



# Makhado Local Municipality LED Strategy 2025



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## Executive Summary

## 1. Introduction



Makhado Local Municipality (MLM) is a Category B municipality located in the northern region of the Vhembe District in the Limpopo Province, and it is one of four municipalities within the district. Makhado borders several local municipalities mostly in the Vhembe District, along with Blouberg Local Municipality and Molemole Local Municipality in the Capricorn District as well as the Greater Letaba Local Municipality in the Mopani District. These municipalities will be used as part of

the comparative analysis in the review of the LED to provide context to the Municipality's development relative to the neighbouring local municipalities.

The Municipality envisions itself as “a democratic, accountable and service delivery orientated municipality committed to good governance and socio-economic development of its community” (Makhado Local Municipality, 2019).

Makhado Local Municipality focuses on the following seven strategic objectives:

- Promoting community participation and environmental welfare
- Investing in the local economy
- Advanced spatial planning
- Investing in human capital
- Good governance and administrative excellence
- Sound financial management and viability
- Accessible basic and infrastructure services

MLM is classified as predominantly rural owing to the fact that a large proportion of the populace is located within the traditional areas of the Municipality. MLM has 38 ward councillors and had established 38 fully functioning ward committees. There are 14 traditional leaders that were members of the municipality council, and 10 councillors (out of the 37 councillors) that are members of the executive committee (Makhado Local Municipality, 2019).

### 1.1. Background

MLM was first established in October 1934 as the Louis Trichardt Town Council. Upon demarcation and the introduction of the Municipal Structures Act of 1998, several municipalities were amalgamated into the current Makhado Local Municipality (Municipalities of South Africa, 2019). It should also be noted that there were demarcations in 2016 that resulted in the formation of Collins Chabane Local Municipality comprising of a portion of Makhado Local Municipality as well as a portion of Thulamela Local Municipality. The new municipality will be incorporated in the comparative analysis in subsequent sections of the document.

There are four formal towns within Makhado Local Municipality and more than 200 villages scattered throughout the region. The town of Louis Trichardt houses the main administrative office with supporting regional administrative offices in the Vleifontein, Waterval and Dzanani town (Makhado Local Municipality, 2019).

The Spatial Development Framework (SDF) for the Municipality has identified several growth points targeting specific sectors for growth and development. The growth points identified include:

- Soutpansberg
- Tswine Mountain
- Mandadzi Waterfall
- Witvlagroad
- Levubu
- Mopani Coal Field
- Tshipise Magnesite

The focal sectors within these growth points include agriculture, mining and tourism. It should be noted that MLM, together with the Musina Local Municipality, have undertaken a joint venture to create a Special Economic Zone (SEZ) specifically for industrialization between the two areas, where the SEZ is an investment in industrial infrastructure and a service provider to attract and facilitate foreign investment, integrate local firms into global value chains, promote export-driven growth and generate employment (Department of Trade and Industry, 2014). The SEZ forms part of the Trans-Limpopo Spatial Development Initiative (SDI) and has been developed as part of greater regional plans to unlock investment and economic growth as well as to address the development of skills and employment for the regions involved. The SEZ is a strategic growth point for the Makhado Local Municipality LED as it is a vehicle that can assist in the socio-economic development of the Municipality.

## 1.2. Overview of an LED Strategy

Local Economic Development (LED) is an approach towards economic development which allows and encourages local people to work together to achieve sustainable economic growth and development, thereby bringing economic benefits and improved quality of life for all residents in a local municipal area (CoGTA, 2019).

As a programme, LED is intended to maximise the economic potential of all municipal localities throughout the country and, to enhance the resilience of the macro-economic development through increased local economic growth, employment creation and development initiatives within the context of sustainable development. The “local” in economic development points to the fact that the political jurisdiction at a local level is often the most appropriate place for economic intervention as it carries alongside the accountability and legitimacy of a democratically elected body.

According to CoGTA (2019), the development of Local economic development strategies intends to maximise the economic potential and enhancing the macro-prudential state of the economy amongst all municipalities.



According to CoGTA (2019), LED provides support in the following areas:

- Development and review of national policy, strategy and guidelines on LED
- Providing direct and hands-on support to provincial and local government
- Management of the Local Economic Development Fund
- Management and Technical Support to Nodal Economic Development Planning
- Facilitating coordinating and monitoring of donor programmes
- Assisting with LED capacity building processes

Local Economic Development (LED) is an outcome, based on local initiative and driven by local stakeholders. It involves identifying and using local resources, ideas and skills to stimulate economic growth and development. The aim of LED is to create employment opportunities for local residents, alleviate poverty, and redistribute resources and opportunities to the benefit of all local residents. It is important to realise that LED is an ongoing process, rather than a single project or a series of steps to follow. LED encompasses all stakeholders in a local community, involved in a number of different initiatives aimed at addressing a variety of socio-economic needs in that community. National and Provincial government provides support for municipalities in developing local economic strategies.

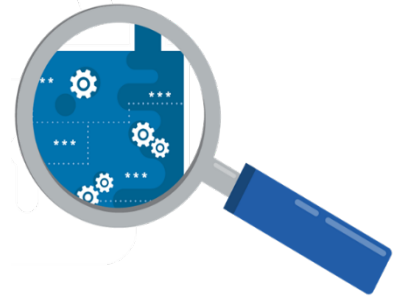
The Department of Cooperative Governance has identified the following as key principles underlying LED:

- Poverty and unemployment are the main challenges facing South Africa. LED strategies must prioritise job creation and poverty alleviation
- The LED must target previously disadvantaged people, marginalized communities and geographical regions, black economic empowerment enterprises and SMMEs to allow them to participate fully in the economic life of the country
- There is no single approach to LED. Each locality may develop an approach that is best suited to its local context
- LED promotes local ownership, community involvement, local leadership and joint decision making
- LED involves local, national, and international partnerships between communities, businesses and government to solve problems, create joint business ventures and build local areas
- LED uses local resources and skills and maximizes opportunities for development
- LED involves the integration of diverse economic initiatives in an all-inclusive approach to local development
- LED relies on flexible approaches to respond to changing circumstances at the local, national and international level

### 1.3. Purpose and Objectives

The overall objective of the study is to develop a LED Strategy, as per the Terms of Reference, that will:

- Guide local economic development, integrate existing projects/programmes, promote participatory LED, initiate local economic development initiatives, establish partnerships and empower local communities
- Assist the municipality to meet its constitutional obligations, to promote and drive economic development in the local community as well as open new economic and employment opportunities
- Develop an implementation plan that will result in the stimulation of economic growth and development as well as the sustainability of substantial economic sectors
- Provide a broader context for Makhado Local Municipality and undertake an analysis of the current demographic, social and economic characteristics of the municipality
- Investigate the implications that these characteristics may have for the future development of the municipality, therefore the key aim of the study is to synthesize the population dynamics and the economic needs of the local municipality with the logical development of the economy of the area.



