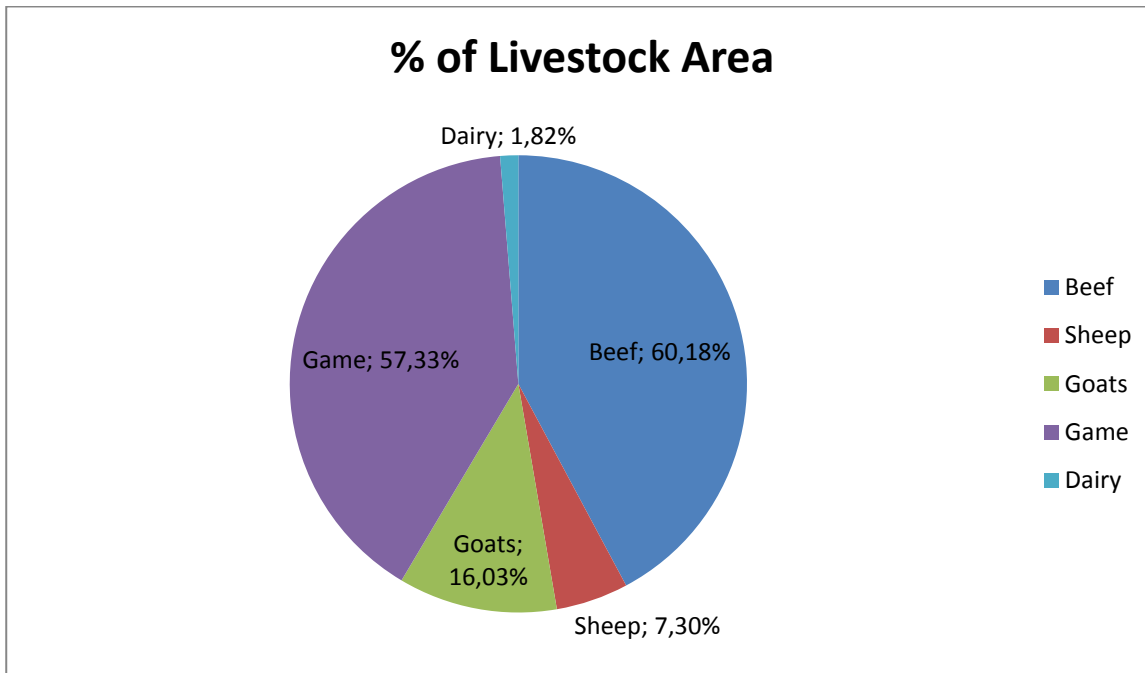
Source: DAFF (2012)

## Animal Production

Animal farming mainly focuses on cattle, goat, sheep, pork, poultry and game. Commercial farmers bred and rear their animals mostly for the production of meat and other products. Whereas in rural communities, families breed animals for family needs on small subsistence farms. The figure below is depicting the level of animal production in the area as compared to other neighbouring local municipalities.



Figure 3-12 % of Livestock Area



Source: DAFF (2012)

In South Africa the major beef producing area is Mpumalanga which commands a share of 23% of the beef produced, followed by Free State and Gauteng taking up 20% and 13% respectively. Limpopo only accounts for 6% of the beef produced in South Africa. The amount of beef produced in South Africa for the domestic market is not enough to meet the demand even if the number of cattle slaughtered has increased considerably from 1999/00 to 2008/09.

Beef is produced throughout the Municipality. There are a number of feedlots and abattoirs in the area. The major role player in the beef industry in Makhado is Madokor, MVB Feeders, both of which have feedlots in the area.<sup>25</sup>

Picture 3-2 Cattle Farm



Dairy market in Makhado is dominated by Limpopo Dairy. Limpopo Dairy's herd consists of more than a 1000 Dairy Cattle and the cattle which are milked per day consist of 3/4 being Holsteins and a 1/4 being Jerseys. The dairy also produces goat milk.<sup>26</sup> Below is aerial view of the facilities at Limpopo Dairy Plant.

<sup>25</sup> South Africa Feedlot Association

<sup>26</sup> [www.limpopodairy.co.za](http://www.limpopodairy.co.za)

Picture 3-3 Limpopo Dairy Processing Plant



Poultry farming is prevalent all over the Municipality and these farmers either operate as individuals or in groups, and in some instances cooperatives have been formed so as to facilitate access to finance and support. The main reason for poultry farming is to raise the chickens for meat production and eggs. In 2011 there were thirty two broilers facilities in Makhado.<sup>27</sup> Broiler production, especially broiler meat production, was the largest segment of South African agriculture by 24% in 2009 while all animal products in South Africa contribute 48%. The farm income from broiler meat for 2009 was R23, 165 billion.

South Africa consumes more broiler meat than it produces. This is the reason why South Africa has become a net importer of broiler meat. The gap widened from 2004/05 as rising living standards are pushing larger numbers of consumers towards protein filled diets. The per capita of broiler meat consumed in South Africa has increased from 19.7 kg per person in 2000 to 31.83 kg per person in 2009.<sup>28</sup>

The fact that production of chicken meat is failing to meet the demand nationally provides opportunities for the local emerging farmers and cooperatives to venture into the broiler market particularly in the establishment of chicken abattoirs.

It is estimated that there are 400 commercial pork producers in South Africa and pig numbers are estimated at 1 599 million. At least 24% of all pork produced in South Africa was produced in Limpopo in 2010.<sup>29</sup> Makhado Municipality is not a major producer of pork.

Goats are found throughout the country with Eastern Cape and Limpopo Provinces being the largest producers. Limpopo Province accounts for about 20% of the goat that are produced nationally. Makhado is not a major goat meat producer.<sup>30</sup> There are initiatives in place encourage and promote goat farming in the area such as the Musekwa Goat Farming Project. The primary reason for keeping goat in South Africa is for meat purposes. Opportunities that can accrue from goat farming include meat production, goat milk and cheese.

<sup>27</sup> Limpopo Provincial Government: Limpopo Agro-Processing Strategy (2012), page 198

<sup>28</sup> Republic of South Africa: A Profile of the South African Broiler Market Value Chain (2010), page 7

<sup>29</sup> Republic of South Africa: Pork Market Value Chain (2011), page 4

<sup>30</sup> Republic of South Africa: Goat Industry Market Value Chain (2011)

Picture 3-4 Musekwa Goat Farming Project



The game meat production in South Africa is relatively small compared to other meat production. Game meat is produced mainly in winter. Limpopo province commands the greatest share of game meat production accounting for 49% market share followed by Northern Cape and Eastern Cape taking up 19% and 12% respectively and this could be attributed to the climatic conditions in the area.<sup>31</sup>

In Makhado game farming is predominantly at a commercial level and the game is kept for reasons such as trophy hunting, game meat, taxidermy, and tannery. Some of the animals that are kept by game farmers include Springbok, Kudu, Impala, Nyala, Wildebeest, Gemsbuck, and etc.

The export of game meat has been increasing in South Africa, and since 1999 it has increased from 352 350 kilograms to 650 000 kilograms in 2008. This provides opportunities for emerging and land claim beneficiaries to venture into game farming. In the domestic market, biltong and steaks are the best known forms of game meat. Game meat attracts high prices and is only available to a small sector of the domestic market.

## Agro-processing

Agro-processing in the Municipality is largely confined to the Levubu area because most of the raw materials that are processed are from that area. In 2012 there were 24 red and white meat abattoirs, two (2) millers, one (1) pack house and only nine (9) processors.<sup>32</sup> Some of the agricultural related products which are produced in the study area are listed below as follows, achar, fruit juice, macadamia nuts, oils, canned vegetables and fruit, milk, yoghurt, fruit juices, beef, game meat, pork, chicken, mutton, and maize meal.

Below is a picture of a bottle of macadamia oil which is produced in the Levubu area by Royal Macadamia.

<sup>31</sup> Republic of South Africa: Game Industry Market Value Chain (2010), page 2

<sup>32</sup> Limpopo Provincial Government: The Mapping of Agricultural Commodity Production in the Limpopo Province (Final Report- October 2012).(pp 36 & 44)



Picture 3-5 Macadamia Oil



## Forestry

Forestry plantations are mostly found in the Luvuvhu catchment area, with dominance in the upper catchments of Soutpansberg Mountains. The majority of the plantations are privately owned while the rest are either owned by the state or communally under tribal authorities. Some of the privately owned plantations are Mondi Makhado and Komatiland Forests. Below is picture of the forestry plantations on the Soutpansberg Mountains.

Picture 3-6 Forestry Plantation



The table below is depicting community and state-owned plantations in the study area.

Table 3-2 State and Community Owned Plantations

Plantation	Area	Farm	Ownership	Status
Rossbach	8604ha	83LT	Rossbach CPA	Claimed
Driefontein	124.2ha	77LT	State plantation	Claimed
Mulima/Sitali	448ha	123LT	Mulima Territorial Council	No claim
Davhana	300ha		Davhana T/C	No claim
Joubertstroom	110ha		Witvlag Mphephu T/C	Claimed

Mabama	600ha	87LT Riverplaats	Mashamba/Nthabalala T/C	No claim
Moddervlei	193ha		State plantation	Claimed
Luvhola plantation	1027ha	38LT Welgevonden	State plantation	Claimed
		48LT Stildrift	State plantation	
		38LT Welferode	State plantation	
Khunda	-	-	Community Plantation	-
Molozzi Trust		-	Molozzi Trust	Claimed

Source: Department of Water Affairs (2012)

The majority of trees which are planted and harvested are the eucalyptus and pine which can be used in mining as reinforcement and as transmission poles for electricity and telephone lines, as a structural timber in the construction industry as well as in the production of furniture. Other wood product which could be commercially processed is charcoal.

The possibility for potential future development of afforestation is highly unlikely in the area, and this is due to scarce water resources. The only available option could be a trade off with the existing licensed water users such irrigators and as such focus should instead be placed on optimising returns from the existing plantations.<sup>33</sup>

Makhado area is also abundant with various medicinal plants. This has encouraged the establishment of Maila Conservation of Medicinal Plants<sup>34</sup> project. Upon completion this project will consist of a nursery, medicinal plant garden and research centre. The medicinal plants in this project will be refined or beneficiated as pharmaceutical products.

Honey production in the commercial sector in Makhado has been stagnant and the major bee farming activities are at a small scale level. Areas such as Makhado town, Waterpoort, and Wyllie's Poort were identified in a study as some of the areas with the highest potential for bee farming.<sup>35</sup> Bee keeping also has the potential to expand in the existing state and community owned plantations.

## Aquaculture

Crocodile farming is undertaken by commercial farmers. Fish farming is currently practiced on a small scale by a few farmers with the most widespread species being Mozambican Alicante and the Common Carp. The areas with the most potential for fish farming are Hlanganani, Madombidzha and Waterpoort because of the warm climatic conditions.<sup>36</sup>

### 3.8.2 Mining

#### 3.8.2.1 Overview

This sector is not a major source of employment in Makhado with only 509 people employed within the sector in 2011 which represents 1% of the total employment. It ranks last out of the nine sectors in terms of employment and it contributed 2% to the local GVA in 2011.

Makhado Municipality has numerous mineral deposits and it is one area in Vhembe that still has vast unexploited mineral deposits. The primary source of information used in the analysis of this sector is the

<sup>33</sup> Republic of South Africa: Afforestation Potential in the Limpopo Province, Report Number: WP:9696, (2008)

<sup>34</sup>This project is managed by the Indigenous Knowledge Systems of South Africa Trust

<sup>35</sup>Total Transformation Agribusiness (PTY), LTD: Situation Analysis of Beekeeping Industry in Botswana, Lesotho, Malawi, Mozambique, South Africa, Swaziland, Zambia and Zimbabwe (pp,70)

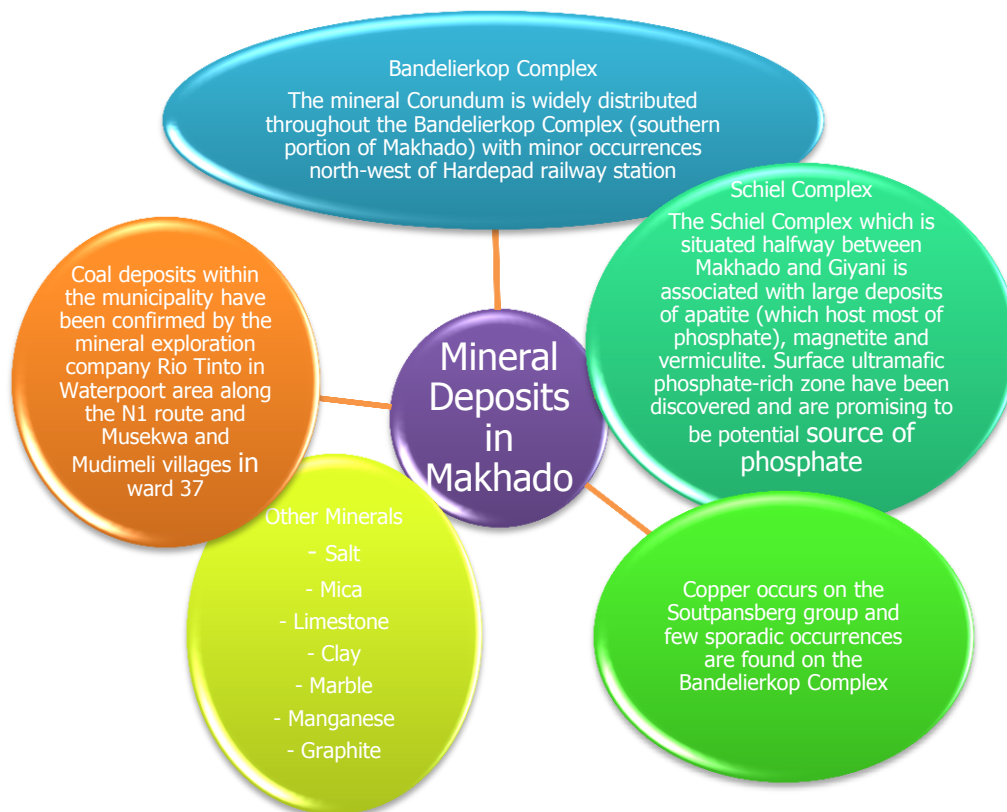
<sup>36</sup>Interview conducted with Mr. Nemutamba who is the Chairperson of Vhembe Aquaculture



Makhado Spatial Development Framework and Vhembe Mineral Wealth: A Summary of Mineral Resources Occurrence of Vhembe District (Council for Geoscience, 2010).

Mining has never been a major sector in the Makhado local economy, but this could change in the foreseeable future due to the interest that the Soutpansberg Coalfield is receiving with its attractive metallurgical properties. Areas where there are mineral deposits are the southern portion of Makhado, Schiel complex, and the western portion. Some of the minerals which are found in the study area are highlighted in the figure below.

Figure 3-12 Summary of Mineral Occurrence



According to the Council for Geoscience<sup>37</sup> fire clay, surficial limestone and magnesite deposits are also known in several localities such as the Soutpansberg. Lead, barite and copper mineralisation is known within the sediments that form the Blouberg and Soutpansberg mountains and the potential exists for as yet undiscovered deposits of these metals. Coal deposits are found in the Soutpansberg area (along the northern flank of the Soutpansberg Mountains).

The Department of Mineral Resources database of registered mines indicates that there are numerous companies holding mining licences or permits in the area. But unfortunately, some are not operational due to a variety of reasons such as lack of start-up finance or capital.<sup>38</sup> It is important therefore to maintain an inventory of mining permits and licence holders in the area and where necessary provide business development services.

<sup>37</sup> [www.geoscience.org.za](http://www.geoscience.org.za), accessed may 2013

<sup>38</sup> Interview with Mr. Julius Meela of Mokgamela Multiminerals, on the 11<sup>th</sup> of November 2012

Some of the farms in the area with proven mineral resources are listed in the table below. These farms were identified through a search of the database of licensed mines in the area and such some of these farms are currently not being mined.

**Table 3-3 Farms with Minerals Resources**

Name of farm	Mineral resource
VERA 815 MS PTN 11	Semi precious stones and other
VERA 815 MS PTN 28	Clay, coal
LEEUDWOORNS 472 LS; PTN	Granite-Dimension Stone
ERASMUS 529 MS PTN 11	Limestone
ZOUTPAN 459 MS	Salt
SENDEDZANE 202 MT	Aggregate sand
RIETVLEI 130 LT PTN 19 & 20	Aggregate sand
RUIGTEFONTEIN 239 MT	Sand
WINDHOEK 649 MS	Coal
TANGA 648 MS	Coal
FRIPP 645 MS	Coal
LUKIN 643 MS	Coal
SALAITA	Coal

Source: DMR (2013)

Currently there are no large scale mining activities in the area, but Coal of Africa Limited has proposed the establishment of a new coking coal mine to be known as the Makhado Colliery Project. The mineral to be mined is coal which is found in the Madziringwe formation and the mine will be located in Ha-Mudimeli village. Within this coal zone the total estimated resource is 860 MT, which may allow for future expansion.<sup>39</sup> According to an expert in the coal mining industry, the coal that is to be produced at the Makhado Colliery project has the potential to be a world-class hard coking coal product.<sup>40</sup>

There are two mining projects that are also in the pipeline, the Chapudi Coal Project as well as the Tshipise Energy Project. Both of these projects are located next to the Makhado Colliery Project.<sup>41</sup> The map below is depicting the location of the envisaged coal projects.