### 1.4. Document Structure

The structure of the document is outlined as follows:

**Chapter 2** addresses the policy framework within which the LED is situated, with specific reference to the national policies that contextualise the LED for the municipality, provincial and district policies that provide strategic direction within the Limpopo Province and the Vhembe District Municipality (VDM) respectively, as well as existing local policies that inform municipal plans and strategies such as the LED.

**Chapter 3** provides an overview of the current realities in Makhado Local Municipality through the competitive analysis of the development profile, which includes a demographic profile, a bulk service overview as well as a labour and economic profile for the municipality. Focus is drawn on the sectors and industries within the Municipality through the analysis of the sectoral profile for the understanding of the economic environment within the Municipality.

**Chapter 4** focuses on the potential analysis for MLM. The analysis highlights the growth points and development corridors of Makhado. The chapter also provides a discussion relating to the Musina-Makhado SEZ. A SWOT analysis will be conducted to summarise the findings of the analysis and provide inputs into the opportunity analysis for the MLM LED Strategy.

**Chapter 5** addresses the development of a strategic framework, investigating the pathways to prosperity along with the growth paths and catalytic projects essential for achieving the set pathways with vision 2025 in mind. The chapter is concluded by an implementation plan as well as monitoring and evaluation guidelines.

## 2. Policy Framework

This section will review policy the framework with specific reference to the international directives, national, provincial, district and local policies. The policy review is essential as it provides the legislative framework that will underpin local economic development for the community of MLM.

### 2.1. International Directives

#### 2.1.1. UN Sustainable Development Goals

The UN 17 Sustainable Development Goals (SDGs) play a crucial cornerstone towards economic growth and development. In addition, it should be noted that the SDGs are to some degree a mere extension of the Millennium Development Goals (MDGs), the precursor global development agenda that ran from the year 2000 to 2015. Furthermore, the SDGs are broader in scope and its mandate is to address the root causes of poverty while at the same time addressing the universal need for development that suits all people.

The 17 SDGs can be broken down into six focus areas around dignity, people, planet, prosperity, justice, and partnership. Similarly, the 17 SDGs can also be categorised into social, economic, environmental, and peace and justice thematic areas. Figure 1 summarises the UN Sustainable Development Goals are also known as the Global Goals, that is a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity (United Nations, 2016).

Figure 1: UN Sustainable Development Goals



SOURCE: (United Nations, 2016)

**Policy Imperative for Makhado Municipality:** The SDGs are interconnected and the success to one goal involves tackling issues more commonly associated with another. The SDGs outline key goals that need to be articulated to achieve sustainable development. In addition, the SDGs recognise that ending poverty must go hand-in-hand with strategies that build economic growth and address a range of social needs including education, health, social protection, and job opportunities while tackling climate change and environmental protection.

The municipality is facing challenges in relation to climate change, poverty and inequality that could hinder the success of sustainable development. In this regard, the policy directives on the SDGs should be integrated into the MLM LED Strategy which will be essential for sustainable development, thereby providing clear guidelines and targets for local economic development for Makhado. Moreover, LED initiatives incorporated into LED planning should aim to incorporate the UN SDGs goals to achieving sustainable development.

## 2.2. National Policies

### 2.2.1. The Constitution of the Republic of South Africa

The Constitution of the Republic of South Africa is the supreme law of the country which is the most important legislation in South Africa. Within its Bill of Rights, it states that every citizen is entitled to a right to trade, occupation or profession freely (though these professions may be regulated by law). Moreover, it also states that every citizen has a right to an environment that is not harmful to the health and wellbeing of citizens and an enabling environment protected for the benefit of present and future generations while promoting reasonable economic and social development.

The Constitution further outlines the functions that a local municipality must comply with Schedule 4b and Schedule 5b as set out in Section 155(6)(a) and 155(7).

Section 152 (1) outlines the objectives of local government as which entail:

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

**Policy Imperative for Makhado Municipality:** The Constitution of the Republic of South Africa enables free labour market and ensures the basic rights of all citizens to live and work in a safe and humane environment. In so doing the Constitution further outlines the role of local government towards providing an enabling environment that is safe, healthy and promotes social and economic development. In this regard, Makhado Municipality is constitutionally mandated to comply with the objectives set out in the Constitution.



The LED Strategy for Makhado should be focused on addressing the mandated objectives, with specific reference to the functions outlined in Schedule 4b and Schedule 5b that form part of the objectives outlined. Furthermore, the LED Strategy should safeguard the rights and identify the trajectory for the municipality in terms of economic development through unlocking the economic environment such as infrastructure development in the municipality area which is expected to create economic opportunities.

### 2.2.2. National Development Plan (NDP)



The NDP 2030 is the “blueprint” for development of the country and aims to eliminate poverty and reduce inequality by 2030. The plan sets a target of reducing the unemployment rate and seeks to increase GDP almost threefold to achieve an increased GDP per capita of R110 000 per person by 2030 (at constant prices).

The strategic framework for the NDP is based on the following development priorities which are:

1. To promote an inclusive and labour-absorbing economy
2. To increase capital spending, specifically on infrastructure
3. To transit into a low-carbon economy
4. To create an inclusive and integrated rural economy
5. To reverse apartheid constraints through spatial planning
6. To improve the quality of healthcare for all South Africans
7. To invest in quality healthcare for all South Africans
8. To develop a robust social security system
9. To build safer communities and reduce crime
10. To reform the public sector
11. To fight corruption in government
12. To transform society and unite the country

The NDP focuses on selected economic and employment drivers that serve as a basis for inclusive economic development. In addition, the national blueprint suggests that South Africa can realise development priorities of the plan through drawing on the energies of its people, growing an inclusive economy, building capabilities, enhancing the capacity of the state, and promoting leadership and partnerships throughout society (NDP, 2030).

**Policy Imperative for Makhado Municipality:** The NDP guides decision-making in all spheres of government. The blueprint is considered the main centrepiece of development policy in South Africa. Moreover, the plan is good for economic development and provides guidance to all spheres of government, its institutions and the private sector. The NDP vision also identifies mining, construction, manufacturing, agriculture and agro-processing, higher education, tourism and business services, as sectors key towards development and growth. In this regard, the directives provided in the NDP must be integrated into the LED for Makhado Municipality which will provide a competitive job-creating economy which raises incomes and eradicates poverty and progressively reducing inequality on a sustainable basis.

It is envisioned that by implementing the strategic guidelines and directives outlined in the NDP, Makhado Municipality will be on the path to achieving the goals of the NDP and also tackling the challenges of poverty and inequality.