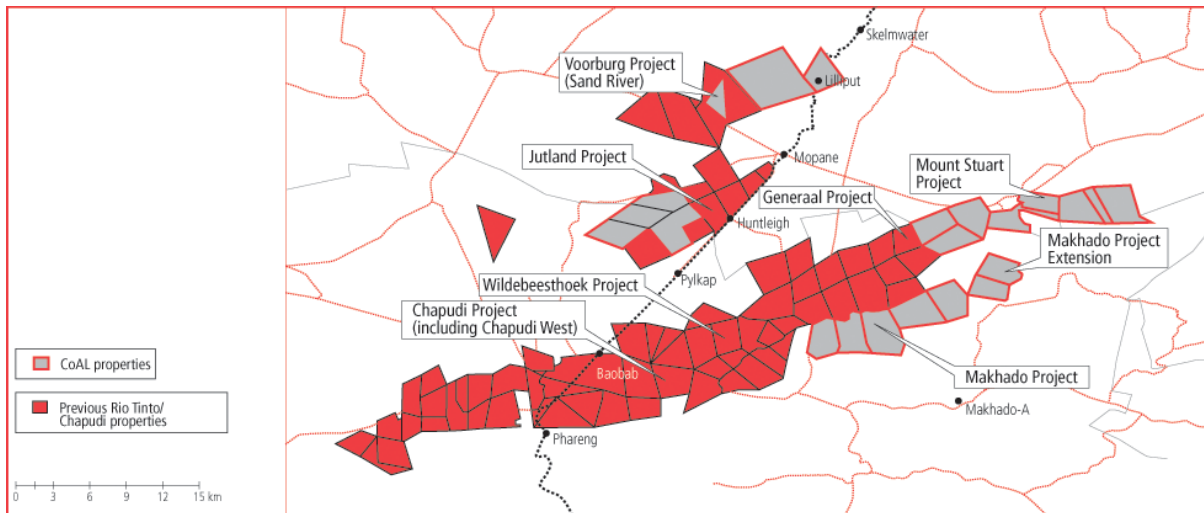
<sup>39</sup>EIA and EMP of the Proposed Makhado Colliery Project, September 2012

<sup>40</sup>Article by Martin Creamer which appeared on the Mining Weekly.com of the 15<sup>th</sup> of March 2013

<sup>41</sup>[www.coalofafrica.com](http://www.coalofafrica.com), accessed May 2013



Map 3-1 Planned Coal Projects



Source: <http://www.coaloafrica.com>

Chapudi Coal Project is a consolidation of nine projects in three regions namely, Mopane (Jutland and Voorberg), Makhado (General, Telema/Gray, Mount Stewart, Makhado), and Chapudi (Chapudi, Chapudi West, Wildebeessthoek). It has coal resources of 1,660Mt mineable tonnes in-situ. This project is expected to create 3,000 jobs at the plant and 2,500 jobs during the construction phase.

The Tshipise Energy project will be exploring the Coal Based Methane potential of the Soutpansberg Coalfield with a view to harnessing the benefits of fugitive gas which may otherwise escape into the environment during coal mining. It is a 1,674km<sup>2</sup> gas project, predominantly over Makhado Project and it is projected to create at 1,000 jobs.

The development of the coal and gas projects will also definitely provides further opportunities for the in the local economy such as provision of mining services, transport services, construction projects, cleaning projects, laundry services, catering services, etc. Another opportunity could be the beneficiation of the thermal coal which will be produced from these projects.

Several of the existing mines source their inputs such as spares locally depending on the availability thereof, but machinery is sourced out of the Municipality. This in itself indicates that there is a gap within the Municipality in terms of the supply of mining equipments. It is also an indication that there are severe economic leakages from the mining sector. There is also a shortage of mining related skills in the area as the available skills are not sufficient.<sup>42</sup>

In the villages there are various quarries which are being mined for sand illegally or without valid mining permits. Even though these quarries are sources of income for a number of households in those areas, they are contributing to land degradation and also detrimental to the environment as they are operating without any Environmental Management Programme or Plans (EMP). These activities should be discouraged through various initiatives such as awareness campaigns, and such campaigns should be conducted jointly with the Department of Mineral Resources.

The major constraints to the exploration of mineral resources, is that potential mining areas unfortunately overlap greatly with those areas as area where soils are highly suitable to arable agriculture.<sup>43</sup> Again further exploration of mining potential such a coal in the vicinity of Makhado will only

<sup>42</sup>Interview conducted with Mr. David Rammekwa who is the Area Manager (Makhado & Tzaneen) of WG Wearne and Mrs. Liz Shipley of Crystal Salt

<sup>43</sup> Makhado Local Municipality, Spatial Development Framework (2011), pp56

be realised if water can be leveraged from local sources, either through groundwater or by shifting agricultural water use into the mining sector.<sup>44</sup>

### 3.8.2.2 Activities and Commodities

Medium and small scale mining is predominant within the area with the majority of the operators mining sand and aggregate. All of the existing mines within the area are open cast mines. Some of the mines have a national presence, such as WG Wearne, which operates a mine located next to Tshikota Township which currently produces stone, ballast stone, dump rock, builders mix, crusher dust, and washed crusher sand. There is also a salt mine which is owned by Crystal Salt operating on the boundaries of Makhado and the Blouberg Local Municipality.

## 3.8.3 Manufacturing

### 3.8.3.1 Overview

Manufacturing sector includes food, beverages and tobacco products, textiles, clothing and leather goods, wood and wood products, fuel, petroleum, chemical and rubber products, furniture and other items and recycling, other non-metallic mineral products, metal products, machinery and household appliances, electrical machinery and apparatus, electronic, sound or vision, medical and other appliances, transport equipment.

This sector accounted for 5% of the total employment in 2011. In 2011 the manufacturing sector contributed at least 3.9% into the GVA of Makhado Municipality. Between 2001 and 2011, this sector grew at an average of 4.4%.

Makhado Municipality is abundant with natural resources that can be utilised as raw materials in the manufacturing sector and these are mineral resources and agricultural produce. This sector comprises of both the large scale manufacturers and small scale manufacturers. Currently the area's concentration of manufacturing activities comprises of a broad range of formal businesses and informal businesses involved in food product manufacturing, beneficiation of forestry products, beneficiation of minerals, and clothing.

The majority of the large manufacturing firms are located in the town of Makhado. The location of Makhado Municipality provides a number of advantages in the manufacturing sector. According to the Town Planning Section, various sites have been identified and earmarked for industrial development within the Municipality.

There is little or no formal industrial activity in the rural areas where small scale manufacturers dominate. The closure of some of the light manufacturing centres owned by LIEDA in villages such as Maebane and Madombidzha has contributed to this and it also had an adverse impact on employment and job-creation in these communities.

Most of the small scale manufactured goods are sold locally due to a lack of access to markets outside of the area. Lack of access to external markets is a major constraining factor in the development of the small scale manufacturing sector.

Manufacturing of indigenous arts and crafts is one of the key economic activities in the rural areas. The most commonly used raw materials include different types of clay and wood. The majority of crafters are involved in this industry as part of the household survival strategies. Many of these people work from

<sup>44</sup> Republic of South Africa: National Water Resources Strategy (2012)



home either as individuals or groups, and they do not have access to suitable premises to work from and markets.<sup>45</sup>

There is an untapped market in the area in the large scale production of food products using indigenous knowledge systems. Communities in the area have long been using various techniques for the drying of wild vegetables mainly as part of food security and the preservation of seasonal crops. When people migrate to urban areas they become reliant on those living in the villages for supply. This in itself provides a market for dried wild vegetables especially in the supply of markets in areas such as Gauteng, Polokwane, etc.

### 3.8.3.2 Activities and Commodities

Manufacturing in the area is mostly centred on the beneficiation of raw local agricultural produce. Firms such as Royal Macadamia and Denova Oils produce macadamia oil which is extracted from the macadamia nut. Denova Oils also specialises in the production of avocado oils. Levubu Dried Fruit specialises in the tunnel drying of fruits such as guavas, mangos and bananas. Valley Farms in Levubu produces a range of fruit concentrate and puree from fruits such as guava, mango and litchi.

The major dairy production in the area is operated by Limpopo Dairy which is located on the Madombidzha road and it produces fresh milk, mass, yoghurt, goat milk, etc. Below are some of the products that are produced by Limpopo Dairy.

**Picture 3-7 Dairy Products Produced in Makhado**



Source: <http://www.limpopodairy.co.za>

Beneficiation of forestry products is another manufacturing activity which can be found in the Municipality, with various products such as containers, pallets, poles, etc being produced in the area. These items are produced by companies such as Timbadola Sawmills and Shefeera Timber. Non-metal products such as builders mix are produced by WG Wearne at its plant which is located on the R524.

Small scale manufacturers mostly concentrate their activities to the production of steel products such as burglar doors, sculptors, pottery, milling, bakeries, brick making, etc. The picture below is depicting pottery which is manufactured from clay in the village of Mukondeni by a group of women.

<sup>45</sup> Interview with Mrs. Sarah Selapyana of Mukondeni Pottery and Mrs. A.M. Netshidzivhanani of Zwashu Arts and Crafts Centre

Picture3-8 Pottery Manufactured in Mukondeni Village



In summary manufacturing activities in the area is based on producing the following products:

Table 3-4 Summary of Manufacturing Activity

Food & Beverages	Wood, Publishing & Printing	Metal Products	Furniture	Non-Metal Mineral Products
<ul style="list-style-type: none"> <li>•Bakery</li> <li>•Fruit juice</li> <li>•Achaar</li> <li>•Meat processing</li> <li>•Milling</li> <li>•Agriculture feeds</li> <li>•Canned fruit and vegetables</li> <li>•Dried fruit</li> <li>•Macadamia oils</li> <li>•Avocado oils</li> <li>•Dairy products</li> </ul>	<ul style="list-style-type: none"> <li>•Containers and pallets</li> <li>•Doors</li> <li>•Truss manufacturing</li> <li>•Treated poles</li> <li>•Transmission poles</li> <li>•Fencing poles</li> <li>•Sculptors</li> <li>•Printing</li> <li>•Droppers</li> <li>•Light poles</li> </ul>	<ul style="list-style-type: none"> <li>•Burglar doors</li> <li>•Buglar proofs</li> <li>•Window frames</li> </ul>	<ul style="list-style-type: none"> <li>•Household furniture</li> </ul>	<ul style="list-style-type: none"> <li>•Crused stone</li> <li>•Ready mix concrete</li> <li>•Builders mix</li> <li>•Crusher dust</li> <li>•Washed crusher sand</li> <li>•Brick making</li> <li>•Pottery</li> </ul>

### 3.8.4 Tourism

#### 3.8.4.1 Overview

The high performing trade and services sectors in Makhado Municipality is reflective of the area's tourism ability. The tourism industry can be defined as a mixture of public and private organisations that are actively involved in the development, production and marketing of both products and services that provide for the needs of tourists. Thus, it is useful to categorise the tourism industry into various categories.

Named after the legendary King Makhado, the Municipality comprises of a variety of natural resources in tourism. The geographical characteristics, mountainous terrain, excellent climate, flora and fauna are precious assets for Makhado, assets that can lead to economic development, especially of tourism.



Picture 3-9 Soutpansberg Mountains



The cultural heritage of Makhado spans the divide between earliest and modern times. This rich heritage is reflected in the numerous historical, archaeological, cultural and natural heritage sites in the study area. Superb examples of iron-age history, pre and post colonial history, as well as current cultural heritage occur throughout the area. Cultures unique to this region include the Venda, Shangaan, Pedi cultures & Buysdorp and cultural activities include traditional dancing such as Domba, Tshigombela, Xigubu, Tshikona, Dende and Malende. There are a number of important museums in the area such as the Dzata and Schoemansdal museums.

There are tourist attractions in the area that have been afforded the status of Local Monuments and these are, Buysdorp, Stonehenge, Lemana College, Schoemansdal Museum, Valdezia Station Mission, Elim Hospital and Fort Hendrina. The meeting place between Louis Trichardt and Portuguese Askaris and Happy Rest has been declared Local Historical Sites. Dzata Ruins has been declared a Provincial Monument.

The majority of visitors are domestic tourists coming from areas such as Gauteng and Limpopo. Foreign tourists coming to the area are mostly from European countries such as Germany, Netherlands and United Kingdom. Visitors from Africa are mainly from Zimbabwe.

At least 50% of visitors visit the area for leisure, 44% for business reasons and 5% visit friends and relatives. The average length of stay is 2.5 nights, with leisure visits at 3 nights and business visits at 1.9 nights. School holidays and the month of December are the busiest period for tourism in Makhado.

The town of Makhado is one of the three most visited towns in Limpopo Province.<sup>46</sup> The most visited tourist attraction in 2011 was Mphephu Resort, which was visited by about 64 976 tourist, representing a growth of 43 339 when compared to the 21 637 people who visited the area in 2010.<sup>47</sup> Other most visited attractions are the Manavhela Ben Lavin Nature Reserve, Hanglip Hiking Trail and Mashovhela Lodge.<sup>48</sup>

Picture 3-10 Giraffe at one of the nature reserves



<sup>46</sup>Republic of South Africa: SAT Domestic Tourism Provincial Scorecard for 2007-2010, page 32

<sup>47</sup>Vhembe District Municipality: Integrated Development Plan (2012/13-2016/17), page 18

<sup>48</sup>Interview with Mango of Makhado Tourism Information Centre

To gain further insight into the sector, a workshop was conducted with key tourism stakeholders in the Municipality. Stakeholders pointed out that there are very few tour operators and tourist guides in the area. This in itself provides an opportunity that Makhado can make use of by concentrating on training more tourist guides and assisting them in being operational. Other sector related challenges are the following:

- Lack of cooperation amongst tourism operators in the area;
- Lack of signage facilities;
- Lack of maintenance of municipality owned tourism facilities;
- Ungraded status of some accommodation establishments;
- A lack of integrated, sufficient & efficient initiatives for tourism products; and
- Few restaurants and entertainment establishments.

From the discussions during the workshop and also based on recent crimes statistics, the Municipality does not experience higher crime rates as compared to other areas in South Africa. Even though the crime rates are low it is still imperative to ensure the safety and security of tourists visiting the area.

The contribution of tourism to a local economy is difficult to measure, as tourism is not an industry in the traditional sense because industries are classified according to the goods and services they produce, while tourism is a consumption-based concept that depends on the status of the consumer. An assessment of the value of contribution made by the accommodation sector in the Makhado Local Municipality which was undertaken in 2004, revealed that the value of the accommodation sector is about R64 255 180.

Tourism growth is dependent on a sustainable environment as it is largely the natural environment together with its heritage legacy which makes Makhado such an attractive tourist destination. To tap into this opportunity fully, Makhado needs to aggressively drive the packaging of its product offering, understanding its target markets and trends.

It is evident from this overview that tourism in the area derives its advantage from:

- The N1 highway linking it to the SADC community and Gauteng;
- Natural endowments such as mountains, rivers, scenic landscapes, wildlife, the nature reserves and the presence of a variety of bird species; and
- Historic, religious and cultural assets, particularly the history of the local people.

### 3.8.4.2 Infrastructure and Facilities

There is a Tourism Information Centre (TIC) which is located along the N1 to Musina and it is used as a platform for the dissemination of tourism information and products in the area. The total number of visits made to the centre in 2011 was 2268(2109 national and 159 international).<sup>49</sup> Major issues raised by tourism stakeholders about the TIC is that the current operating hours and days makes it impossible for tourists to access its service, and that it lacks innovation when it comes to marketing the area.

The recently completed Tshakhuma Conference, Heritage and Tourism Facility will add much value in the area in terms of attracting national and local business meetings.

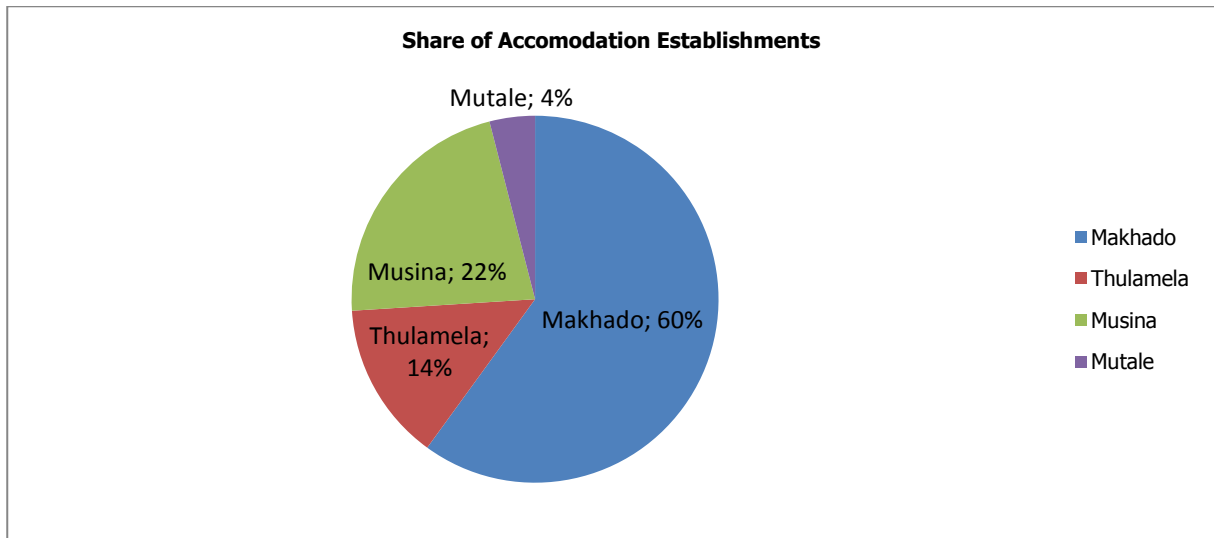
Tourism is heavily dependent on the availability of a range of infrastructure such as retail facilities (shops), basic services, telecommunications and roads. An analysis of infrastructure in the area has already been made in Section 2 of this report. Food and beverages establishments are mostly found in the town of Makhado. Restaurants are essential for the tourism market whereas these businesses are non-existent in the other areas, especially the villages.

<sup>49</sup>Vhembe District Municipality: Integrated Development Plan (2012/13-2016/17), page 18



In the figure below it is reported that Makhado Municipality has the greatest share of accommodation establishments (60%) within Vhembe District Municipality. It is followed by Musina (22%), Thulamela (14%) and Mutale with 4%. In total there are 84 accommodation establishments with a total number of 2060 beds. This gives the Municipality a huge competitive edge over the other three municipalities.

**Figure 3-13 Share of Accommodation Establishment**



Source: VDM Tourism Development Strategy (2009)

The average bed occupancy rate is 52% within the study area which is a low figure and this also indicate that there is substantial opportunity for improvement and expansion of the tourism sector within the study area. The main challenge in the accommodation sector is that many of the establishments are not graded. This obviously impacts on the number of guest visiting the establishments as guests prefer establishments which they can measure and know what service levels to expect in relation to its star grading.

### 3.8.4.3 Activities and Products

The Municipality area is rich in natural wealth and beauties' the potential of which could be used for promotion of tourism. There is a need to take full advantage of the natural wealth, but also to be cautious enough not to disrupt the laws of natural habitat and to do whatever needed to develop and conserve the environment.