### 2.2.3. New Growth Path (NGP)

The NGP is a broad framework that sets out a vision and identifies key areas where jobs can be created. Furthermore, the NGP seeks to address the issues surrounding unemployment, inequality, and poverty through strategy implementation relating to job creation. Government seeks to achieve this objective by restructuring the South African economy to achieve labour absorption and accelerated economic growth. The NGP sets out a vision and identifies key job drivers namely:

- Public investment in infrastructure – direct, indirect and efficiency benefits (short-term)
- Support for labour – absorbing activities across main sectors (medium-term)
- Knowledge and green economies
- Rural development and regional integration

Towards addressing the issues surrounding unemployment, inequality and poverty the Government intends to:

- Identify areas where employment creation is possible on a large scale because of substantial changes in conditions in South Africa and globally
- Develop a policy package to facilitate employment creation in these areas, through
  - A comprehensive drive to enhance competitiveness and social equity,
  - Systemic changes to mobilise domestic investment around certain activities, and
  - Strong social dialogue to encourage growth in employment-creating activities

The New Growth Path prioritises sectors in which employment will be created which include:

- The agricultural value chains
- The mining value chains
- The Green economy
- Manufacturing sector
- Tourism and services

**Policy Imperative for Makhado Municipality:** The New Growth Path is established on the importance of job creation. It is therefore important that these priorities inform recommendations and guidelines provided for the LED Strategy in terms of creating sustainable and decent employment opportunities for the constituents of the Municipality as well as create growth opportunities within the Municipality. In addition, the LED Strategy should inform centres of economic growth and create opportunities within the centres through the integration of supply chains (in either cluster and /or development hubs), or consultations and buy-in from the private sector.

#### 2.2.4. Industrial Policy Action Plan (IPAP)

The IPAP is an annual series of industrial strategies aimed at promoting diversification beyond the current reliance on traditional commodities and non-tradable services. The mandate of the plan is to confront the challenges of economic and industrial growth, race-based poverty, inequality and unemployment. In other words, it can also be concluded that the principal objective of the IPAP is to achieve structural change through encouraging development, growth and increased competitiveness in the manufacturing sector in South Africa. Furthermore, the IPAP seeks to expand value-added sectors, promote labour-absorbing industries, increase economic participation by historically disadvantaged individuals, and expand into regional markets.

The IPAP has core programmes which entail the following:

- Diversification of the economy and the provision of strong support for value-added manufacturing
- Building regional investment, trade and industrial development integration
- The developmental model focused on radical economic transformation and social inclusion
- Emphasis on R&D and the movement to a knowledge base economy
- Engaging with the private sector to prepare for and adapt to challenges in a digitised production and logistics associated with the Fourth Industrial Revolution

**Policy Imperative for Makhado Municipality:** It should be considered that the IPAP is guided by the NIPF and is of importance to policy enablers to achieve local industrial development. The IPAP supports cluster development, thereby enhancing the efficiency and competitiveness of local firms. It is therefore essential that the IPAP informs the LED Strategy which will yield towards improvement on the competitiveness and efficiency of local businesses within the area. Furthermore, MLM should enhance areas such as investment in infrastructural maintenance, supporting skills development, improving government-business relations and the improvement efficiency (including staff capacity). The NIPF & IPAP advocate accelerated GDP growth and thus accelerated industry development that focuses on principles and strategic processes that will result in tangible structural change and continued industrial development within the MLM. Furthermore, Makhado needs to enhance areas such as investment in infrastructural maintenance, supporting skills development, improving government-business relations and the improvement efficiency (including staff capacity) so as to unlock the evolving economic environment.

#### 2.2.5. Municipal Demarcation Act

The Municipal Demarcation Act of 1998 (Act 27 of 1998) provides for criteria and procedures for the determination of municipal boundaries by an independent authority and provides for matters connected to it. It also delineates the objectives of demarcation (Section 24) as well as factors to be considered (Section 25) when demarcation decision-making is required.

The Act was incorporated into a study where Urban-Econ was appointed by the Municipal Demarcation Board to assess municipalities on their compliance with demarcation objectives.

Several variables were identified to address each part of the legislation in both Section 24 and Section 25 of the Act. Key indicators were identified as the enablers for municipalities to achieve their objectives and may have an influence on the sustainability of a municipality. These indicators included, amongst others, the ability to generate own revenue through the collection of rates and taxes, as well as having better connectivity and accessibility to economic opportunities.

**Policy Imperative for Makhado Municipality:** Section 24 of the Municipal Demarcation Act provides municipalities with a set of objectives with which Makhado Local Municipality must also comply, as well as the factors to be considered from Section 25 that are essential for attaining the objectives. These objectives and factors to consider affect the sustainability of Makhado Local Municipality. Furthermore, the LED should consider the establishment of the Collins Chabane Municipality as one of its neighbouring competitors due to the recent demarcations which occurred in 2016. In addition, the MLM LED will incorporate the findings of the study conducted by Urban-Econ to better position the Municipality towards achieving its vision and actively engage in its mission while fulfilling its constitutional mandate.

#### 2.2.6. National Spatial Development Perspective (NSDP)

The NSDP provides a framework that envisions the future development of the national spatial economy. It aims to reconfigure apartheid spatial relations and implement spatial priorities that meet the Constitutional imperatives of providing basic services and alleviating poverty and inequality. The plan makes available a set of principles and mechanisms for guiding infrastructure investment and serves as a tool for identifying key priority areas in achieving positive spatial outcomes.

For the government to achieve its broad national development targets, interventions need to consider spatial differences that could inhibit or promote growth. The NSDP recommends that government should:

- Promote improved service delivery and essential social transfers
- Focus public investment in human capital development
- Use land and agrarian reform as a key thrust to facilitate access to vital development services
- Work on expanding functional linkages between rural areas and major centres to improve market access, skills availability and financial capital

The NSDP also acknowledges the fact that each sphere of government has its own Municipal development tasks and the related area of jurisdiction. The NSDP provides guidance on the principles that should underpin the strategic approach relating to spatial development and management in the province.

**Policy Imperative for Makhado Municipality:** Aligning the Makhado Municipality LED with the NSDP will enable the local municipality to identify areas of social and economic significance with the view of focusing on government investment and development interventions which ensure maximum and sustainable impact. Furthermore, the plan will provide a common platform



for structured dialogue through capitalising on complementarities and facilitating consistent and focused decision-making.

### 2.2.7. Spatial Planning and Land Use and Management Act (SPLUMA)

The Spatial Planning and Land Use Management Act provides a uniform system of regulating land development throughout South Africa. According to the Act, municipalities are the key stakeholders in the implementation of spatial planning and land use management as per the various provisions of the act.