There is a range of tourism activities that takes place in the area such as, eco-tourism, adventure tourism, agro-tourism, historical tourism, cultural tourism. This can be attributed to the fact that Makhado Municipality is home to the Soutpansberg Mountain Range, variety of fauna and flora, nature reserves, dams, history of the Vhavenda and Vatsonga communities, game farming and indigenous arts and crafts.

Below is a picture of a natural hot spring which is found in the Nzhelele area and located next to Mphephu resort. As already mentioned in the earlier parts of this subsection, the Mphephu Resort is one of the most visited areas in Makhado.



Picture3-11 Natural Hot Springs



In recent years Makhado has been successful in hosting Vhembe Annual Carnival and other events such as Kremetart cycling race, the Land of Legend Marathon and this has resulted in the attraction of additional visitors to the area and therefore generating significant economic benefits particularly.

Other activities such as religious tourism are promoted by the presence of the United African Apostolic Church which has over 1.5 million members and its headquarters is located in Ha-Mavhunga village.<sup>50</sup> Its annual gatherings and other events should be leveraged to add value to the tourism sector. It is important for tour operators in Makhado to provide guided tours to the annual pilgrimage and numerous other attractions to be found in the nearby areas.

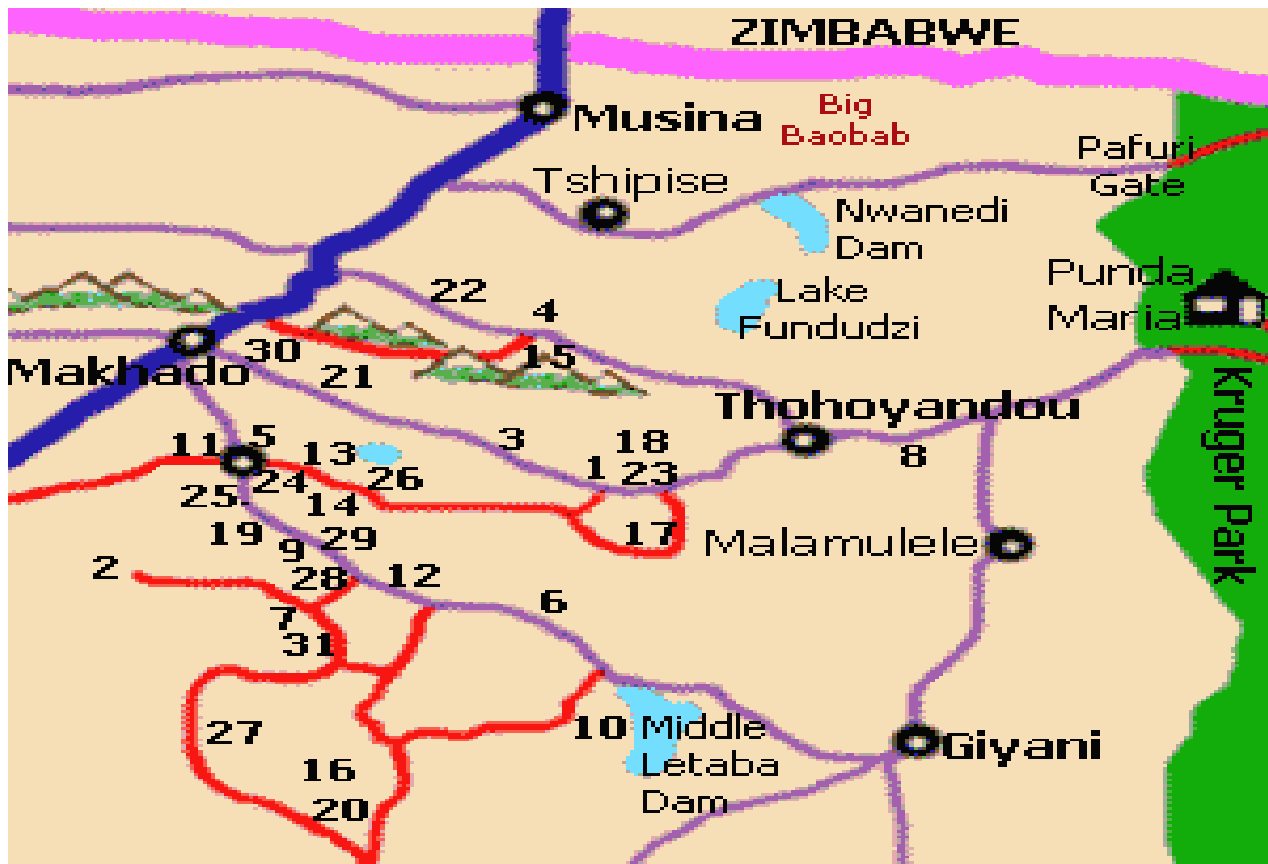
There are various tourism routes which are found in the Makhado area such as the Ribolla Open Africa, Ivory Route, Greater Mapungubwe Heritage Route, and the Soutpansberg-Limpopo Birding Route. Below is a map of the Ribolla Open Africa Route which provides opportunities for tourist to visit and view the following products

- Wood Carving
- Basket Weaving
- Sculptures
- Pottery
- Beadwork
- Monuments
- Cultural Villages
- Mountain Lodges
- Resorts
- Tsonga Textiles
- Lakeside Lodges

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<sup>50</sup> Source: [www.wikipedia.co.za](http://www.wikipedia.co.za)

Map 3-2 Ribolla Open Africa Route



Source: <http://www.travel-southernafrica.com>

The various tourism products and activities in the area are provided in the tables below.

Table 3-5 Summaries of Tourism Products

Tourism Routes	Archaeology and Palaeontology	Agro-tourism	Arts and Crafts
<ul style="list-style-type: none"> <li>• Ribolla Open Africa</li> <li>• Ivory Route</li> <li>• Greater Mapungubwe Heritage Route</li> <li>• Soutpansberg-Limpopo Birding Route</li> </ul>	<ul style="list-style-type: none"> <li>• Medike Site</li> <li>• Machema Ruins</li> <li>• Verdun Ruins</li> <li>• Tshimbupfe Smelting Furnace</li> <li>• Lesheba San Rock Art Sites</li> <li>• Kokwane Prehistoric Footprints</li> </ul>	<ul style="list-style-type: none"> <li>• Levubu Valley</li> <li>• Tshakhuma Fruit Market</li> <li>• Mara Agriculture Research Station</li> <li>• Limpopo Dairy Farm</li> </ul>	<ul style="list-style-type: none"> <li>• Mukondeni Potters</li> <li>• Elim Cultural Mendear</li> <li>• Twanani Textiles and Batik</li> <li>• Tsonga Textiles</li> <li>• Rivoni Society for the Blind</li> </ul>

Adventure and sporting tourism	Events	History	Ecotourism
<ul style="list-style-type: none"> <li>• Hanglip hiking trails</li> <li>• Soutpansberg hiking trails</li> <li>• Albasini, Middle Letaba and Tshakuma Dams</li> <li>• Entabeni trails</li> <li>• 4x4 routes</li> <li>• Golf</li> </ul>	<ul style="list-style-type: none"> <li>• Zoutpansberg mountain race</li> <li>• Land of legends marathon</li> <li>• Kremetart cycle challenge</li> <li>• Makhado annual show</li> <li>• Vhembe Annual Carnival</li> <li>• Makupa Dualthon</li> </ul>	<ul style="list-style-type: none"> <li>• Buysdorp</li> <li>• Schoemansdal museum</li> <li>• Elim hospital museum</li> <li>• Fort Hendrina</li> <li>• Church of Covenant</li> <li>• Lemana College</li> <li>• Dzata museum</li> <li>• Stonehenge</li> <li>• Waterpoort railway bridge</li> </ul>	<ul style="list-style-type: none"> <li>• Sandriver gorge</li> <li>• Mphephu resort</li> <li>• Manavhela Ben Lavin Nature Reserve</li> <li>• Tswime Breathing Stone</li> <li>• Saltpan and Resort</li> <li>• Nzhelele nature reserve</li> <li>• Lanjan reserve</li> </ul>

### 3.8.5 [Community Services](#)

#### 3.8.5.1 [Overview](#)

Community services sector includes public administration and defence activities, activities of government, government departments and agencies, education (public and private), health and social work, sewage and refuse disposal, sanitation, activities of membership organisations, recreational, cultural and sporting, hairdressing and funeral and related activities.

Community services are provided mostly by government and although there is a large private sector involvement in health and education, government funding is provided in many cases. In the case of welfare, government services dominate but there are numerous non-government organisations which provide these services. Makhado Municipality is still deriving a significant income from government related services (public services). In fact, more people in formal employment are employed in this sector than in any other.

In health, there is a large public hospital system but most specialist medical services are rendered by private doctors. In education the private school system is growing as more parents seek the best education for their children. In the justice area, police, court systems and prisons come within government jurisdiction although there is an established privately operated prison in the area (Kutama/Sinthumule Prison).

The major government departments and institutions or organisations which forms part of the activities in the community services sector in Makhado include

- Regional government departments (such as Home Affairs, Roads and Transport, Agriculture, Basic Education, Labour, Water Affairs and Environment, Forestry, amongst others)
- Security Cluster (such as the Makhado Air force base, SAPS)
- Agencies such as LEDA
- Justice Cluster (including Correctional Services, Magistrate Courts)



- Public schools (primary and high schools)
- Makhado Municipality
- Public Health facilities such as hospitals, clinics

Other services which are growing rapidly are the security and funeral services. The funeral industry in Makhado is primarily comprised of small businesses, which operate in localized markets. However, there exist a few companies in the industry which operate at the national level mainly through a franchise system or network of funeral parlours.

Private security companies in Makhado are on the increase as a result of the growth in the trade sector, outsourcing of security requirements by government departments and institutions, as well as security or safety needs of residents.

This sector accounts for the employment of 24,677 people which represents about 27% of the total employment. This sector is an important contributor to the local economy as it contributed 33.2% to the local GVA in 2011. This could be attributed to the fact that government is the major employer within the area. Between 2001 and 2011 the average growth rate of this sector was 1.2%.

### 3.8.5.2 Activities

Activities in the area include funeral parlours; hair salons; government related services; private medical facilities; private educational providers; private security companies; and non-governmental organisations.

## 3.8.6 Trade

### 3.8.6.1 Overview

This sector covers retailers in specialised food, beverages, tobacco, pharmaceutical and medical goods, cosmetics and toiletries, general dealers, textiles, clothing, footwear, leather goods, household furniture, appliances and equipment, hardware, paint and glass, as well as various other dealers in miscellaneous goods. Retail whether formal or informal, is a major component of any economy and large employer of skilled and semi-skilled workers and it flourishes in diverse settlements with large populations.

It is an important sector in terms of job creation and has low entry requirements for entrepreneurs. Trade is usually indicative of a more developed economy. Factors that influence trading activities include the availability of household incomes and the presence of other well established trade centres.

Makhado Municipality has a variety of retail and wholesale businesses. This sector depends both on local customers as well as neighbouring countries such as Zimbabwe and other local municipalities and shopping visits coincide with and peak at or about paydays, festive season, etc. The more established towns in the Municipality, notably Makhado, followed by Elim and Dzanani are the major retail centres and this is also where the major retail shopping complexes/malls are located.

The attraction of trade operations supports existing business operations including hospitals, manufacturing, construction, transportation and warehousing activity. It is also important to note that unlike transportation and warehousing operations, trade operations can be accommodated on smaller parcels of land and often do not have the same requirement for access to major highways. Makhado may have an advantage in this regard, given the inventory of vacant parcels. Continued population growth in the region will also fuel growth in the local trade sector.

There is also a very strong informal trade in consumer and durable goods and it is dominated by traders selling food and beverages, clothing, fruits, etc. A significant number of informal traders operate from



containers and open areas. They require support and assistance in terms of access to proper and suitable facilities which is lacking in the Municipality.

A new shopping mall has just been opened in the town of Elim. Three more news malls are on the pipeline, the Manaledzi Mall to be situated on the Tshikuwi crossroad, the Mphephu Mall to be developed in Siloam, and the Vuwani Mall to be developed in the town of Vuwani. Both this projects are being developed by private investors.

### 3.8.6.2 Activities

There are a number of established local, national and international retail and wholesale groups operating within the area and amongst them are Edcon, Massmart, Pick 'n Pay, Shoprite Checkers, Mr Price Group, Solly's, Foschini Group, JD Group, Ellerines Holdings, SAB Miller, and Coca Cola.

Various trade activities take place in the municipalities and these are summarised in the table below.

**Table 3-6 Summaries of Trade Activities**

Clothing and Jewellery	Food and beverages	Furniture and Appliances	Wholesalers	Motor Vehicleless
<ul style="list-style-type: none"> <li>•Edcon</li> <li>•Woolworths Group</li> <li>•Foschini Group</li> <li>•Mr Price Group</li> <li>•Truworthis group</li> <li>•Markhams</li> <li>•Pep Group</li> <li>•Total Sports</li> <li>•Various small clothing shops</li> </ul>	<ul style="list-style-type: none"> <li>•Shoprite Holdings</li> <li>•Pick &amp; Pay Group</li> <li>•Spar Group</li> <li>•Boxer</li> <li>•Various independent retailers</li> </ul>	<ul style="list-style-type: none"> <li>•Ellerines Holdings</li> <li>•JD Group</li> <li>•Lewis Gr</li> <li>•Sollys</li> <li>•Game</li> <li>•Indepent retailers</li> </ul>	<ul style="list-style-type: none"> <li>•Premjee</li> <li>•Surat</li> <li>•SAB</li> <li>•Coca-cola</li> <li>•Great North</li> </ul>	<ul style="list-style-type: none"> <li>•Werda motors</li> <li>•Mount Fuji</li> </ul>

## 3.8.7 Finance

### 3.8.7.1 Overview

This sector also includes insurance and pension services; renting; real estate; research and development; legal; accounting; bookkeeping and auditing; architectural; engineering and other technical services; and business activities not classified elsewhere.

This sector accounted for the employment of 4,729 people in 2011 which represents 5% of the total employment. It contributed 25.6% to the local economy in 2011. It grew by 3.9% between 2001 and 2011.

The high contribution to the economy of Makhado indicates a high development of financial services sector in the Makhado Municipality. All the major banks such as ABSA, FNB, Standard Bank, Nedbank, Capitec Bank, and the regional bank VBS Mutual Bank are found in Makhado town. They service the banking requirements of local businesses and individuals in the area. Some of the biggest insurance companies in South Africa such are Old Mutual, Sanlam, and Metropolitan Life are also found in the study area.





Conditions for development of businesses offered by these banks are the same as in other parts of South Africa. Although these banks are of great importance for local economic development, there is a need for improving the terms of the loans, especially for start-up businesses.

Bookkeepers are centred in the town of Makhado. With the number of new businesses entering the market and the stringent compliance rules imposed by the South African Revenue Services (SARS), this subsector is expected to double the number of employees on the back of this growing number of small businesses looking for assistance with financial planning and bookkeeping services. As with the rest of the country there is a shortage of accountants with knowledge of taxes, auditing and bookkeeping.

There is a large market for micro-lending in Makhado, to service the area's large informal sector and those who doesn't qualify for bank loans. Loans granted for personal use to clients make up the biggest portions of finance granted by micro-lenders.

The property retail market is also doing well because of the demand of houses as more people migrate to the town of Makhado and nearby towns in order to be nearer their place of employment and other reasons such as the availability of basic services in towns.

### 3.8.7.2 Activities

All the major retail banks are centred in the town of Makhado and other areas such as Elim. In addition there are a number of branches of these banks operating in Dzanani and Vuwani. There are companies dealing with insurance of persons and property, as well as other financial institutions or agencies but they are mostly restricted to the town of Makhado.

The major activities within the sector are retail banking; law firms; estate agents; micro-lending; insurance brokerage; bookkeeping; and financial planning services.

## 3.8.8 Transport

### 3.8.8.1 Overview

Transport includes land transport, railway transport, water transport, transport via pipelines, air transport, travel agencies, post and telecommunications, courier services, as well as storage and warehousing activities. The importance of strength in this sector is the advantage it provides to other sectors, especially manufacturing and wholesale trade.

The transport sector accounted for at least 4,225 of formal employment in Makhado which represents 5% of the total employment within the study area. It contributed 8.9% to the GVA in 2011 and it grew by 6.5% between 2001 and 2011.

Public passenger transport for mobility is dominated by minibus taxi services as well as bus services. The taxi industry is characterised by individual taxi operators owning between one and two vehicles. The major role players in regards to bus operations are Phadziri Bus Service, Mabirimisa Bus Service, and Do Light Transport. They all face stiff competition from Great North Transport which is a subsidiary of the parastatal LEDA.

Makhado is situated as a regional hub, with access to three neighbouring countries, and to South Africa's economic hub, the Gauteng province. The three neighbouring countries are Botswana, Zimbabwe, and Mozambique. This geographical position has seen the area experience high volumes of freight movement, especially on the N1 corridor, linking Zimbabwe and Gauteng.

Goods in Makhado are moved by road and rail. Goods that are transported into and out of the area by freight includes machinery/vehicles (assembled machines and vehicles), wood (timber, planks, round



wood, logs) break bulk (bags, sacks, lime and cement, coal, grain, agriculture), fuel (petrol, diesel, paraffin, gas), chemicals (liquid bulk other than fuels), fertilizer, chrome and manganese, granite, beverages, livestock (goats, cattle, poultry, etc), perishables (reefer containers and refrigerated).

Road freight is the dominant service in the movement of goods. It is characterised by small and medium-sized trucking companies, owner-driver operators, as well as most of the largest trucking companies with a national presence. The main nodes in the freight system are Makhado town, Levubu, and Dzanani.

Rail freight is dominated by state-owned company Transnet Freight. Makhado forms part of the network from Pretoria-Piensaarsrivier-Polokwane-Musina-Beitridge which is over 579km in length. This network is responsible for the transportation of lime, liquid petroleum products, cement, coal, and various grains.

The demand for both road and rail freight transport is more likely to soar when the envisaged Makhado Colliery takes off, as the mine will require supply of inputs and the transportation of its final product (coking coal).

Proximity to a highway is critical to transportation and warehousing operations. Stem Time (the time that a vehicle is moving but not getting paid for) is major factor in the site selection process. Locations that minimize distances to customers or major highways routes are preferred. Traffic congestion can also have a significant impact on stem time. The town of Makhado perfectly meet these requirements although the local roads are a major concern.