The key provisions of this legislation for municipalities include:

- A uniform, effective and comprehensive system of spatial planning and land use management for the Republic
- A system of spatial planning and land-use management that promotes social and economic inclusion
- Common development principles, norms and standards to inform land development
- Sustainable and efficient use of land to be a key consideration when making decisions involving land development
- Cooperative government and intergovernmental relations across all the spheres of government
- Readdressing the imbalances of the past and ensuring that there is equity in the application of spatial development planning and land use management systems

Therefore, in accordance with the SPLUMA, municipalities are expected to:

- Within 5 years of SPLUMA coming into operation, municipalities are required to prepare and adopt land-use schemes which will replace the current zoning/town planning schemes. Land use schemes must give effect to Municipal Spatial Development Frameworks
- Municipalities shall receive and consider all land development applications as the authority of the first instance
- Municipalities must establish Municipal Planning Tribunals (comprising of municipal officials and suitably qualified external persons appointed by Council) to make decisions on development applications
- Two or more municipalities may, in writing, agree to establish a joint Municipal Planning Tribunal. A district municipality may, with the agreement of the local municipalities within the area of the district municipality, establish a Municipal Planning Tribunal to preserve and dispose of land development applications and land use applications within the district municipal area. Municipalities should, therefore, undertake an assessment of the volume and complexity of land development applications that they deal with, as well as their capacity to determine the most effective and efficient institutional arrangements to dispose of land development applications
- Notwithstanding the requirement above, a municipality may authorise that certain land use and land development applications may be disposed of by an official employed in the municipality. This will require a review of the system of delegations in the municipality as well as

categorisation of land development applications to be considered by an official and those to be referred to the Municipal Planning Tribunal

- The executive committee or executive mayor of the municipality or a committee of councillors appointed by the Municipal Planning Tribunal may be lodged in terms of Section 62 of the Municipal Systems Act

**Policy Imperative for Makhado Municipality:** SPLUMA provides a uniform system of regulating land development throughout South Africa. According to the Act, Municipalities are key stakeholders in the implementation of spatial planning and land use management as per the various provision of the Act. In this regard, Makhado must adhere to the key provisions of SPLUMA that seek to promote efficient and effective spatial planning and land-use management practices. The implementation of all plans in the Municipality should align with the SPLUMA development principles (spatial justice, spatial sustainability, spatial resilience and good administration).

#### 2.2.8. Special Economic Zone Act No 16 of 2014

The South African government moved into a new path of economic growth and reposition the economy globally through the establishment of Special Economic Zones (SEZ), which are defined as specifically delineated areas that are deemed to be foreign territory for the purposes of trade operations and duties and tariffs.

SEZs are supported through special arrangements that entail legislative measures and systems that are often different from those that apply in the rest of the country (Kumar, 2008). According to the Department of Trade Industry (2019), the Special Economic Act of No 16 of 2014 in South Africa seeks to:

- To provide for the designation, promotion, development, operation and management of Special Economic Zones;
- To provide for the establishment, appointment of members and functioning of the Special Economic Zones Advisory Board;
- To provide for the establishment of the Special Economic Zones Fund;
- To regulate the application, issuing, suspension, withdrawal and transfer of Special Economic Zones operator permits;
- To provide for functions of the Special Economic Zones operator;
- To provide for transitional arrangements; and
- To provide for matters connected therewith.



The Musina/Makhado SEZ comprises of two geographical locations that address unique industrial clusters. These clusters entail the light industrial and agro-processing clusters in Musina, and the metallurgical/mineral beneficiation complex in Makhado (Department of Trade and Industry, 2019). The location of the Musina/Makhado SEZ is strategically located along the Trans Limpopo corridor along the N1 to unlock investment and economic growth regionally, thereby addressing the development of skills and employment which is one of the fundamental aspects of the NDP and NGP. Special Economic Zones propel manufacturing in many ways because they are special business parks created with adjusted trade laws, tax breaks, or with laws that are highly relaxed to attract foreign investors (LEDA, 2018).

**Policy Imperative for Makhado Municipality:** The Makhado LED Strategy should address the Musina/Makhado SEZ intentions to the delineated areas that are deemed to attract foreign direct investment. The clusters in relation to the Musina/Makhado SEZ entail agro-processing clusters in Musina and the metallurgical/mineral beneficiation complex in Makhado. In this regard, alignment of the MLM LED Strategy with the SEZ would potentially unlock investment and economic growth locally and regionally.

#### 2.2.9. Comprehensive Rural Development Programme

The Comprehensive Rural Development Programme (CRDP) is a national project of the government, with the Department of Rural Development and Land Reform as a catalyst and facilitator to ensure rural development takes place. The programme seeks to create a vibrant, equitable and sustainable rural community which are vital for economic prosperity. It should also be noted that the CRDP forms part of the Medium-Term Strategic Framework (MTSF) which was designed for the purpose of improving the lives of all South Africans, building a better economy domestically and globally. The government envision the CRDP programme as a tool that can be used to enable rural communities to be champions of economic development within their designated zones with the support from the government.

The CRDP programme entails the following:

- Sustainable, equitable and vibrant rural communities
- The agrarian transformation plays a key role in the fight against hunger, poverty and unemployment
- Rural development which seeks to improve rural economic and social infrastructure
- Addressing the specific needs of the rural community which include (clean water, decent shelter, proper sanitation and enterprise development support)
- Meeting the basic needs in relation to food security, entrepreneurial development, infrastructure development and industrial and financial sector development
- Involvement and participation of communities

**Policy Imperative for Makhado Municipality:** The LED Strategy for Makhado needs to adhere to the principles of the CRDP programmes which forms part of the MTSF. In doing so the Strategy will be able to address the triple challenge of unemployment, poverty and inequality which is affecting the economy and through the optimal use and management of natural resources.

## 2.3. Provincial Policies

This section will provide an overview of the provincial policy framework for Limpopo. The study considers that the Limpopo Growth and Development Strategy was replaced by the Limpopo Employment Growth and Development Plan (LEGDP), and recently by the Limpopo Development Plan. As a result of the evolution of the provincial blueprint, the study will outline the priorities and the imperatives of the Limpopo Development Plan towards the development of the Local Economic Development Strategy for Makhado.

### 2.3.1. Limpopo Provincial Growth and Development Strategy (LEGDP)

The Provincial Growth and Development Strategy (LEGDP) was developed to provide a framework for programmes that advance the growth of the economy in a manner that attracts investment, creates sustainable jobs and ultimately, improve the living conditions in Limpopo. The province is strategically situated at the northern-most tip of South Africa which is ideally positioned for easy access to African markets. Moreover, proximity to Zimbabwe, Mozambique and Botswana provides the investor with a powerful platform from which to access the economic opportunities in the South African region.

Limpopo has distinguished itself as an investment destination zone and having competitive edges of mining, agriculture and tourism. Furthermore, the LEGDP aims to ensure that smart partnerships are essential among stakeholders to achieve sustainable and integrated development in Limpopo.

The LEGDP offers a vision for development that reflects the development priorities in terms of social needs and competitive economic growth potential of the province and consistency with national development imperatives. In addition, LEGDP guides and coordinates the allocation of national, provincial and local resources, as well as private sector investment, to achieve sustainable development outcomes. The Provincial Government Development Plan identified seven provincial-specific clusters with development potential:

- Platinum mining cluster on the Dilokong Corridor between Polokwane and Burgersfort (Sekhukhune district) and in the Waterberg district
- Coal mining and petrochemical cluster at Lephalale in the East-West Corridor (Waterberg district)
- Fruit and vegetable (horticulture) cluster in Vhembe, Mopani and Bohlabela
- Logistics cluster in Polokwane (Vhembe District)
- Red and white meat cluster on all the corridors (all districts)
- Eight tourism sub-clusters at several high-potential destinations
- Forestry cluster in the Mopani and Vhembe Districts

### 2.3.2. Limpopo Employment Growth and Development Plan

The Limpopo Employment Growth and Development Plan (LEGDP) is a fundamental provincial plan that has been designed to make good the imbalances of the past. The LEGDP is encapsulated from the Medium-Term Strategic Framework and ultimately provides a framework



for the provincial government, municipalities, the private sector and all organs of civil society to make hard choices in pursuit of the strategic priorities. Limpopo is faced with several challenges in relation to economic growth and job creation, which are essential to reduce poverty and improve living conditions.

The mandate of the LEGDP is to contribute towards the economic debate in the province and in the country by highlighting for policy imperatives that should be addressed to promote growth and employment in a complex international and domestic economic environment. The plan also seeks to confront the challenges of growth, decent jobs and poverty reduction within a broad economic wide framework. The LEGDP also suggests the importance of road infrastructure development considering the impact of its presence to an economy in terms of accessibility and mobility of goods and people, economic corridors and for public transport. The plan suggests that Makhado could potentially benefit from the development of rail infrastructure particularly, (Makhado - Lephalale) railway link along the northwest corridor and (Makhado - Thohoyandou).

### 2.3.3. Limpopo Development Plan (LDP)

The LDP is an ongoing journey that builds on the foundations of the Limpopo Economic Growth and Development Plan (LEGDP) 2009-2014 and the Limpopo Provincial Growth and Development Strategy (PGDS) 2004-2008. The strategies were reviewed to maintain positive momentum for development and to overcome shortcomings that were revealed during the previous implementation cycles. The development of the LDP is a useful tool for the province that aims to eliminate poverty, inequality thereby improving the quality of life amongst citizens as visualised in the National Development Plan.

The purpose of the LDP is:

- To outline the contribution from Limpopo Province to the National Development Plan (NDP) objectives and the national MTSF1 for this period
- To provide a framework for the strategic plans of each provincial government department, as well as the IDPs and sector plans of the district and local municipalities
- To create a structure for the constructive participation of private sector business and organised labour towards the achievement of provincial growth and development objectives
- To encourage citizens to become active in promoting higher standards of living within their communities

The province needs to institutionalise long-term planning, integration and coordination to realise development objectives. The essence of the LDP is to improve standards of living and to reduce poverty, unemployment and unacceptable levels of inequality. The LDP further suggests Makhado is a provincial growth point with a focus particularly on the Musina-Makhado corridor, horticulture, forestry and mining cluster as one of the game changers towards economic prosperity. Within Makhado, Levubu is identified as a critical agricultural node/hub including its land reform beneficiaries.

To achieve development objectives, the province seeks to improve on sustainable economic development, social infrastructure and institutional development with an emphasis on transformation.

With regards to economic prosperity and transformation, the LDP plan will focus on primary sector development, tourism and manufacturing as well as empowering the SMME sector and cooperatives. In terms of enhancing development, the focus will be placed on horticulture, meat, forest and tourism clusters to promote development in the rural areas.

**Policy Imperative for Makhado Municipality:** The LED for Makhado Municipality needs to be aligned with the LDP to ensure appropriate measures are in place for fostering social cohesion geared towards a vibrant, self-reliant and mutually supportive society, as well as social and economic development, in a sustainable manner. Furthermore, the LED strategy should reflect on the growth points within the municipality such as Levubu considering the agricultural node/hub in that area.

#### 2.3.4. Limpopo Spatial Development Framework

The Limpopo Spatial Development Framework discusses the implications of the former government's economic and social policies on the spatial development and settlement patterns of the various districts of the Limpopo Province. The framework also outlines the legal and policy environment that has existed since the replacement of the former government's decentralisation policies in 1994. The Municipal Act of 2000 requires all local authorities in South Africa to engage in forward planning for the short, medium and long term using Integrated Development Plans (IDP) that incorporate spatial planning.

The Spatial Rational is a proposed framework for classifying settlements based on the nature of their population and their potential for economic growth. Settlements are classified as:

- Provincial growth points (PGP)
- District growth points (DGP)
- Municipal growth point (MGP)
- Second-order settlements (Population Concentration Points)
- Third-order settlements (Local Service Points)
- Fourth-order settlements (Village Service Areas)
- Fifth order settlements (Small Settlements)

**Policy Imperative for Makhado Municipality:** The LED will take into consideration the provincial spatial development framework as it promotes improving the standard of living by addressing issues of poverty, inequality and unemployment. This can be achieved through sustainable development and transformation of the province which will have an impact on the Municipality. In addition, the Limpopo Spatial Development Framework also identifies Makhado as one of the provincial growth points.

## 2.4. District Policies

### 2.4.1. Vhembe District Municipality Integrated Development Plan

The vision of the Vhembe District Municipality is to be a Developmental Municipality focusing on Sustainable Service Delivery and Socio-Economic Development towards an equal society, which is supported by the deliverables of the IDP for Vhembe District. Furthermore, the IDP for Vhembe seeks to align and integrate with policies at the national and provincial level through the following cluster-level strategic priorities. The strategic priorities are supported by envisaged outputs and key programmes for which require investment so as to enhance opportunities for rural development.

The strategic priorities entail:

- Economic Cluster – Including Enterprise Development (SMME"s) and spatial planning and development
- Infrastructure Cluster – Including access to basic services (e.g. water, sanitation, electricity) and infrastructure (e.g. housing)
- Governance and Administration Cluster: Including good governance and public participation
- Social Cluster – Including the provision of primary healthcare services
- Justice Cluster - Provision of safety and security

The IDP further explores opportunities in the District that are expected to yield economic benefit and prosperity for the District which includes;

- Agriculture
- Mining
- Existence of cooperatives
- Natural tourism attractions, tourism attraction centres & heritage sites
- Water catchments and Dams
- Potential for alternative energy

**Policy Imperative for Makhado Municipality:** The Vhembe District IDP is a blueprint for economic development for the District, and aims to tackle the triple challenges of poverty, unemployment and inequality as prescribed by the NDP 2030 of South Africa. This suggests that the LED for MLM should be aligned with the Vhembe District IDP as it would be a key enabler for realising the potential for local economic development in agriculture, tourism. In addition, Makhado also hosts the Special Economic Zones with Musina and that also acts as an essential catalyst for economic prosperity.

### 2.4.2. Vhembe District Spatial Development Plan

The NSDP recognises the importance of the space economy in addressing issues of poverty. The NSDP further introduces principles to guide spatial planning or space economy. Furthermore, the NDP 2030 which is the blueprint for economic development in South Africa aims to deal with the spatial pattern that excludes the poor from the fruits of development. The District SDF for Vhembe is aligned to the NSDP, NDP and the LDP which seeks to tackle the

challenges of spatial issues. The SDF is considered as an integral part of the district integrated development plan and is used as a tool to implement spatial development with growth points in the District. Moreover, the SDF guides and informs all decisions of the municipality relating to the use, development and planning of land.