Postal service is dominated by South African Post Office which is also a major player in courier services and it has a number of branches across the Municipality even though they are inadequate. Warehousing and storage is restricted to the industrial parts of the town of Makhado but is lacking in other towns where there is trade activities.

### 3.8.8.2 Activities

The major activities in this sector are rail freight; road freight; warehousing; public passenger transport (mini-bus taxis, buses, etc); and postal services.

## 3.8.9 Construction

### 3.8.9.1 Overview

Construction sector includes three categories: construction (which comprises all infrastructure expenditure), and building (which includes non-residential buildings, shopping malls, office buildings, manufacturing plants etc.) and residential buildings.

The number of people employed within Construction in 2011 was 7,493 or 8% of the total employment. This sector contributed 4.3% to the local GVA in 2011 and the average GVA growth between 2001 and 2011 was 6.5%.

The construction industry in Makhado as in the rest of South Africa is experiencing its biggest boom and this growth is being fuelled mainly by government's expenditure of billions of rands in developing infrastructure. Alongside this government spending energy supplier Eskom is also spending millions in the building of sub stations and power lines, while Transnet is expected to expand railway lines in the area.

Government increased spending on infrastructure presents major opportunities to contractors. Emerging contractors can also benefit by the preference given to historically disadvantaged enterprises in the awarding of contracts. The construction and building sector is an important avenue for employment creation because of its employment generating capability and because government expenditure has a large influence on its expansion or contraction.



In Makhado this sector is concentrated in the residential building construction, building equipment contractors, building finishing contractors, and foundation, structure, and building exterior contractor subsectors.

The boom in the construction sector again presents a viable opportunity for those supplying building materials such as tiles, cement, bricks, fittings and ready-mix concrete. There is also a gap in the market to supply rented equipment to emerging contractors, as many emerging contractors do not have their own machinery or building equipment. The population growth in the area, as well as the related demand for housing in Makhado town and the surrounding areas could also be a positive impact which can result in the growth of this sector.

This sector is highly sensitive to interest rate, and will shrink if interest rates are increased. Construction is dependent on both skilled and unskilled labourers. In terms of skilled labourers the Municipality has a shortfall whereas it can be able to supply unskilled labourers when required. The lack of skills can most notably be seen in the shortage of engineers and artisans.

### 3.8.9.2 Activities

Continued building renovations make up some of the construction activities in Makhado. Most new homes are being constructed in Makhado town, Elim and Dzanani, Maila, etc. The major construction activities include small house repairs, building and renovations; residential sector housing; low-cost housing; and civil Engineering Industry.

## 3.8.10 Utilities

### 3.8.10.1 Overview

The utilities sector is primarily related to two state-administered components: water services and power (electricity). These sectors are essential services delivered through the state and serve as key development supporting tools for the national government.

The number of jobs within the Utilities sector in 2011 was 491 which represent about 1% of the total employment in the area. This sector contributed 3.9% to the local economy in 2011 and the average growth rate between 2001 and 2011 was 3.3%.

Bulk water supply is the responsibility of Vhembe District Municipality, whereas water services are provided by the Municipality. Currently the area is experiencing shortages of this indispensable resource due to the growth in demand. The electricity sector is dominated by Eskom which is a state-owned utility. Makhado Municipality purchases electricity directly from Eskom for distribution to its population. Eskom produces 96% of the country's energy needs and it has also embarked on a massive infrastructure development in the development of electricity infrastructure.

Government plans for the continued roll-out of the electrification process and the provision of free basic electricity will continue to place excess pressure on the power grid of South Africa. This in itself provides opportunities for independent power generators.

### 3.8.10.2 Activities

The activities within the sector are the provision of electricity; and provision of potable water.



## 3.9 Business in Makhado

### 3.9.1 Overview

This analysis is based on the information gathered during the stakeholder's workshops, key stakeholder interviews, and the findings of Makhado Business Survey. Focus of this subsection will include:

- SMME's;
- Cooperatives;
- Informal Sector; and
- Business associations and supporting agencies.

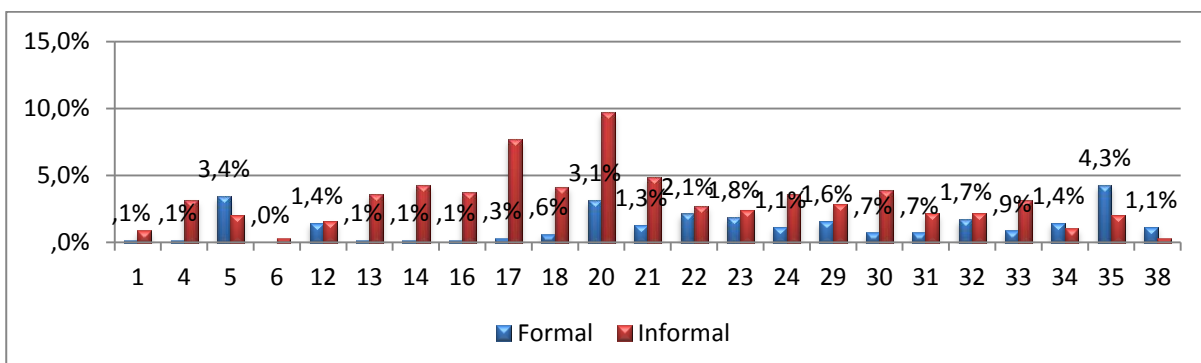
The area is characterised by formal and informal businesses. Formal businesses in the area take various forms, such as, Close-corporation, Private Companies, Section 21 Companies, and Co-operatives.

The subsection below provides a summary which is based on the findings of the Business Survey that was conducted across the Municipality.<sup>51</sup>

#### 3.9.1.1 Spatial Representation

The majority of informal businesses are located in wards 17, and 21, whereas most of the formal businesses are located in ward 5, 20, and 35.

Figure 3-15 Location of Businesses



Source: Makhado Business Survey, 2012

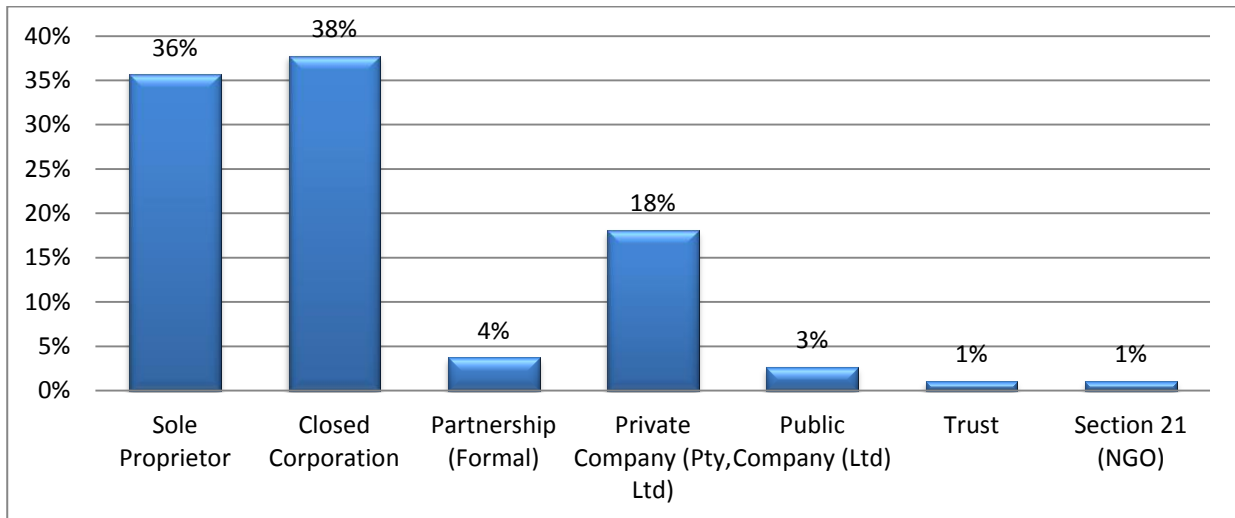
#### 3.9.1.2 Formal Registered Business

Closed Corporation (38%) comprise the majority of the formally registered businesses, it is followed by Sole Proprietor (36%), Private Company (18%), Partnerships (4%), Public Company (3%), Trust (1%), and Section 21 Company (1%).

<sup>51</sup> Makhado Business Survey:



Figure 3-16 Company Registration Type

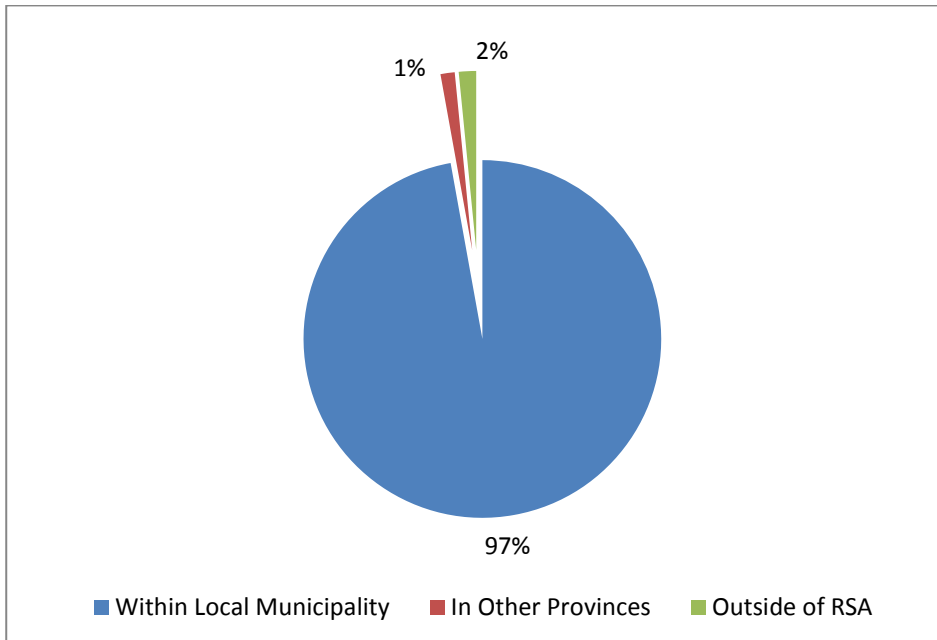


Source: Makhado Business Survey, 2012

### 3.9.1.3 Ownership

Almost 97% of the business owners reside within the local municipality with 1% located in other provinces and 2% of business owners reside outside of South Africa.

Figure 3-17 Residence of Business Owners



Source: Makhado Business Survey (2012)

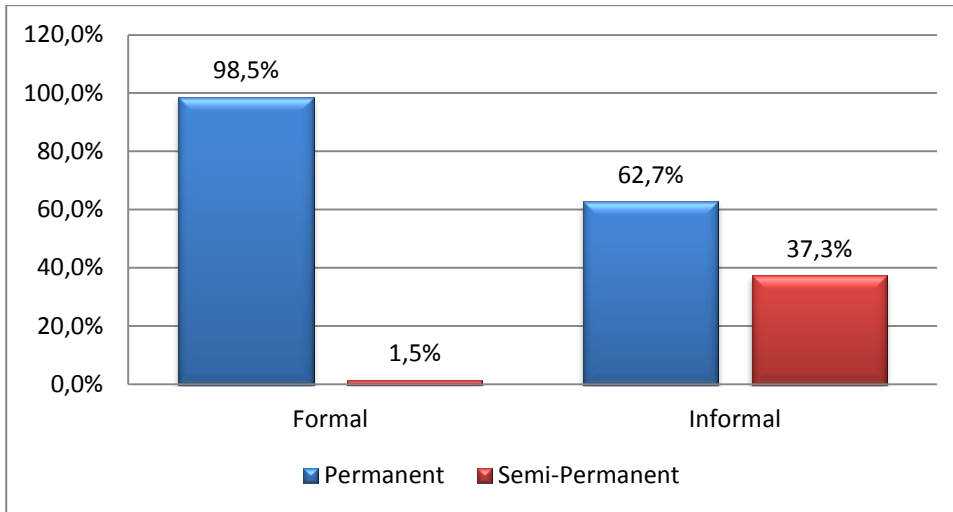
### 3.9.1.4 Business Trading Structure

Almost all (98.5%) of formal businesses are located in a permanent structure whereas only 62.7% of informal businesses are located in permanent structures. A large percentage of informal businesses have



to make do with semi-permanent and temporary structures to conduct their businesses from. Figure 4.5 illustrates the breakdown of businesses in permanent and semi-permanent structures.

Figure 3-18 Type of Physical Structure

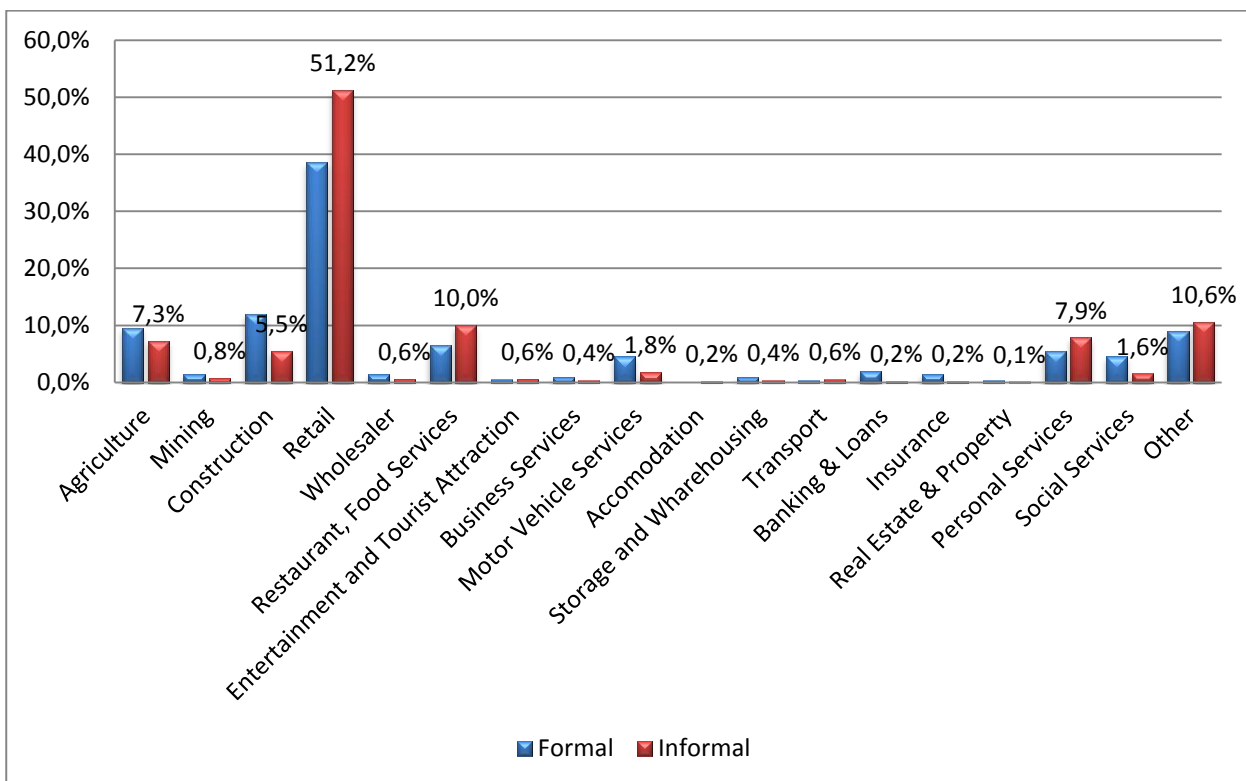


Source: Makhado Business Survey (2012)

### 3.9.1.5 Business Sector

Most businesses are active in the retail sector, formal (38.6%) and informal (51.2%), this is followed by the agricultural sector, personal services, construction, and restaurant and food service.

Figure 3-19 Business Sectors



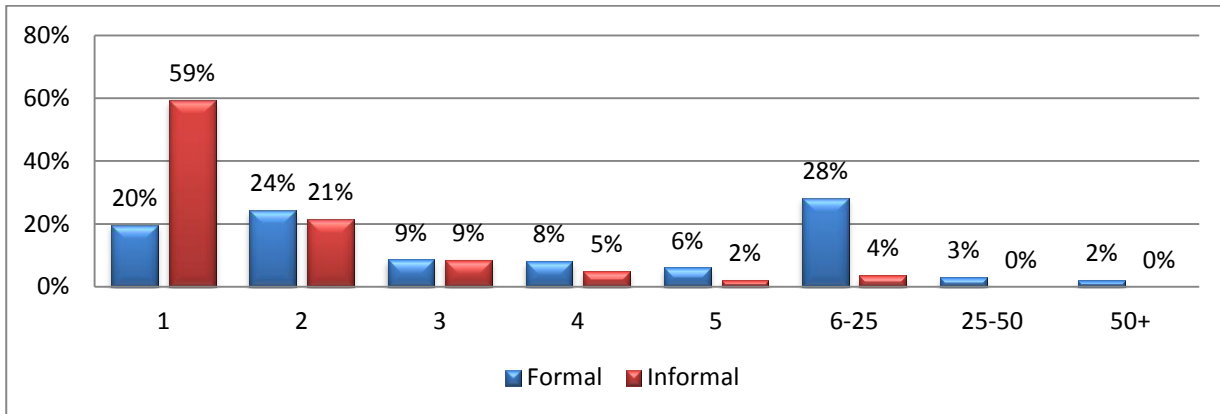
Source: Makhado Business Survey (2012)



### 3.9.1.6 Employee Structure

The majority of informal businesses (59%) employ only one employee whereas the majority (28%) of formal businesses employ between 6-25 people.

**Figure 3-20 Employee Structure of Local Businesses**



Source: Makhado Business Survey (2012)

### 3.9.2 SMME's

The National Small Business Act of 1996, as amended in Act 26 of 2003<sup>52</sup>, defines small business enterprise as "... any entity, whether or not incorporated or registered under any law, consisting mainly of persons carrying on small enterprise concerns in any economic sector and established for the purpose of promoting the interests of or representing small enterprise concerns, and includes any federation consisting wholly or partly of such association and organization".

SMME development and promotion is legislatively and developmentally viewed as a necessary vehicle through which some of economic development goals can be realized. SMME's are classified according to size in terms of the following criteria:

- The total full-time employment of paid employees;
- Total annual turnover; and
- Total gross asset value (excluding fixed property).