Table 1 illustrates the nodal points in the district of which growth points illustrate the highest order in the settlement hierarchy, with population concentration points being the second order in the settlement hierarchy.

It should also be noted that settlement clusters indicate priority development areas/nodes in which primarily first order settlement and second-order settlements are identified.

Table 1: Nodal Points in the District

GP	Musina	Makhado	Collins Chabane	Thulamela
<b>PGP</b>	Musina (Declared SEZ)	Makhado (N1–Luvuvhu River Valley major services centre)		Thohoyandou
<b>DGP</b>		Elim and Watervaal	Malamulele Vuwani	Sibasa
<b>MGP</b>	Masisi Shakadza Mutele	Dzanani Madombidzha	Ka-Majozi Mhinga	Tshilamba, Tshandama
<b>LSP</b>	Tshipise Resort Folovhodwe	Vleifontein Maebane Tshikuwi	Chabani Xikundu Saseleman Phaphazela, Tshirando	Dzwerani Tshaulu

SOURCE: (Vhembe Integrated Development Plan, 2017)

**Policy Imperative for Makhado Municipality:** The Spatial Development Framework provides a holistic approach when it comes to spatial development. The SDF for the District seeks to create economic opportunities through spatial development throughout the District. In this regard, the study suggests the MLM LED Strategy should adhere principles of the Districts SDF in a move towards transforming the spatial economy of Makhado.

#### 2.4.3. Vhembe District Local Economic Development Strategy

The Local Economic Development Strategy for Vhembe District stipulates that the economic growth potential in the district is in agriculture, tourism and mining. Vhembe is strategically located to SADC markets as it is easy for companies to access these markets through the three border gates found in Vhembe. The LED Strategy for Vhembe District Municipality identifies that a gap exists between the existing levels of development and the potential level of development.

In order to address this gap, the LED seeks to conduct the following:

- A sectoral composition profiles
- Identification of latent development potential per municipality
- Identify opportunities for SMME development per municipality
- An institutional analysis

- An analysis of the main economic linkages per municipality

In addition, the Strategy aims to provide the following:

- A strategically focused local economic development profile
- Methods to enhance coordination, integration and participation in local economic development
- Learning tools for the sharing of lessons learnt from the project
- A local economic development plan
- Sustainable and commercially viable business opportunities appropriately packaged for investment

**Policy Imperative for Makhado Municipality:** As stipulated above, Vhembe District is positioned for easy access to African markets, also considering its proximity to Zimbabwe, Mozambique and Botswana provides potential investors with an enabling environment to access the South African region. In this regard, the MLM LED Strategy should be aligned with the Strategy for the District Municipality and so as to strategically position the local Municipality for economic opportunities. Furthermore, alignment with the Districts LED Strategy will provide MLM with guidelines to create and facilitate economic development, thereby realising the underlying economic development potential, and encouraging private sector investment and job creation.

## 2.5. Local Policies

### 2.5.1. Makhado Local Municipality Integrated Development Plan

The IDP is a principal strategic planning instrument which is a key enabler for integrated planning and local economic development. The IDP is essential to inform all planning, budgeting, management and decision-making processes in a municipality. The IDP for the Makhado incorporates sector plans such as the LED Strategy and the Spatial Development Framework which are paramount towards economic development.

The development of the IDP enables the municipality to:

- Identify its key development priorities
- Formulate a clear vision, mission and values
- Formulate appropriate strategies
- Develop the appropriate organisational structure and systems to realise the vision and mission
- Align resources with the development priorities

The Municipality seeks to be a dynamic hub for socio-economic development by 2050 and ensuring utilisation of economic resources so as to address socio-economic imperatives through mining, tourism and agriculture.

**Policy Imperative for Makhado Municipality:** The IDP for Makhado sets put projects, strategies as well as the progress of each project. In this regard, the LED Strategy for Makhado Local Municipality will ensure effective, efficient and sustainable implementation of projects, which will

achieve economic development, stimulate skills development and combat unemployment in the area. Makhado Local Municipality Spatial Development Framework

### 2.5.2. Makhado Local Municipality Spatial Development Framework

The Spatial Development Framework for Makhado plays a crucial role in terms of enhancing the implementation of the IDP in terms of the Local Government Municipal Systems Act, 2000 (Act 32 of 2000). Furthermore, the SDF acts as a tool for the Municipality to achieve the desired spatial development, considering the SDF is the core component of a Municipality’s economic, sectoral, spatial, social, institutional and environmental vision. Makhado falls under the Trans Limpopo along the N1 which is considered as a growth point and the passage or gateway to Africa. Growth points provide a point of departure for where local economic development should take place. Table 2 illustrated the hierarchy and order of settlements of growth points in Makhado. The SDF for Makhado (2011) identifies orders of settlements which are listed below:

- **1st Order Settlements** – Settlements which include the provincial growth points, district growth points and the municipal growth points
- **2nd Order Settlements** – Settlements which comprise of the Population concentration points
- **3rd Order settlements** – Settlements which are local service points

Table 2: Hierarchy and Order of Settlements

Hierarchy and order of settlements	Type	Cluster name	Settlement within cluster
<b>1<sup>st</sup> Order Settlement (Growth Points)</b>	PGP	Makhado Provincial Growth Point	Louis Trichardt Town including Tshikota
	DGP	Elim/Waterval District	Elim/Waterval rural
<b>2<sup>nd</sup> Order Settlement (Population Concentration Points)</b>	MGP	Growth Point Madombidzha Municipal Growth Point	Mpheni & Waterval urban Depot Village Dzumbathoho Madombidza Zone 1 Madombidza Madombidza Zone 2 Madombidza Zone 3 & Rathidili
<b>2<sup>nd</sup> Order Settlement (Population Concentration Points)</b>	PCP	Ravele Tshino Tshakhuma Maebane	
<b>3<sup>rd</sup> Order Settlements (Local Service Points)</b>	LSP	Buysdorp Thalane Amancisini Valdezia Vleifontein Waterpoort	N/A

SOURCE: (Makhado Integrated Development Plan, 2019)

**Policy Imperative for Makhado Municipality:** The alignment of the MLM LED Strategy with the SDF is essential so as to effectively guide all decisions that involve the use and development of land or planning for the future use and development of land. In this regard, the alignment with the SDF enables development within the identified growth points and corridors within Makhado.



### 2.5.3. Makhado Local Municipality Local Economic Development

The LED Strategy for Makhado Local Municipality forms part of the municipality's overall strategic plan, which seeks to promote viable local economic activities that benefit the local population, through the creation of direct and indirect employment. In addition, an LED Strategy is a platform to strengthen the local economic capacity of an area, improve the investment climate and facilitate an increase in the productivity and competitiveness of local businesses, entrepreneurs and workers.