As a key process in preparing the LED strategy, a process of stakeholder consultation was implemented through an SMME workshop. Based on the discussions, a number of common issues and related underlying problems were identified. These issues, underlying problems and proposed remedial actions are discussed below.

The majority of SMMEs are found in the town of Makhado. This can be linked to the high economic activity of the area. The scope of SMMEs in the Municipality is well represented more in the trade sector.

Various types of SMME's exist which are distributed amongst different sectors within Makhado Municipality. There is a leaning by SMME's towards the trade sector and the mining sector is not well represented in the area with only a few enterprises active in the sector. Based on the discussions during the workshop it can be deduced that some of the products/activities/services offered by SMME's in Makhado Municipality are the following:

<sup>52</sup>Republic South Africa: National Small Business Act 26 of 2003



- Retail in food stuff;
- Crop farming (mostly cash crops);
- Livestock farming (pork, beef, poultry);
- Brick making;
- Concrete manufacturing;
- Tourism products (bookings, tour guides, etc);
- Construction of houses;
- Cleaning services;
- Micro lending;
- Bakery;
- Road freight; and
- Catering services, etc.

The SMME sector is of particular significance given Makhado high unemployment rate and large areas of settlements with very limited economic development. Entrepreneurial capacity in the area is however limited by poor education and limited training opportunities. It should be a major concern that most people with entrepreneurial aspiration leave the area to study or get formal training of some kind elsewhere and then do not come back with those acquired skills. They mostly settle in other regions where they pursue business opportunities. The aim should be to draw them back to the area to open up businesses through the introduction and implementation of various incentives.

Securing finance for their operations is still a major challenge for local SMME's. Most SMMEs have no access to information on institutions offering financial support to SMMEs. This has negatively affected product quality. Although there are financial institutions operating in Makhado, they do not provide the right level of financial assistance needed by the bulk of the SMME's. Even with the existing micro-lending institutions, there is no capacity to meet the diverse demand for micro loan finance.

Local SMME's still find it very difficult to access government business or procurement opportunities, and the feeling is that established businesses are favoured during procurement. This sentiment could be attributed to the fact that most entrepreneurs are not familiar with government procurement systems and there is a need for training, capacity building or awareness. There is also a need therefore to create a better awareness of the legislation, policies and programmes that seek to promote and support SMMEs within Makhado.

Other challenges were identified based on the findings of the stakeholder consultation process and it appears that SMMEs in different categories and sectors face different challenges and problems. However, some of the problems are prevalent across the board and these include the following:

- Competition from established businesses;
- Access to market opportunities, both local and international;
- Existing and potential entrepreneurs do not have a suitable forum or networking structure to share information and experiences related to the mobilisation of SMME development support and/or the development and operation of SMME based businesses.
- Absence and/or inadequacy of physical infrastructure (i.e. water and electricity).
- Confusion around how to access land for business (from Tribal Authorities or Makhado Municipality);
- Payment delays especially by government departments, resulting in serious cash-flow problems; and
- Escalating costs due to increase in rental, electricity and fuel cost.

Given the diverse range of challenges and considering the critical role played by SMME's in the Makhado economy, through the creation of employment opportunities for communities within the second economy as well as providing livelihood to the dependants, there is a need for the development of comprehensive business development support services aimed at supporting local SMME's.





### 3.9.3 Co-operatives

The difference between co-operatives and other forms of business is that co-operatives tend to mobilise and integrate more people and communities into the mainstream economy. Co-operatives contribute to economic growth, driven not by profit but rather by a desire to bring fairness, equity and justice to the marketplace. They help people obtain goods and services that they may not otherwise be able to afford on their own, by pooling together their purchasing power. They help to build stronger communities. Since most co-operatives are community- and regionally-based, investment in and surplus revenue from the co-operative stays within the local community. Every rand invested in the local co-operative has a significant multiplier effect within the community.

Co-operatives in the area are involved in business activities such as the following:

- Farming: poultry, crop farming, and livestock farming;
- Manufacturing: bakery, brick making, textile, and concrete manufacturing;
- Finance: micro lending;
- Green Economy: recycling of bottles and cans;

The co-operative's workshop identified a number of challenges faced by these institutions. The Integrated Strategy on the Development and Promotion of Co-operatives also identified constraints to the development of co-operatives and these were categorised as Government Challenges, Co-operative Management Challenges, Market Challenges, and Challenges in the Co-operative Organisation Structures.<sup>53</sup> Both of these challenges are as follows:

- Poor management and technical skills;
- Limited trust and social cohesion;
- Democratic decision-making skills within the co-operatives remain low;
- Limited co-operation among co-operatives;
- Appreciation of collective interest above individual interest is still a challenge;
- Embracing self-reliance as a principle within co-operatives still remain a challenge;
- Compliance with the Co-operative legislation among new co-operatives is still a challenge;
- Undeveloped networks and economic value chains;
- Limited access to markets; and
- Lack of strong and viable co-operative associations and organisations.

The promotion of co-operative development should be a shared responsibility, and as such a Municipality like Makhado have a responsibility of formulating a Municipal Co-operative Implementation Plan located within its Integrated Developments Plans (IDPs), coupled with support programmes, business infrastructure, information centres and a local chapter of the Co-operative Development Agency.

### 3.9.4 Informal Sector

The informal sector does not adhere to legal requirements, standards and procedures that the formal sector follows. It offers job creation because of the distribution channel it creates. This sector is important because it contributes to the local economy by reducing unemployment and poverty, and it is to start with less overheads. Some of the major disadvantages of this sector are that it does not pay any taxes, clutter formal business area; there is no control which can lead illegal or unsafe activities, and can contribute to untidiness.

In Makhado, these are:

<sup>53</sup> Republic of South Africa: Integrated Strategy on the Development and Promotion of Co-operatives (2012), pages 52-56



- Retail: mostly spaza shops, hawkers, fresh fruit and vegetables, and fast-food stands on the street;
- Personal services: hair salons in street corners; and
- Manufacturing: dress making, crafts, pottery, and beadwork.

Below is a picture of the Tshakhuma Fruit Market on the R524. This market is located strategically as it serves a large market of local people and tourists. Most of the fruit which is sold in this market is sourced from the nearby Levubu farming community.

**Picture 3-12 Tshakhuma Fruit Market**



Interviews with the representatives of the informal traders and direct observation revealed the following issues:

- There is an acute shortage of markets stalls. As such, some of the traders are exposed to all weather conditions and this impact on the goods they sell;
- Lack of control in terms of entry and exit which makes it difficult to monitor traders and separate them from people who may have other agenda's;
- Lack of ablution facilities;
- Filth and dirt in town. The traders have not taken it upon themselves to keep the environment clean. This should be linked to the refuse removal programme of the municipality; and
- The majority of the informal traders are engaged in this activity as a survival strategy rather than business.

A new hawker's facility is to be developed in the town of Dzanani, but there is a need to develop and maintain other facilities in the other towns such Vuwani.<sup>54</sup> There are ongoing initiatives by the Limpopo Department of Economic Development, Environment and Tourism to improve the hawker's facilities in the towns of Makhado, Dzanani, and Elim.

Communication between the municipality and the informal traders association should be strengthened. This will in turn assist the municipality to be pro-active in addressing issues affecting informal traders before they reach a crisis situation.

In Makhado, it is important that the municipality addresses challenges faced by informal traders. This may be tackled by establishing a working committee that could comprise of some LED Unit officials, councillors, local business chamber and traders.

<sup>54</sup> Makhado Local Municipality: Integrated Development Plan, page 175

### 3.9.5 Business Associations and Business Supporting Agencies

There is a presence of institutions that provide some form of business development support to businesses in Makhado such as LEDA, SEDA, etc. Except for these agencies, other institutions that offer support services are NAFCOC, Soutpansberg Chamber of Commerce, etc. The existing business organisations should be viewed as an integral part of the business structure in the Municipality. These organisations will continue to provide networking and linkage services for the overall economic sectors.

Below is a list of local, provincial and national institutions which provides a range of business development services such as finance, skills development programme, etc.

**Table 3-7 Summary of Institution Providing Business Support**

Institutions	Nature of Support
Soutpansberg Chamber of Commerce <sup>55</sup>	<ul style="list-style-type: none"> <li>▪ Supplier listings (database of local businesses)</li> <li>▪ Monthly meetings to address challenges faced by businesses in Makhado</li> <li>▪ Assist with linking businesses to training opportunities offered by agencies such as, DTI, SACCI, etc</li> </ul>
Small Enterprise Development Agency (SEDA) <sup>56</sup>	<ul style="list-style-type: none"> <li>▪ Information</li> <li>▪ Advise</li> <li>▪ Training and Mentoring in Business Planning</li> <li>▪ Business Development</li> <li>▪ Access to local markets</li> </ul>
National African Chamber of Commerce and Industry (NAFCOC) <sup>57</sup>	<ul style="list-style-type: none"> <li>▪ Advertising and Promotion</li> <li>▪ Business Support Services</li> </ul>
Foundation for African Business and Consumer Services (FABCOS) <sup>58</sup>	<ul style="list-style-type: none"> <li>▪ Policy advocacy</li> <li>▪ Training and development</li> <li>▪ Business support services</li> <li>▪ Access to markets and business opportunities</li> <li>▪ Access to finance</li> </ul>
LEDA	<ul style="list-style-type: none"> <li>▪ Marketing; Facilitate investments</li> <li>▪ Facilitating joint ventures</li> <li>▪ Establishing new markets</li> <li>▪ Information dissemination</li> <li>▪ Enterprise development financing</li> <li>▪ Asset finance</li> <li>▪ BEE finance</li> <li>▪ Procurement finance</li> <li>▪ Working capital finance</li> <li>▪ Start-up assistance capital</li> <li>▪ Assistance in identifying business opportunities</li> <li>▪ Linkages to business markets</li> <li>▪ Facilitates access to finance</li> <li>▪ Business development</li> </ul>

<sup>55</sup> Interview with Mrs. Liza Strauss, President of Soutpansberg Chamber of Commerce

<sup>56</sup> [www.seda.org.za](http://www.seda.org.za)

<sup>57</sup> [www.nafcoc.org.za](http://www.nafcoc.org.za)

<sup>58</sup> [www.fabcos.co.za](http://www.fabcos.co.za)



## SECTION 4: SWOT ANALYSIS

The strengths, weaknesses, opportunities, and threats in Makhado were identified through the analysis of various documents such as the Makhado IDP, review of statistical data, the stakeholder workshop, sectoral analysis, and the stakeholder consultation.

Figure 4-1 SWOT Analysis

<b>STRENGTHS</b>	<ul style="list-style-type: none"> <li>▪ Location and proximity to the N1 highway and district roads such as the R522, R523 and R521</li> <li>▪ Productive fresh produce farms</li> <li>▪ Vhembe Fresh Produce Market</li> <li>▪ Good climatic Conditions</li> <li>▪ Availability of a rail network connecting the area with local and African markets</li> <li>▪ Availability of a variety of mineral resources</li> </ul>
<b>WEAKNESSES</b>	<ul style="list-style-type: none"> <li>▪ Problems with the supply of water</li> <li>▪ Aging infrastructure</li> <li>▪ Inaccessible and poor local roads</li> <li>▪ Skills dearth</li> <li>▪ Poor local road networks</li> <li>▪ Insufficient provision of basic services such as refuse removal in rural areas</li> <li>▪ Lack of entrepreneurial and mining knowledge</li> <li>▪ Absence of large industrial activity in rural areas because lack of proper infrastructure</li> <li>▪ Lack of a proper airport</li> <li>▪ Poor telecommunication infrastructure especially in rural areas</li> </ul>
<b>OPPORTUNITIES</b>	<ul style="list-style-type: none"> <li>▪ Provincial and national government support through various programmes</li> <li>▪ Agro-processing of traditional crops using Indigenous Knowledge Systems</li> <li>▪ Untapped market in light manufacturing</li> <li>▪ Leveraging and training of emerging farmers</li> <li>▪ Land reform programmes</li> <li>▪ Exploit and support emerging farmers in agricultural entrepreneurship</li> <li>▪ Expansion into niche markets such game farming and bee farming</li> <li>▪ Transportation of forestry products, milling, beneficiation, harvesting, siculture activities</li> <li>▪ Small scale mining and beneficiation of minerals such as clay, stone aggregate</li> <li>▪ Untapped minerals for large scale mining</li> <li>▪ Business linkages between existing and planned mines with local businesses through the supply of mining inputs such as spares, machinery, etc</li> <li>▪ Planned capital expenditure by National Government, Eskom, Transnet, etc</li> <li>▪ Joint venture between emerging contractors when tendering for high value construction projects</li> <li>▪ Expansion of retail centres in the rural areas</li> <li>▪ Improve transportation and logistics linkages between rural and the towns market</li> <li>▪ Vacant land for development of commercial and industrial activities</li> </ul>



**THREATS**

- Degradation of land and encroachment
- Unforeseen disease outbreak
- Impact of HIV/AIDS
- Adverse weather conditions leading to natural disasters
- Outstanding land claims
- Environmental sensitivity of some of the areas where deposits are found
- Illegal mining activities
- Decline in local population and migration of skilled workers
- Higher poverty rate level as a result of unemployment



## SECTION 5: STRATEGY FOR ECONOMIC DEVELOPMENT

### 5.1 Overview

The drafting of this important development document underwent a comprehensive process with participation of numerous stakeholders, in several phases: data collection and processing on the current situation in the municipality; analysis of the competitive capacities of the municipality (through SWOT analysis); and definition of the vision, goals and objectives. To meet the goals and objectives, the strategic thrusts have been identified with a set of concrete programmes and projects. The identification of the projects, which will address the most pressing needs, was based on the technique for prioritization.

### 5.2 LED Vision

The economic vision for Makhado is based on information gathered during stakeholder's consultations, sectoral workshops, and visioning workshop. The outcomes of these sessions have been used to inform the vision, goals and objectives, economic development principles and also direct the formulation of strategic programmes and projects for the municipality.

The Makhado LED Vision is as follow:

"A Centre of Economic Development:

- That creates sustainable employment opportunities through dynamic sectoral and SMME development, investment attraction and human resources development leading to the improvement of the quality of lives and contribute towards food security."

### 5.3 Goals and Objectives

Current economic conditions, stakeholder participation and input, and the analysis and conclusions based upon these data led finally to the development of goals and objectives that are designed to implement the LED vision of the community of Makhado based on their needs and desires shaped by the current and predicted future market.

The goals and objectives aim to address the needs of unemployment, poverty alleviation and improved investment and business climate in the Makhado Municipal area. The LED goals of are as follows:

- Institutional strengthening and development.
- Promoting and marketing Makhado as a tourism destination.
- Improving economic competitiveness through the development of tourism, agriculture, mining and manufacturing.
- Offering support to SMME's and businesses as vehicles for economic growth and job creation.
- Improving and upgrading economic infrastructure such as bulk water, electricity, and roads.

The objectives/outcomes for economic development in the area are as follows:



- Conducive environment for investment
- Creation of employment opportunities
- Promotion of value added agricultural activities
- Promotion of SMME's and Co-operative development
- Well developed economic infrastructure
- Eradication of poverty
- Improved food security
- Agriculture, Manufacturing, Mining and Tourism development

## 5.4 Key Strategic Thrusts

The key issues, goals, objectives and economic vision guide the economic development intervention and strategic development programmes identified. The LED development and implementation framework is now presented according to thrusts. A Thrust can be defined as: "Planned actions aimed at creating an impetus and a critical mass in the local economic environment in order to generate momentum in the economy".

An integrated approach is needed to ensure an optimal rate of implementation and economic development. From a strategic development facilitation point of view, it is therefore necessary to ensure that the appropriate linkages and interactions between projects are established. There are 8 main strategic thrusts, which need to be undertaken to enable economic growth and development.

Figure 5-1 Strategic Thrusts

Thrust 1	• SMME & Business Development
Thrust 2	• Infrastructure Development
Thrust 3	• Agriculture and Forestry Development
Thrust 4	• Investment Attraction
Thrust 5	• Tourism Development
Thrust 6	• Manufacturing Development
Thrust 7	• Mining Development
Thrust 8	• Human Resources Development

### 5.4.1 Thrust 1: SMME and Business Development

The aim of this thrust is to empower the entrepreneurs of Makhado to become more economically active and contribute to the development of the area's economy. One of the best ways of stimulating LED is by supporting local business, particularly SMME's, which is one of the biggest employment generators. The other most efficient and cost effective way of supporting local businesses is through targeting the market barriers that inhibit their success, including regulatory barriers and the lack of access to finance; physical workspace; business development knowledge; knowledge on quality standards and upgrading; trained human resources; modern technologies; and business networks.

The findings of Makhado Business Survey revealed that both formal businesses and informal businesses require some assistance to expand and retain their businesses. Assistance required ranges from access to



finance, business skills training, upgrade of infrastructure, business linkages, and access to ICT infrastructure, mentoring and incubation.<sup>59</sup>

### Programme 1: Promoting innovation and diversification

The existing local businesses which continually work on improving their products and services as well as their production methods and try to seek new markets, deserves special attention. It is important that creativity is supported through various mechanism and that such businesses are rewarded, through the introduction of an 'Annual Business Award Programme'. This award should be aimed at successful businesses and individuals, and should be done in cooperation with local business associations such as Soutpansberg Chamber of Commerce, NAFCOOC, etc.

Another opportunity that could be utilised to raise entrepreneurship awareness, stimulate entrepreneurship and encourage business start-ups could be the introduction of the "Best Business Idea" competition. This could be a platform for prospective entrepreneurs to exhibit their ideas and innovations.

#### Projects

Annual Business Award Programme

Best business idea competition

### Programme2: Promote market access for locally produced goods and services

Taking the lead in promoting and marketing local produce or services is one area in which the Municipality can help small businesses to develop bigger or new markets. During the stakeholder consultations concerns were made about accessing municipality and government procurement opportunities by local businesses. The other concern was on the reluctance of larger chain stores to support local producers of goods such as emerging farmers.

Makhado Municipality should therefore ensure its procurement policy is local business friendly by placing a preference on locally produced goods and services. Other institutions operating locally, such as Eskom, Telkom, Spoornet and other larger businesses should make their procurement opportunities more accessible to local businesses. Procurement support could be in the form of adjusting the size of local contracts so that small businesses can compete, simplifying tendering processes and providing procurement training for small businesses and contractors are all important activities.

The Municipality could intervene by facilitating agreements between these big business and chain stores and local small-scale farmers. Retail chain stores (such as SPAR, Shoprite, Pick and Pay, etc) should be encouraged to source their products locally and assist with the distribution and collection of these products.

The municipality should also explore initiating a 'buy local' marketing campaign aimed at local communities. 'Buy local' marketing campaigns are market-based strategies designed to strengthen regional agricultural systems and local economies by increasing the purchase of locally produced farm products. A successful 'buy local' marketing campaign in Makhado will mean more sales by its farmers directly to the consumers-and eventually to other parts of the food chain.

<sup>59</sup> Limpopo Provincial Government: Makhado Business Survey, page 50





This will involve the direct marketing to consumers who are increasingly interested in fresh, locally grown farm products.

In order to further assist with market access Makhado should also look at conducting an annual networking workshops between big business and potential SMME's. This will allow these businesses to inform local SMME's of potential procurement opportunities and while also allowing big business to see what products and services are available. This event should coincide with the investor's conference.

#### Projects

Monthly Flea Markets

Initiate buy local campaigns

Annual networking sessions

### Programme 3: Promote business retention

The current number of businesses operating in Makhado, need to be kept and expanded upon. As such an "Annual Business Retention and Expansion Survey" should to be implemented. Business retention surveys cover a wide spectrum of sectors with the aim of gathering as much information as possible on the existing necessities, goals, obstacles and other issues that concern businesses. The proposed business survey should be conducted through a questionnaire. The results will identify the challenges facing businesses, and enable projects to be designed to overcome them. The survey should be implemented in cooperation with the business associations.

Surveys of existing businesses can also be used to help identify problems and determine how the business is performing, from where it sources its inputs, whether it is expanding, etc. The survey can therefore be used to encourage local businesses to source more inputs locally, identify and finance training and skills needs, and contribute to LED strategy development.

Furthermore the business visitations which are currently aimed at tourism businesses should also be expanded to include other business sectors. The purpose of these visits should be to further strengthen relationships and address any concern raised and they should be facilitated by the LED Manager.

#### Projects

Annual business retention survey

Business visitations programmes

### Programme 4: Provision of integrated holistic business support services

SMME's and businesses have diverse needs and challenges which requires a holistic approach. To address these challenges there is a need for the establishment of a "One-stop Centre" in the LED unit, in order to ensure information is available to support businesses. This will require that a new position be created that will deal with all business enquiries and handle them quickly and efficiently. A special phone number for business enquiries could be provided and should be publicized regularly. This is relevant for all businesses in Makhado. Services can include broad-based management and marketing programme,



quality standards training and advice and possibly some support in terms of the provision of market information and access facilitation.

Another form of support could be the development of a 'Business Incubators'. These incubators could be used to foster successful start-up ventures by eliminating some of the barriers that often lead to the demise of new businesses. The presence of an incubator is important to the start-up business climate of an area. To help improve the rate of success, the incubator should offer commercial space at reduced rates, shared equipment and business mentorship. However, the equipment and services offered to tenants can vary significantly depending upon the focus of the incubator.

#### Projects

Establishment of a One Stop -Centre

Business Incubators

## Programme 5: Improving Local Business Environment

Improving the local business environment implies the provisioning of good local governance, reliable and effective services and sound administration in line with local government legislation. This refers to those factors within a locality that either favour or inhibit enterprise development. Sometimes the effects of legal, political and institutional frameworks, implemented at a local level impacts negatively on the business climate. LED initiatives aimed at, for example, small business support, will only show very limited impact if they are designed within a local business environment that is not conducive to business.

In terms of service, one of the most important elements of a favourable local business climate is the absence of ineffective and time-consuming regulations and rules, administrative processes and procedures. These rules, regulations and procedures, which produce unnecessary costs for doing business, the so-called "Red Tape", characterize public-private sector interaction in many localities in South Africa and elsewhere. Therefore there is a need to remove the barriers to development by reviewing by-laws and other business related regulations.

#### Projects

Reduce the complexity of business applications

Reduce time it takes to process business applications

## Programme 6: Development of Informal Traders

As it was revealed during the analysis of the informal traders in the previous sections, they face a variety of challenges. This sector is also very important to the local economy as it reduces unemployment and poverty particularly in the rural areas. Therefore there is a need to come up with measures to increase support services and infrastructure to this sector.

There is a need to develop a database of informal traders operating in the Municipality. A working committee should be established for purpose of addressing the needs of the informal traders. This committee could also be utilised as a platform to educate the informal traders on the need for compliance with municipal regulations.



## Projects

Database of informal traders

Informal Traders Working Committee

### 5.5.2 Thrust 2: Economic Infrastructure Development

This thrust is aimed at improving the infrastructural development to stimulate local economic development. Infrastructure development is a strategic conduit for business development in addition to its ability to create investment opportunities for the private sector implementation. Focus should be on developing infrastructure that strengthens the key sectors namely agriculture, manufacturing, mining, and tourism.

#### Programme 1: Ensure there is enough land for business needs

The municipality should ensure that there is a stock of land available for business use. It is not important who owns the sites or buildings, just that there are spaces available for businesses to use.

As such a "Database of Land and Property" within the area should be developed. This database could be used to identify what land and premises are unused, which type of sites and premises are available for business use, etc. This database should be made public to both the local community and potential investors. Information on the land that is available for development should be made available through a GIS database. The provision of clearing and preparation of vacant sites for economic activity should also be prioritised.

## Project

Land and Property Database

#### Programme 2: Create the local infrastructure for economic development

The Municipality should engage with LEDA to refurbish and reopen the small industrial centres in the villages for purposes of accommodating and promoting small scale manufacturers hence producing the much needed jobs within rural communities. To entice the small manufacturers to fully utilise the restored facilities, comprehensive business development services products should be provided with the following outputs: (i) improved availability and access to production and market information; (ii) access to markets, including transport and logistics support; (iii) access to low cost finance; (iv) affordable technical consultancy and training; (v) basic management training; (vi) start-up training and consultancy; and (vii) training in entrepreneurship.

Investigate the establishment of small rural retail centres trading on basic consumer needs of the rural communities as a way of job creation, controlling urban sprawl and improving access to basic commodities in rural areas. Such development could be best suited to the Madombidzha cluster which is located on the Maebane-Hlanganani Development Corridor and the Vuwani MGP which is located on the Elim-Vuwani Development Corridor.

A key role of LED Unit is to ensure that business sites and premises have appropriate infrastructure to support the production processes. It is therefore imperative that an audit of occupied and vacant business sites and premises is made to establish the infrastructure needs. The identified needs should be



communicated with the relevant authorities such as Telkom, Eskom, Roads and Transport Department, etc.

Makhado Spatial Development Framework also made a recommendation for the compilation of a CBD Development Plan, which should focus on land use planning and demarcating the borders of P1, and also include an urban economic perspective to benefit from Trans Limpopo Development corridor.

#### Projects

Engage LEDA to refurbish and reopen the small industrial centres

Investigate the development of small rural retail centres

Conduct an audit of business sites and premises to determine the required support infrastructure

Market Revitalization Project

Makhado N1 Arts and Crafts Centre

Compile a CBD Development Plan

Makhado N1 Information and Recreational /Entertainment Centre

### 5.5.3 Thrust 3: Agriculture Development

The aim of this thrust is to expand production in the commercial and emerging and subsistence agricultural sectors, encourage diversification and promote beneficiation of locally produced products. The agricultural industry in the Makhado Municipality has room to grow, from both a diversity of products and revenue-generating perspective. Opportunities include good soil and climate. Challenges include the relatively small scale of most farms in the rural areas, which means that leveraging marketing, and processing needs can take extra effort, along with rising costs of inputs and transportation.

#### Programme 1: Diversification into niche markets

Greater emphasis should be placed on developing new niche products in the agricultural sector, in particular products better suited for water scarcity which is a challenge in the area and the changing climate.

Beekeeping is one activity that could be important for the development of Makhado. Currently, there are very few beehives which produce high quality honey. Climatic conditions and rich natural environment give great possibilities for the development of honey-production. According to the Vhembe Forestry Growers Association, this project could be better suited to community and state owned plantations.

Another project of high value could be the cultivation, harvesting and processing of the Moringa crop. Moringa is a suitable candidate for commercial establishment, as it, despite mostly naturally occurring in the tropics and sub-tropics can tolerate higher temperatures and/or survive light frost and tolerates a wide range of soil and rainfall conditions. In Makhado a multi-purpose crop, such as Moringa will benefit rural communities in the sense that large scale plantations will provide substantive real employment opportunities and sustainable income for marginalised communities. The Moringa crop can be beneficiated to produce, (i) oil for human consumption and bio-fuel; (ii) leaf powder for human and animal consumption; (iii) press cake and animal fodder; and (iv) medicinal products.



Picture 5-1 Moringa tree and processed Moringa food supplement



Game farming should be promoted to suitable beneficiaries of Land Reform Programmes who are battling to make their farms become more productive again and in order to promote the sustainability of their farms. This could also lead into the development of wildlife meat abattoirs and the processing of skin and tannery both of which are in high demand in the markets.

#### Projects

Game Farming

Commercial Bee farming and Honey Production

Cultivation, Harvesting and Processing of the Moringa Crop

## Programme 2: Emerging farmer's development programme

It is important to partner existing agricultural stakeholders including the private sector for the implementation of a comprehensive emerging farmers development programme to improve access to business advice and technical information, skills transfer, infrastructure and market access.

A lack of training and skills, both for emerging farmers can be a barrier to achieving innovation, value-added, and other profitability goals. To address lack of knowledge amongst emerging farmers, it is important to establish a "Commercial-Emerging Farmers Partnership" whereby active and retired commercial farmers could provide technical assistance and guidance to the emerging farmers.

The small scale farmers in Makhado produces a wide range of agricultural products. Although high quality products are being produced locally, these products are poorly marketed and therefore often only sold in local markets. Even though a marketing platform has been established, in the form of Vhembe Fresh Produce Market, challenges still exist in accessing national and international markets.

An alternative strategy that could facilitate the sale of the products of small scale farmers is "Fairtrade". Fairtrade is based on the fact that there are consumers in the North (mainly Europe, the USA, Canada and Japan) who are prepared to pay extra for certain food products on the understanding that their purchase will benefit poor producers in the developing world.

Fairtrade organisations operate as importers into international markets and follow a range of criteria which ensure the benefit to the small producers. This vary slightly in content and emphasis but tend to include, paying a premium price, supporting the introduction of appropriate business systems, supplying advance payment for orders to allow the supplier to buy materials and ensuring that benefits accrue to



the producers. The Municipality should also assist small and medium scale farmers to attend trade fairs and agricultural expo's to market their produce to both local and international markets.

#### Projects

Certification and Accreditation with Fairtrade  
 Commercial-Emerging Farmers Partnership  
 Attending of agricultural trade fairs and expo's  
 Farmer of the year competition  
 Makhado Farmers Day Expo  
 Certification of the Vhembe Fresh Produce Market

### Programme 3: Promotion of commercial farming activities in rural areas

Ample cattle farming at a small scale occurs in the rural areas, but without any profitable markets. These farmers use communal land for grazing, and there is a need to formalise and commercialise their activities through the development of a Feedlot which could enhance the quality of their livestock.

There is a very strong need for a commercial feed mill in Makhado, given the large herd sizes of livestock (sheep, goats, dairy cattle, etc.), and poultry, and the lack of nutritional feed to service this need. A feed mill in Makhado could also service much of Vhembe. The objective of the commercial feed mill will also be to strengthen the capacity of farmers to increase production of row crops and legumes, develop nutritionally balanced feed rations, and promote the efficient use and increase of animal production inputs.

One of the major challenges faced by rural farmers is the lack of access to agricultural inputs such as fertilizers, quality seeds and seedlings, farming equipments, etc. Facilities selling these inputs are normally not available in rural communities and most of them are located in towns such as Makhado. It is imperative to therefore establish Agri-Parks incorporating all the agricultural inputs in the rural areas.

#### Projects

Establishment of a Feedlot  
 Commercial Feed Mill  
 Establishment of Agri-Parks

### 5.5.4 Thrust 4: Investment Attraction

The aim of this thrust is to attract new start-up businesses, business inward investment and helping sell Makhado Municipality as an investment destination. It should be one of the roles of the Municipality to play an active part in marketing the area.

### Programme 1: Investment Generation



It is highly recommended that an investor's conference, "Makhado Investors Conference" be launched or convened and be held on an annual basis. This event should be used to market the region to potential investors for purposes of generating the much needed investments into the area. It should also be used to bring foreign and domestic investors to the area aiming among others to (i) connect them with potential suppliers in Makhado; (ii) facilitate access to the Executive Mayor and the municipality's management; (iii) sensitize them on available business opportunities; (iv) facilitate direct trading relationships between producers and importers; (v) visits to areas of economic importance.

To promote the conference it is imperative to create an efficient package of hotels and lodges, transport services, tourism attractions, etc, to attract participants. It is also important to promote the conference in the trade press, commercial representatives, through mailings to importers and international associations.

The current focus of the Municipality is on attending trade shows such as Durban Indaba, Marula Festival, Hlanganani/Sanganani World Trade Fair, Vhembe Carnival, Rand Show and World Tourism Conference in Zambia or Zimbabwe. It is imperative that other national and international trade shows are identified and attended on an annual basis for purposes of providing market access to local products. Consideration should be given to shows such as the African Mining Indaba, the AgriFood and Manufacturers and Producers Expo, South African International Trade Exhibition, Indaba Expo, etc.

The Municipality should always constantly look for ways to promote and attract businesses to the area. Positive steps that can be taken in this regard, is the introduction of an "Investment Incentives Scheme". Investment incentives could be regarded as inducements offered to current and potential investors to encourage them to invest or reinvest within a particular area.

The existing Makhado Annual Trade Show should be revamped to ensure that it is cross sectoral, introducing new technologies to locals, market opportunities, and business development support as well as to showcase and grow capacity of local businesses. It should be rigorously marketed provincially and nationally. The trade fairs should be used to promote the local economy and showcase tourism products. Trade fairs provide an excellent opportunity for businesses within an area to showcase their businesses to the general public. To market this show a variety of avenue should be used such as the [www.sa-venues.com](http://www.sa-venues.com)

There is need for the establishment of a monthly market in the form of flea markets. The primary objective of this initiative will be to arrange a market place where local arts and crafts producers and sellers can sell their products to the tourists and the population in general. A management committee should be formed to manage this event. It should be comprised of representative from the LEDET, VDM, and Makhado as well representatives of the arts and crafts producers. This committee shall be responsible for planning and implementation of the flea markets and prior to starting the monthly markets, the management committee should organize several rounds of awareness meetings with potential exhibitors around the Municipality. It should also conduct a market audit to assess the demand and supply situation.

#### Projects

Makhado Investors Conference

Outward Missions

Investment Incentives Scheme

Makhado Monthly Flea Market



## Programme 2: Image Building

An important tool which needs to be developed is a “Local Business Directory” containing a database of all businesses located in the area. The business directory will assist in profiling all the businesses that operate in the Municipality and market them to potential customers. The content of the business directory should be as follows, namely, business trading name, telephone and fax numbers, postal and physical address, email and website address, brief description of the business and products and services offered and salient points. To ensure that it is current, the business directory should be reviewed and updated regularly.

An “Investment Opportunities Guide” should also be developed in the form of brochures. It should be designed as to inform an investor about the general opportunities and benefits of investing in the area in a given sector. The investment guides should include a summary of the most important features contained in the SDF, e.g. stating the Growth Points, the Development Corridors, etc. This guide should also be made available online.

There is a need for local communities and potential investors to be familiarised with issues such as applying for licences, rezoning applications, etc. This can be addressed by a “Guide to Municipal Approval Processes” which can be developed to make such information available and it should be made available in hard copies and online.

### Projects

Local Business Directory

Investment Opportunities Guide

Guide to Municipal Approval Processes

## 5.5.5 Thrust 5: Tourism Development

The aim of this thrust is to develop the tourism sector and market the area as the leading cultural and natural tourism destination and promote the development of diverse tourism products. Tourism is one of the key growth economic sectors of the economy. The tourism sector in Makhado caters mostly to the domestic tourist market in addition to limited international tourists from the African and European countries. With its various attractions in addition to its location, Makhado has the potential to draw a variety of tourist segments if the appropriate mix of services, facilities, products and marketing systems are provided.

### Programme 1: Tourism Facilities

It is imperative to ensure that areas which serve the tourism market should have adequate facilities. Tourism facilities are developed by both the Municipality and by the private sector. However, private investors are unwilling to invest in tourism facilities unless good support infrastructure such as roads, electricity, water, telecommunications, transport and basic services are in place.

It is vital that an audit of all the tourist attractions is made so that those lacking location signage, are identified and assisted with the erection of location signage boards. To encourage the provision of quality facilities a programme should be put in place to encourage accommodation establishments such as hotels, beds and breakfast and lodges owners’ participation to become fully graded by the Tourism Grading Council of South Africa.





Consideration should be given to further enhancing the service offered by the existing Tourism Information Centre. This could be done by introducing other services, such as systems for booking of local tourism products (accommodation bookings, sale of events tickets, tours, etc.), tourism information (information, distribution of brochures, composite tour guide), sale of products (maps, guidebooks, souvenirs etc).

The current Centre is also in need of further expansion and upgrading. A larger and more dramatic structure would create a better visitor focal point and could encompass additional orientation space for visitors, room for display of brochures and publications and perhaps a small orientation theatre with suitable audio-visual features that can be shown on a regular basis.

There was a general consensus during the tourism stakeholder's workshop for the further development and improvement of recreational facilities throughout the Municipality. This included the future development of more parks and recreational areas in all towns and rural areas; better public toilets; more picnic facilities; and development of play ground facilities in the parks.

#### Projects

Location signage

Grading Programme

Enhance and expansion of Makhado Tourism Centre

Development of recreational facilities

## Programme 2: Tourism Marketing

Makhado Municipality does not have a developed tourism image. A tourism image is critical in developing promotional strategies. Through partnership with the local Community Tourism Association, the Municipality need to create a logo to represent the area's tourism products. Such a logo will be the anchor of tourism slogans, brochures, web sites and the advertisements.

There should be more use of both local and national press in marketing tourism, as the media is an excellent source of free advertising through the publicity they can generate. The media should always be informed through press releases of special events and festivals, such as Makhado Annual Show, etc. Familiarization trips aimed at national and local travel writers, travel agents, tour guides and shuttle services operators should be introduced. By offering a complimentary tour to people best positioned to sell the product, tourism can be can be increased.

It is important to aggressively promote sophisticated packaging and promotion of destinations online. Technology is a critical factor in the future success of reaching targeted visitor segment, as an ever-increasing number of people are using the internet for location selection, trip planning and bookings. Therefore there is a need for the development of a tourism dedicated website that can be used in the marketing and promotion of the area to tourists.

The latest trend in image building exercises is the utilisation of Tourism or Brand Ambassadors. This entails identifying successful personalities in the entertainment/arts/sport sector who are originally from your country or region and then appoint them as Tourism Ambassadors to endorse the region as a tourist destination within the boundaries of South Africa. There are two reasons of using Tourism Ambassadors, the first being that word of mouth is more powerful than advertising, and a brand needs good ambassadors. The second reason is that in promoting a region's brand, its populace are the most



powerful brand ambassadors it has. As such a suitable candidate should be identified and appointed as a Tourism Ambassador.

The LED Unit working in conjunction with the LTA, tourism establishment owners should develop an information management system to collect and maintain information on all aspects of local tourism e.g. visitor profile, visitor number, visitor activities, visitor spending, visitor impressions, etc. This information could be used for marketing purposes and also to develop new tourism products.

#### Projects

- Creation of a tourism image
- Increase publicity activities
- Familiarisation trips
- Tourism dedicated website
- Tourism Ambassador
- Tourism management information systems

### Programme: Tourism SMME Support

Local SMME's in the tourism sector should continue to receive assistance through access to market platforms and capacity building programmes in order for them to grow. They should be provided with assistance to participate at events such as Tourism Indaba, Rand Easter Show, etc. It is also advisable to train exhibitors on improving stand design and decoration before any event. They should also be assisted with the production of marketing materials, such as brochures.

In terms of capacity building initiatives, focus should be on hospitality and tourism related training such as tour guiding, running an accommodation facility, running a tour operator business.

#### Projects

- Capacity building in tourism related skills
- Access to marketing platforms

### 5.5.6 Thrust 6: Mining Development

This thrust is aimed at identifying potential mining areas, explore and expand mining production, promote small scale mining whilst developing the mining sector. Potential mining entrepreneurs face challenges such as lack of access to finance, lack of appropriate tools and machinery. With regard to policy issues, aspirant miners are not very much enlightened about the current Mining Act.

Small scale miners are unable to secure loans from banks and other financial institutions for their starting capital and this is especially the case for female miners and for miners who operate without licenses. This is also due to lack of collateral and the possible inability and unwillingness of the miners to pay back their loans.



The government has, through the Department of Minerals Resources, established the Directorate of Small-Scale Mining to develop and address the challenges faced by the small-scale mining sector. All decision-making regarding mining is the preserve of the DMR. Local Government has very little ability to influence developments in small-scale mining projects (authorisation, monitoring, closure etc.), yet this tier of government is the most affected by the negative impacts of illegal mining activities.

### Programme 1: Promotion of Small Scale Mining

The White Paper affirms the government's intention to create an enabling environment within which municipalities, in Local Economic Development strategies and Integrated Development Plans, can optimise the potential of the mineral sector to contribute to development and poverty alleviation. This places an onus on municipalities to "support the development and emergence of small-scale mining" but it has no mandate or authority to do more than promote the sector and include small-scale mining in its IDP's/LED strategies.

This programme is aimed at exploring small-scale mining activities in Makhado. If promoted vigorously, small-scale mining can contribute to poverty alleviation through employment creation, income earning opportunities, and sustaining local businesses by means of purchases done at local and nearby towns.

Therefore, there is a need to encourage local entrepreneurs to apply for mining permits and the key to the success of this project should be to assist them with the application of legal documents such as mining permits so that they can conduct their business legally. This includes assisting and/or linking them with the Department of Mineral Resources.

There is a number of mining entrepreneurs who holds mining permits in Makhado. Some of these permits end up lapsing without any mining activities ever having taken place. This could be attributed to the lack of capital by these entrepreneurs. It is therefore imperative to develop a database of licence and permit holders in the area and then identify their needs and challenges. The Municipality should develop mechanisms of facilitating their access to support such as funding, training, etc.

The prevalence of illegal mining activities in the rural areas is a major concern particularly that of sand and clay. These activities leave a large part of un-rehabilitated land making it more susceptible to soil erosion. Awareness campaigns in conjunction with the DMR should be implemented targeting communities undertaking such activities.

Lastly there is a need for the Municipality to commission a comprehensive Mineral Development Study from the Council for Geoscience of South Africa. Such a study should pinpoint the location of the various minerals resources which are still untapped in the area, and also provide the estimated reserves. The findings of the study should then be used to market the mining sector and also assist in determining mineral with economic potential.

#### Projects

Eradication of illegal mining

Database of mining permit and licences holders

Comprehensive support services to prospective small scale miners

Development of mineral development study

Makhado Mining Indaba



### 5.5.7 Thrust 7: Manufacturing Development

The aim is to establish and promote the growth of manufacturing industries mainly concentrating on value adding activities and promoting small scale manufacturing. To grow the manufacturing sector the development of downstream industries, those that utilise the raw materials from the natural resource base, should be encouraged to ensure higher value added products are being exported from Makhado. Examples of additional industries that could be encouraged are fruit processing making and vegetable processing.

#### Programme 1: Promotion of Green Economy

The overall vision is to establish projects in which material use and waste generation are minimized, any unavoidable wastes recycled or remanufactured, and any remaining waste treated in a manner least harmful to the environment and human health or even generating new value such as compost and energy from organic wastes. Investing in greening the waste sector can generate multiple economic benefits as recycling leads to substantial resource savings and also creates more jobs.

The lack of refuse removal in the rural communities should be leveraged to come up with job creation initiatives as the majority of household waste is recyclable material. Unfortunately only a very limited amount is recycled as there are very limited recycling operators. Some of the materials which could be recycled are aluminium cans, scrap metals, paper/cardboard, plastics, lead acid batteries, used oil, tyres, etc.

Other waste such as food waste is increasingly being viewed as a potential source of raw materials, compost and energy. In terms of new products, compost production contributes to organic agricultural development benefiting small farmers and rural ecosystems.

The energy crises in South Africa also provide opportunities in the development of renewable energy projects for independent power generators. Opportunities could be in the generation of electricity from wind and solar energy.

#### Projects

Recycling of waste plastic, cans, bottles, etc

Production of compost from waste food

Renewable energy project

#### Programme 2: Beneficiation of local agricultural produce

A large variety of fruit is grown in Makhado such as, mangoes, litchis, bananas, guavas, and oranges. While the best business opportunities in the chain appear to be in fresh fruit export which currently accounts for almost 20% of the value of fruit production there is still some fruit which could be sold for processing. Processing should always be considered as having two overall interrelated objectives either producing products in response to a specific market demand or providing a sink for fruit that cannot be sold to produce a product for which there is a market demand.

Most of these fruits could be processed into one or more products that add value to the agricultural output. These include dried fruit, fruit juices, jams, marmalades and preserves, fruit spirits, canned fruit, crystallised fruit and ingredients for other food manufacturing (e.g. in cereals, cakes, dairy, juice).Makhado Municipality is one of the areas producing high quantities of macadamia nuts. In fact,



Makhado commanded the greatest share of macadamia nuts exports from Limpopo Province during the year period 2007-2009. These nuts could be processed to produce domestic oil.

Makhado Municipality is quite rich with traditional vegetables such as black jack, okra, etc. Like any other vegetable, they are seasonal in nature. Since the old days these vegetables has been preserved through drying techniques and sold in the informal markets. An opportunity could be created through the establishment of a processing and packing plant. Various types of vegetable are collected each year, which means a significant amount of money for the population of this area. This project will enable a greater employment of the population especially women which, through the harvesting and collection of vegetables, would generate more income for their families and improve their willingness in general.

#### Projects

Fruit processing plant

Macadamia oils processing plant

Drying and packaging of traditional vegetables

### Programme 3: Beneficiation of forestry products

There is a significant element of timber production and farming taking place in Makhado. Although Makhado produces the majority of Vhembe's wood most of this raw material is exported to neighbouring provinces or international markets which perform most of the value-adding activities. It is therefore imperative that local beneficiation of timber is encouraged through by initiating a furniture making plant. The situational analysis revealed that there are a number of community and state plantations. This project would require a large investment and in addition, design skills are critical, and these would have to be attracted and developed in the longer term.

#### Projects

Manufacturing of household, office and school furniture

Manufacturing of wooden arts and crafts products

### Programme 4: Promotion of Small Scale Manufacturing in Rural Areas

Small-scale manufacturing should be promoted at all costs within the rural villages and other townships in the Municipality. There are small industries located across the Municipality and once they are reopened and refurbished they could be used to promote the manufacturing of steel products (burglar doors, door frames, window frames) and chemical products (polish, paint). This programme should be linked with the incentives identified in the reopening of the industrial centres.

#### Projects

Manufacturing of steel products

Manufacturing of chemical products



### 5.5.8 Thrust 8: Human Resources Development

The aim of this thrust is to develop the skills of the community in large to participate in economic activities through an integrated approach.

Any LED framework to address economic growth as well as poverty will need to address the building of skills, and nowhere is this truer than Makhado. One of the most important constraints to local economic development and the development of competitive business clusters is the lack of an appropriately skilled work force. Makhado Local Municipality needs to adopt programmes that would: 1) improve the skills level, 2) increase the enrolment ratio of students in higher education, and 2) develop programme that would enhance technical and management skills required to develop more competitive clusters.

#### Programme 1: Comprehensive skills development programme

As revealed in the situational analysis, there is a dearth of skills amongst the general population. The other setback is that those with skills migrate to other regions looking for greener pastures. There is a need for the up scaling of skills development and human capital development initiatives. It is therefore vital that measures are introduced to improve the local skills base. This should be done in partnership with a variety of stakeholders within the area.

Skills have an important role to play in sustainability. Skills development can make a meaningful contribution to moving people into work and helping them to stay there. Training significantly reduces the risk of exiting employment into either unemployment or economic inactivity. Qualifications increase the probability of an individual being in employment over the course of their lifetime, and increase the wages earned in employment. In particular, Apprenticeships have been found to add the most value on average.

Skills development needs to:

- Be linked to local labour market needs, involve employers in its design to meet their requirements,
- Give people the opportunity to put skills into practice within work placements,
- Deliver work readiness and basic skills alongside more technical skills training,
- Be accessible to those in work, and
- Focus on the qualifications that have shown to have the greatest positive impact on individual's circumstances.

It is then highly recommended that a Skills Development Task Team be established. This task team should be created through the partnership between higher institutions of learning (Vhembe FET, Univen) and industry representatives (employers and unions). One of its major tasks will be to ensure that the development of skills is a key issue and skills training should be undertaken using a demand-led approach. This means that businesses need to be involved in articulating the skills needs for Makhado target sectors. Its other task should be to conduct a comprehensive skills audit. The data from the audit should then be used to inform and the formulation of a skills development plan.

Channels of communication should be established between local businesses and existing learning institutions, in conjunction with the audit. It is important to determine the education and skills that the market demands; so that a strategy can be developed to provide the local community with the necessary education and skills needed to supply local business' labour demands. The audit of education and skills training institutions, along with labour market demands, and knowledge of the economic sectors that are growing, can inform educational institutions' curriculum design.

Cooperation and co-ordination between these interested and affected parties could help business to identify gaps in skills training, that they are able to fill themselves through providing on-the-job training and apprenticeships.



An audit of available skills to bridge the gap between demand and supply would be necessary. This could be done in co-operation with local businesses to establish what current skills are needed by businesses and what skills are available. This could also inform the type of training programmes or institutions needed. Such a skills audit could be done per sector.

Co-operation between businesses, training institutions as well as community-based organisations is imperative in the successful matching of available skills with the appropriate sector, and for the formulation of a skills development strategy.

There is a need for the awarding of scholarships and bursary schemes for deserving students and the goal of this project will be to connect secondary education with local market requirements. The granting of scholarships will be for students with profiles sought after in the labour market. The first phase of this project will include research and analyses of the labour market to identify the local needs, while in the second phase, scholarships will be granted to students with the best performances.

#### Projects

Skills Development Task Team

Comprehensive Skills Audit

Skills Development Plan

Scholarship and Bursary Scheme

## Programme 2: Institutional Development

Economic development is one of the focus areas in terms of the IDP and it is also one of the key performance areas (KPAs) that the Municipality need to report on annually. Therefore, it is critically important to have a competent and functional Unit to drive the agenda and ensure that the Municipality delivers accordingly on this mandate. This can only be achieved by strengthening the LED unit.

In the assessment of the capacity of the LED Unit it was found that it is characterised by weak institutional capacity, whereby there are various vacancies. This has previously had a negative impact on the Unit as it had failed to implement some of the LED programmes made in the previous strategy. It is therefore imperative for all the vacant positions within the LED unit to be filled. There is also a need to create the position of the One-Stop Centre Advisor. Another position that need to be considered is that of the of Investment Promotions and Marketing Officer

#### Projects

Fill all the existing vacancies within the LED Unit

Create the position of the One-Stop Centre Advisor



## SECTION 6: IMPLEMENTING THE LED STRATEGY

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### 6.1 Overview

‘The best plan is only a plan, that is, good intentions, unless it degenerates into work. The distinction that marks a plan capable of producing results is the commitment of key people to work on specific tasks. The test of a plan is whether management actually commits resources to actions which will produce results in the future. Unless such a commitment is made, there are only promises and hopes, but no plan.’ (Drucker, 1986)

The key to successful planning is the ability to implement a well-developed planning programme. Implementation requires specificity in timing, assigning responsibility, and sources of funding. This plan therefore provides each of these criteria for each programme or project. Projects are assigned one of four time frames with a short-term planning horizon and an additional long-term category.

### 6.2 Implementation Plan

The primary goal of this implementation plan is to facilitate the streamlined and fast-tracked delivery of the various strategic thrusts and their respective development programmes and projects. The actual implementation of the various activities associated with the LED Strategy and the respective Development Plans must primarily be facilitated by the Makhado Local Municipality while being supported by the LED Forum and other stakeholders.

#### 6.2.1 Implementation Matrix

The table below provides the three year (2013/14-2015/16) implementation plan for the Makhado LED Strategy.





Table 6-1 Implementation Plan

Programmes	Projects	Key Players	Funder
Promoting innovation and diversification	Business awards competition	MLM, SEDA, LEDA, NAFCOC	MLM, Private Sector
	Business idea competition	MLM, SEDA, NAFCOC, LEDA	MLM, Private Sector
Promote access to markets for locally produced services and products	Buy local campaigns	MLM	MLM
	Annual procurement event	MLM	MLM, Private Sector
	Monthly flea market	MLM	MLM
Promote business retention	Annual business retention and expansion survey	MLM, LEDA, SEDA	MLM, SEDA, COGHSTA, LEDET
	Business visitation programmes	MLM, NAFCOC, SACOC	MLM
Provision of integrated holistic support services	Setting up of a one stop centre	MLM, LED Forum	MLM
	Business incubators	MLM, SEDA, LEDA	MLM, SEDA, COGSTA, LEDET
Improving the local business environment	Reduce time to process business applications	MLM, LED Forum	MLM
	Reduce complexity of business applications	MLM, LED Forum	MLM
Development of Informal Traders	Informal traders working committee	MLM, LED Forum, FABCOS	MLM
	Database of informal traders	MLM, FABCOS	MLM
Availability of land for business needs	Land and property database	MLM, LEDA	MLM
Create the local infrastructure for economic development	Reopening of industrial parks in rural villages	MLM, LEDA	LEDA
	Investigate the establishment of rural shopping centres	MLM, LEDA, Private Sector	LEDA
	Conduct audit of sites and premises	MLM	MLM
	Traders market revitalisation project	MLM	MLM
	Tshakhuma fruit market revitalisation project	MLM	MLM
	Makhado N1 Arts and Crafts Centre	MLM	MLM
	Compile a CBD Development Plan	MLM	MLM
Emerging farmers development programme	Accreditation with Fairtrade	MLM, LDA, Farmers association	MLM, LDA



	Commercial-emerging farmers partnership	MLM, Local farmers association, LDA	MLM, LDA
	Farmers exhibition and trade fair	MLM, LDA	MLM
	Makhado farmers expo day	MLM, LDA	MLM
Diversification into niche markets	Game farming	MLM	MLM, Grant
	Harvesting and processing of Moringa crop	MLM	MLM, Jobs Fund
	Commercial bee farming and honey production	MLM	MLM, Grant
	Feed mill	MLM	MLM, Grant
Support for rural agriculture development	Establish a feedlot	MLM, LDA	MLM, Grant
	Establishing of Agri-Parks	MLM, LDA	MLM, Grant
Investment Generation	Outward Missions	MLM, TISA, TIL	MLM
	Investors Conference	MLM	MLM
	Investments Incentives Scheme	MLM, TIL, TISA, DTI	MLM
Image Building	Investment Opportunities Guide	MLM, TIL	MLM
	Local Business Directory	MLM, SEDA, LEDA	MLM
	Guide to Municipal Approval Processes	MLM	MLM
Tourism Facilities	Provision of location Signage	MLM, CTA, SEDA	MLM, SEDA
	Grading Programme	MLM, CTA, LTA	MLM
	Development of recreational facilities	MLM, CTA	DoT, LEDET
	N1 Information and Recreational/ Entertainment Centre	MLM	MLM
Tourism Marketing	Creation of a tourism image	MLM, CTA	MLM
	Increase publicity activities	MLM	MLM
	Familiarization trips	MLM	MLM
	Tourism ambassador	MLM	MLM
	Tourism information management systems	MLM, CTA, LTA	MLM, LTA
	Tourism dedicated website	MLM, LTA, CTA	MLM
Tourism SMME support	Capacity building	MLM, VDM, SEDA, LEDA, LTA, TEP	SEDA, LEDA
	Access to market platforms	MLM, SEDA, LTA, TEP, VDM	SEDA, LEDA
Promotion of small scale mining	Develop database of mining permits or licence	MLM, DMR, MINTEK	MLM, DMR, Mintek



	holders		
	Eradication of illegal mining	MLM,DMR	MLM, DMR
	Comprehensive support services to emerging mining companies	MLM, DMR, MINTEK	MLM
	Mining Indaba	MLM	MLM
Beneficiation of local agriculture products	Fruit processing plant	MLM	MLM, Donors
	Macadamia oils processing plant	MLM	MLM, Jobs Fund
	Drying and packaging of traditional vegetables	MLM, CSIR	MLM, Jobs Fund
	Manufacturing of wood arts and crafts product	MLM	MLM, Donors
Beneficiation of forestry products	Manufacturing of furniture	MLM, SEDA, LEDA	MLM, Donors
	Manufacturing of steel products	MLM	Jobs Fund, LEDA
Promote small-scale manufacturing in rural areas	Manufacturing of chemical products	MLM	Jobs Fund, LEDA
	Recycling of waste such plastic, cans, bottles	MLM, CSIR	MLM, Jobs Fund
Promotion of the green economy in manufacturing	Production of compost from waste food	MLM	MLM, Jobs Fund
	Renewable energy project	MLM	Private Investors
	Establishment of skills development task team	MLM, UNIVEN, Vhembe FET, DoL, Local businesses, labour organisations	MLM
Comprehensive skills development	Comprehensive skills audit	MLM	MLM
	Skills development plan	MLM	MLM
	Scholarship and bursary scheme	MLM	MLM
	Fill the existing vacancies in the LED Unit	MLM	MLM
Institutional Development	Create the position of One-Stop Centre Advisor	MLM	MLM
	Create the position of Investment Promotions and Marketing Officer	MLM	MLM



### 6.2.2 Anchor Projects

There are various potential projects that can promote economic development in Makhado. However, due to a lack of resources, including capacity, funding, it is not possible to pursue and implement all listed projects simultaneously. For this reason, project prioritisation process exercise was carried out. Anchor projects are those projects that consist of a number of linkages to various other sectors and projects. The following projects have been prioritised as anchor projects:

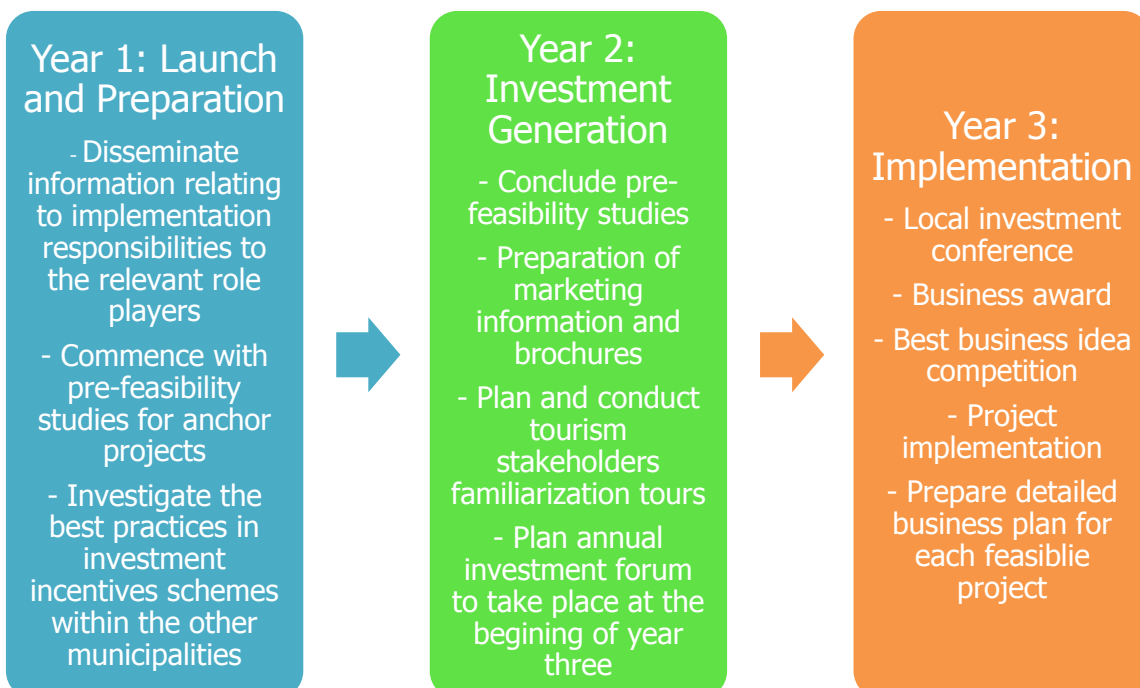
1. Establishment of a feedlot
2. Establishment of a fruit processing hub
3. Establishment of an avocado oils processing plant
4. Establishment of a macadamia oils processing plant
5. Certification and accreditation with Fairtrade
6. Establishment of SMME Incubator
7. Cultivation, harvesting and processing of the Moringa crop
8. Establishment of drying and packaging of indigenous vegetables plant
9. Establishment of a Skills Development Task Team

These projects have been selected as anchor projects because of their strategic importance, promoting value chain, involving SMME's, Cooperatives and rural communities in the value chain, and finally thereby ensuring skills development, massive job creation and improvement of the local economy.

### 6.2.3 Action Plan

The implementation of the identified projects should follow a phased approach whereby the important activities should be considered first. A more detailed Roll-Out Plan is provided in Annexure A of this report.

**Figure 6-1 Roll-out Plan**



### 6.3 Institutional Arrangements

The local economic development strategy, from development (planning) to implementation, poses great challenges. The extent and quality of the strategy implementation, as a summary of all individually implemented projects and measures, will clearly show whether the Municipality is far from or close to achieving the specified strategic goals and visions. In order to implement the strategy, the present organizational structures need to be sustained along with the development of the required human resources. Key roles need to be clearly defined and communicated. The task of the LED unit will be to engage in daily monitoring of the implementation of the strategy as a whole and each project in particular, coordination of all activities and stakeholders from project promotion, preparation, launching and reporting to initiating the Strategy upgrades.

The following factors are critical for the successful implementation of the Makhado LED Strategy:

- This strategy is supported financially by various stakeholders, including the various national and provincial institutions and the private sector (as applicable).
- The implementation of this strategy is supported by all levels of government nationally and in the province as well as by private sector institutions, sector employees, organised labour and large and small businesses.
- Leveraging mutually beneficial relationships and partnerships between stakeholders at all levels.

#### 6.3.1 Development Planning Portfolio Committee

This is a standing committee, which was established in terms of the Municipal Structures Act, which also define the functions and powers of such committees. This committee provides political and strategic guidance to the Department of Development Planning, while also playing a monitoring role. This committee should play a more oversight role by ensuring that identified programmes and projects are implemented.

#### 6.3.2 LED Unit

Makhado Municipality consists of six departments and employs a total of 855 permanent staff members. One of the departments is the Directorate for Development Planning which incorporates the LED Unit.<sup>60</sup>The LED Unit is primarily responsible for the following functions:

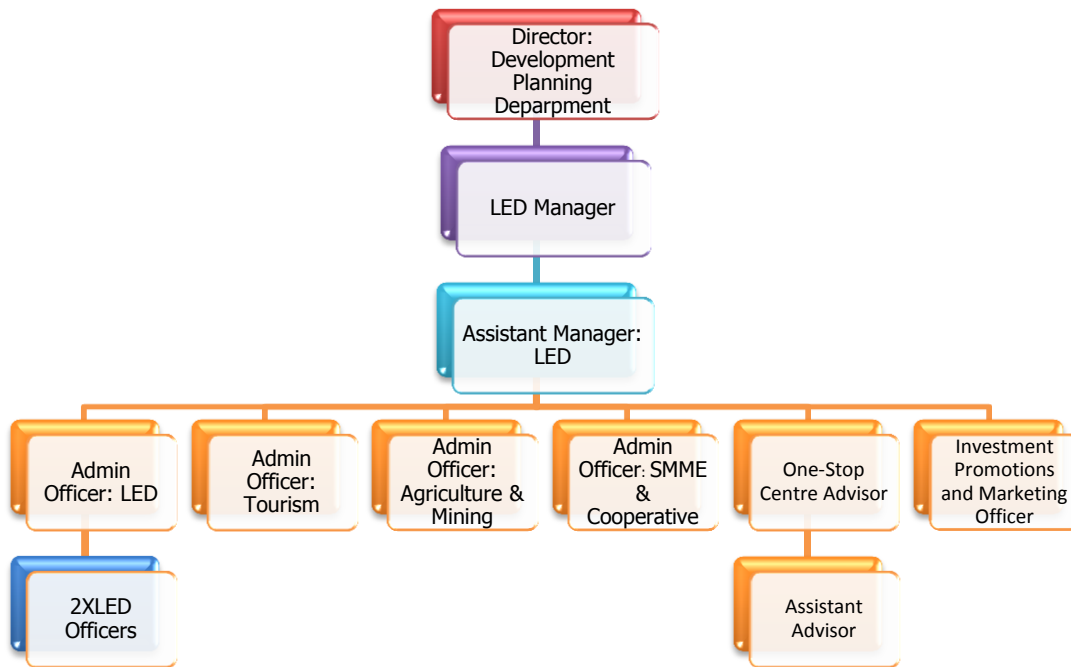
- Coordinate the development and implementation of the LED Strategy Framework and Annual Implementation Plan;
- Coordinate the implementation of LED projects in the municipality;
- Improve access to business advisory services by coordinating the availability of economic support services provided by government and public entities to local stakeholders;
- Operate as knowledge bank and champion on economic issues within the municipal space; and
- Investment promotion.

The approved organogram of the LED Unit for the financial year 2012/2013 provided for eight positions. Only five posts are filled, leaving three vacant positions. The unfilled posts are those of the Assistant Manager: LED, Administrative Officer: Agriculture and Mining and Administrative Officer: SMME and Cooperative. There is a need to fill these vacant positions to ensure that the unit is functioning at a full scale. Figure 6-2 below is depicting the proposed organogram which also include the position of the One-Stop Centre Advisor and Investment Promotions and Marketing Officer.

<sup>60</sup>Makhado Local Municipality: Makhado IDP (2012/2013), page 54



Figure 6-2 Proposed Organogram



Source: Makhado Municipality LED Division (2012)

### 6.3.3 LED Forum

An LED forum is in place and it encompasses various stakeholders from diverse economic sectors. This forum can be defined as a platform (institutional arrangement) where residents (individuals, private organizations, government, NGO's, CBO's, traditional authorities) gather, with an aim to share information and experiences, pool resources and solve problems which come up in the course of implementing LED projects.

The purpose of the forum therefore is to engage as many community-based structures as possible in order to mobilise social capital for LED. Key stakeholders for participation in the LED Forum could therefore include business chambers, informal sector, labour, traditional councils/leaders, SMMEs, ward committees, CDWs, civil society including vulnerable sectors, education institutions.

Success of the LED forum will be partly accomplished by regular meetings and commitment by forum members. The responsibility is with the Municipality specifically the LED unit to ensure that the forum meets according to schedule and fully participate in the implementation and monitoring of the LED strategy.

A municipality like Makhado which have large rural areas that fall under the jurisdiction of traditional authorities or chiefs should establish procedures and institutions where traditional authorities will feel comfortable to participate in the development and implementation of the LED Strategy and projects that will mobilize local resources for inward investment in these rural areas. Traditional Councils could for example be incorporated to the LED Forum for this purpose.

### 6.3.4 Key Role Players

As it has already been mentioned in the subsection above, the Municipality cannot implement the strategy entirely on its own and therefore it should be a collaborative effort by various stakeholders. The implementation of a strategy of this magnitude requires extensive support and participation by key stakeholders in a partnership formation to leverage resources. In summary, the roles and responsibilities of the key partners are described in the table below.



Table 6-3 Role of Key Players

INSTITUTIONS	ROLES
Makhado Community Tourism Association	<ul style="list-style-type: none"> <li>- Identification of businesses without location signage</li> <li>- Development of a Tourism Image</li> </ul>
CSIR (Biosciences)	<ul style="list-style-type: none"> <li>- Research and Product Development</li> <li>- Human Capital Development</li> </ul>
COGHSTA	<ul style="list-style-type: none"> <li>- Funding of projects</li> <li>- Assistance with business survey</li> </ul>
Department of Mineral Resources (Directorate of Small-Scale Mining)	<ul style="list-style-type: none"> <li>- Establishment of a legal entity</li> <li>- Guidance towards the identification of mineral deposits</li> <li>- Mining feasibility study</li> <li>- Market study</li> <li>- Environmental impact assessment (EIA)</li> <li>- Development of the mining equipment</li> </ul>
Department of Trade and Industry	<ul style="list-style-type: none"> <li>- Provision of information on the latest market trends</li> <li>- Assistance with inward and outward trade missions</li> <li>- Business development services</li> <li>- Funding</li> </ul>
Independent Development Trust	<ul style="list-style-type: none"> <li>- Funding of projects</li> </ul>
JOBS Fund	<ul style="list-style-type: none"> <li>- Funding of projects</li> <li>- Enterprise Development</li> <li>- Infrastructure Investments</li> </ul>
ESKOM	<ul style="list-style-type: none"> <li>- Development and upgrading of electricity infrastructure</li> </ul>
Limpopo Department of Agriculture	<ul style="list-style-type: none"> <li>- Capacity building of farmers</li> <li>- Facilitate the establishment of a feedlot</li> <li>- Funding of projects</li> </ul>
Limpopo Economic Development Agency	<ul style="list-style-type: none"> <li>- Assistance with the compilation of a database of warehouses and firms and available industrial space</li> <li>- Upgrading of the industrial infrastructure</li> <li>- Assistance with the implementation of the business retention survey</li> <li>- Business development services</li> </ul>
LEDET	<ul style="list-style-type: none"> <li>- Support with setting up of business incubators</li> <li>- Capacity building</li> <li>- Finding of projects</li> </ul>
Limpopo Provincial Department of Roads and Transport (LDRT)	<ul style="list-style-type: none"> <li>- Assistance with the development of a database of roads network which have economic importance</li> <li>- Upgrading and maintenance of road infrastructure</li> </ul>
Limpopo Tourism Authority (Tourism and Marketing)	<ul style="list-style-type: none"> <li>- Marketing of Makhado to both domestic and foreign tourists</li> <li>- Tourism awareness</li> <li>- Capacity building and skills development</li> </ul>
Local Businesses Associations (Nafcoc, Soutpansberg Chamber of Commerce)	<ul style="list-style-type: none"> <li>- Promote the business retention survey</li> <li>- Assistance with the Business Idea Competition and Business Awards</li> </ul>



	Competition
Local Traditional Authorities	- Making land available for economic development projects
MINTEK (Small-Scale Mining and Beneficiation Division)	- Research and Development - Training and Support
Private Sector (Business)	- Creation of low skilled jobs - Investment in the development of infrastructure such shopping centres, tourism facilities, etc. - Investment in the identified projects - To form part of the Skills Development Task Team
SEDA	- Erection of tourism signage. - Assistance with capacity building of SMME's - Assistance with the implementation of the business retention survey - Assistance with the development of SMME Incubator
TELKOM	- Development of telecommunications infrastructure
Tourism Enterprise Partnership (TEP)	- Capacity building of tourism businesses
Trade and Investment Limpopo (TIL)	- Assistance with outward and inward trade missions - Assistance with development of Investment Guide
Trade and Investment South Africa (TISA)	- Assistance with outward and inward trade missions - Assistance with development of Investment Guide
MLM: Corporate Department	- Training of staff - Recruitment of staff - Development of website
MLM: Mayoral Office	- Lobbying of traditional leaders to make land available for development - Engaging in with local businesses - Implementation of public relations campaign
MLM: Technical Department	- Maintenance and upgrading of roads - Development of basic infrastructure in support of tourism
Unions	- To form part of the Skills Development Task Team
UNIVEN	- To form part of the Skills Development Task Team - Research and development
VHEMBE FET	- To form part of the Skills Development Task Team
Vhembe District Municipality	- Funding of identified projects - Institutional capacity support - Assistance with trade missions





## 6.4 Monitoring and Evaluation

“Unless you know how you are doing as you move along, you’ll never know when you are done or if you have succeeded.” (Crosby, 1979)

Monitoring and evaluation of the Strategy implementation enable the measuring of the level of implementation of the specified programmes, which offers a chance to take timely actions aimed at specific corrections and evaluation of the overall success of the Strategy implementation. Monitoring is a system of data collection and processing aimed at matching the results achieved against those planned. Evaluation is based on the monitoring results and it gives the overall estimate of the extent to which the planned goals are actually achieved.

In order to achieve the objectives set out in this strategy, it will be important to have an effective coordination, monitoring and evaluation framework. The wide range of actors that will be involved in the strategy will require a harmonized and coordinated framework for effective and efficient management of activities and resources. The framework provides for regular feedback between agencies charged and entrusted with the implementation of the strategy.

In addition, as work plans are developed to implement projects, they should include clear criteria on which the success of the project can be measured. It is intended that the strategy will be the subject of a formal review three years into its implementation (i.e. at the end of financial year 2015/16).



## Stakeholders Consulted

The stakeholders listed below were consulted thoroughly during the development of this strategy.

- Mr. S. Mathonsi : Makhado Municipality (LED Manager)
- Mr. P. Netshivhuyu : Makhado Municipality (LED Officer)
- Mr. F. Ramuthaga : Makhado Municipality (LED Officer: Tourism)
- Mr. N. Thanyani : Makhado Municipality (Town Planning Manager)
- Mr. E. Joubert : Makhado Municipality (Electricity Manger)
- Mr. T. Mpai : LEDA (Acting General Manager: Property Management)
- Mrs. Liza' Strauss : Soutpansberg Chamber of Commerce (President)
- Mrs. E. Mabasa : Department of Agriculture, Forestry and Fisheries: Makhado
- Mr. S. Matsea : Department of Water Affairs-Limpopo
- Mr. Makhavhu : Vhembe District Municipality: LED Unit (Agriculture)
- Mr. Kwinda : Vhembe Fresh Produce Market
- Mr. Nemutamba : Vhembe Aquaculture Association
- Mr. A. Thanyani : Vhembe Timbers Growers Association
- Mrs. B. Oelofsen : Milk Producers Association: North Region Coordinator
- Mr. D. Rammekwa : WG Wearne: Makhado
- Mr. A. Madzhie : Emerging Farmer based in Zamenkomste
- Mr. L. Munzhedzi : Limpopo Animal Health
- Mrs. A.M. Netshidzivhanani : Zwashu Arts Crafts Centre
- Mr. J. Meela : Mokgamela Multiminerals
- Ms. L. Manngo : Makhado Tourism Information Centre
- Mrs. S. Selapyana : Mukondenani Pottery



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