Moreover, Section 152 (10) of the Constitution of South Africa outlines the objectives of local government as follows:

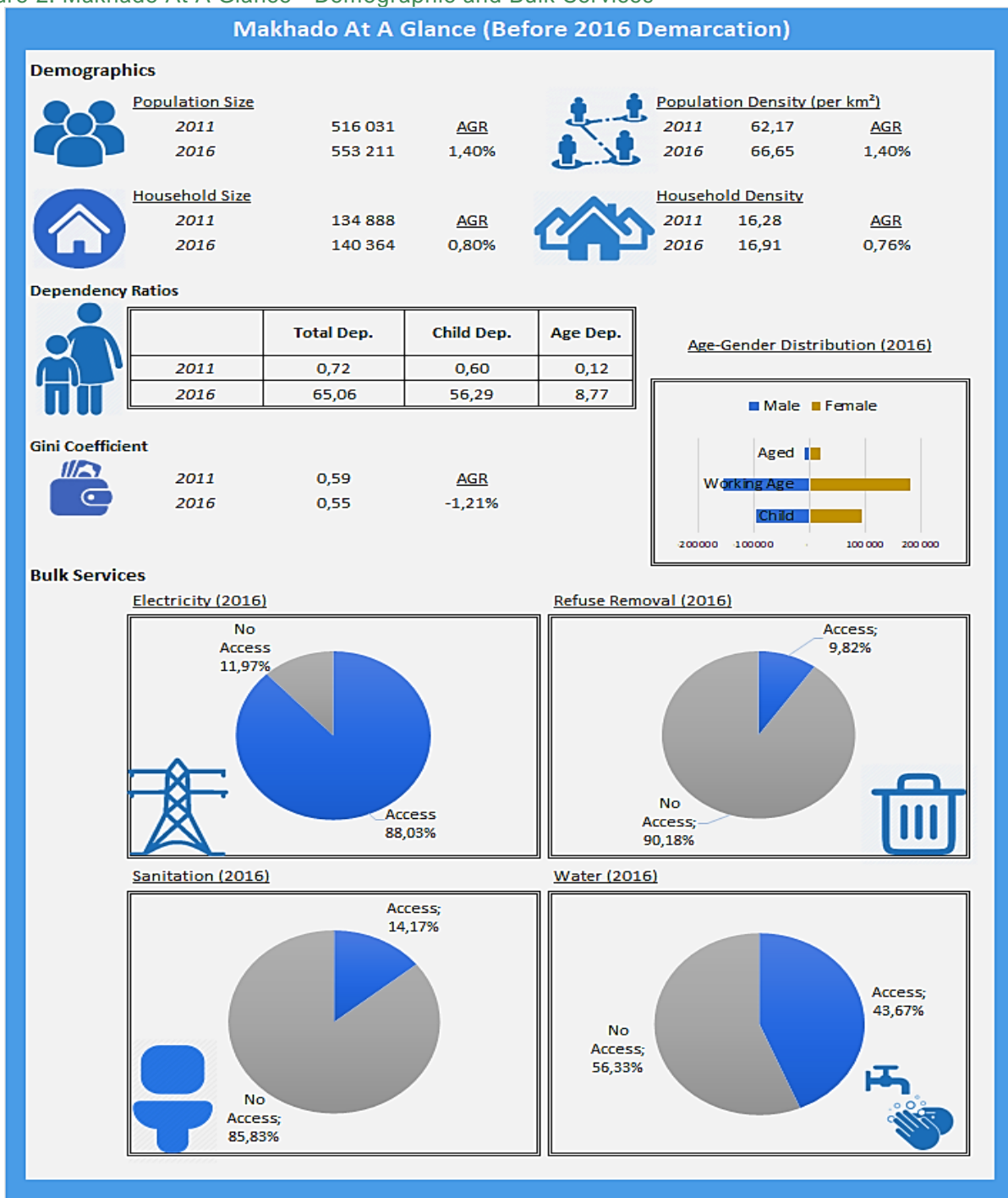
- To provide a democratic and accountable government for local communities
- To ensure the provision of services to communities in a sustainable manner
- To promote social and economic development
- To promote a safe and healthy environment
- To encourage the involvement of communities and community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

**Policy Imperative for Makhado Municipality:** In this regard, the LED Strategy for Makhado should take into consideration the ever-changing dynamics and socio-economic realities of the municipality, particularly given the MLM's renewed emphasis on regional planning and new developments, such as the South African Energy and Metallurgical Special Economic Zone (Musina-Makhado Special Economic Zone), the expansion of the tourism industry and the continued viability of the agriculture sector. In addition, the strategy should address socio-economic imbalances through infrastructure and local economic development opportunities, thereby addressing the nation-wide triple scourges of unemployment, inequality and poverty.

### 3. Development Profiling

The section will focus on the development profiling of Makhado Local Municipality with themed profiles to describe the demographic trends, the existing infrastructure, the labour and economic trends, as well as the sectoral profile for the Municipality. The section concludes with a SWOT analysis of the findings which will be used as the basis for the strategic framework. It should be noted that the profiles will make considerations for demarcation as it has affected several indicators within Makhado after 2016.

Figure 2: Makhado At A Glance - Demographic and Bulk Services



#### Bulk Services

**Electricity (2016)**

Access	88,03%
No Access	11,97%

**Refuse Removal (2016)**

Access	9,82%
No Access	90,18%

**Sanitation (2016)**

Access	14,17%
No Access	85,83%

**Water (2016)**

Access	43,67%
No Access	56,33%

SOURCE: (Quantec, 2018)

INFOGRAPHIC MADE BY URBAN-ECON

### 3.1. Social Demographic Profile

The demographic profile analyses the demographics of MLM using a competitive analysis relative to the other local municipalities bordering the Municipality, which include the following local municipalities:

- Molemole
- Blouberg
- Musina
- Thulamela
- Collins Chabane
- Greater Letaba

#### 3.1.1. Our People

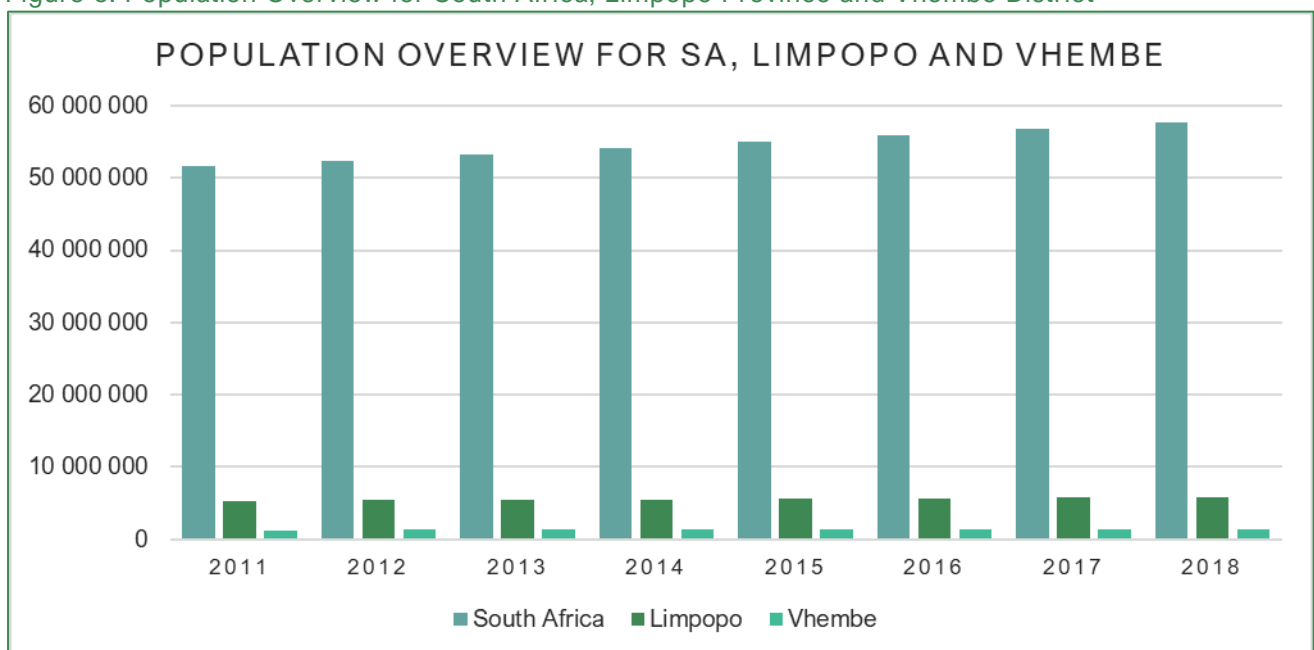
The demographic analysis investigates the trends and growth changes of several demographic indicators to provide insights into the community within Makhado Local Municipality. The indicators analysed include population, households as well as the respective densities. Dependency ratios are also analysed as well as the Gini coefficient as a measure of income inequality with the Municipality.

#### 3.1.2. Demographic Analysis

##### 3.1.2.1. Population

Population is the number of individuals that live within a specified area. The population in South Africa had a growth rate of 1,63% per annum between 2011 and 2018 with a population size of about 57,73 million people in 2018. Limpopo had an annual population growth rate of 1,08% between 2011 and 2018 about 5,80 million people in 2018. Similarly, the population in Vhembe District Municipality increased at an average of 1,32% annually over the period that saw a population size of about 1,41 million people in 2018 as seen in Figure 3.

Figure 3: Population Overview for South Africa, Limpopo Province and Vhembe District

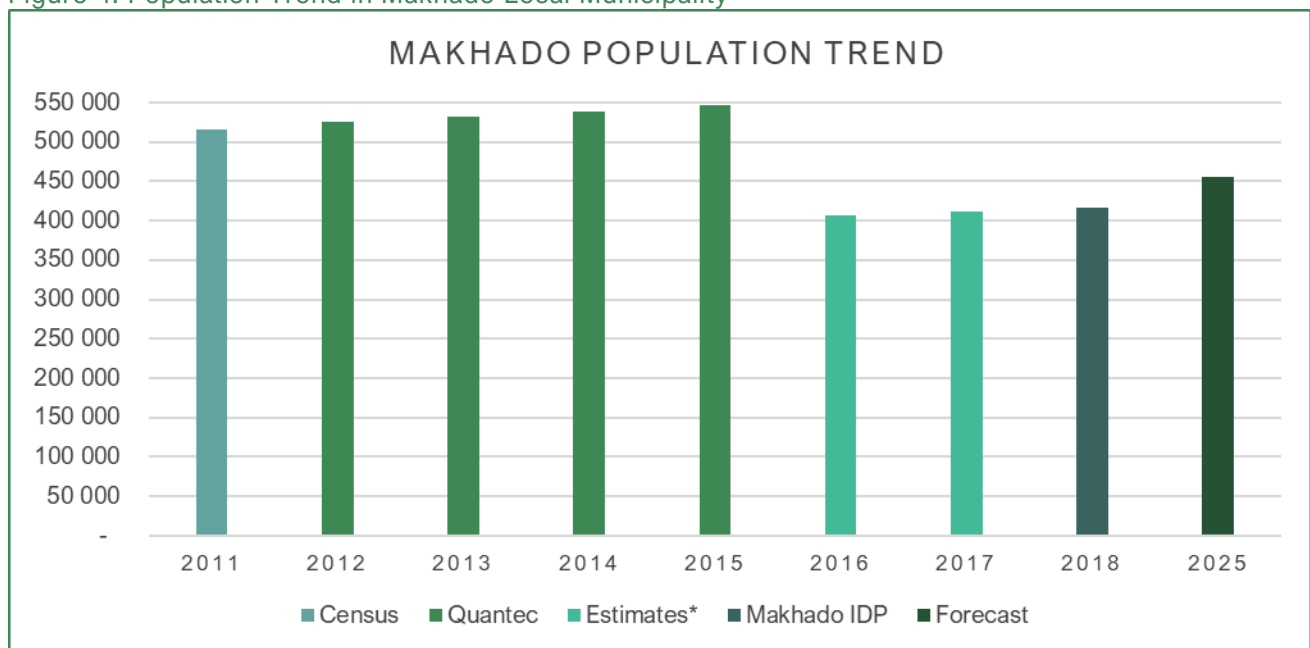


SOURCE: (Quantec, 2019)

Vhembe District Municipality experienced a municipal demarcation in August 2016, where a new municipality named Collins Chabane Local Municipality was formed through the amalgamation of a portion of Makhado Local Municipality as well as Thulamela Local Municipality. The demarcation is considered a large scale re-determination as it resulted in the formation of a new municipality and significantly affected several indicators including the geographical area as well as the capacities of the affected municipalities (Makhado and Thulamela).

The population in Makhado Local Municipality declined from about 516 031 in 2011 to about 406 360 in 2016 due to the demarcation to establish Collins Chabane Local Municipality. The population for the Municipality in 2018 was 416 728 people, increasing at an annual rate of about 1,26% from 2016. Figure 4 illustrates the population trend for the Municipality accounting for the demarcation. Given the current population growth rate, it is expected that Makhado Local Municipality will have about 455 143 people in 2025. A possible reason for the increases in population for the Municipality may relate to better economic opportunities identified in Makhado relative to the surrounding municipalities, possibly indicating a perception of economic prosperity that may lead to migration into the Municipality.

Figure 4: Population Trend in Makhado Local Municipality



SOURCE: (Quantec, 2019)

### 3.1.2.2. Population Density

Population density is the number of individuals per unit of area, usually quoted per square, kilometre. The population density for South Africa increased from 42,23 people per km<sup>2</sup> in 2011 to about 47,28 people per km<sup>2</sup> in 2018 at an annual growth rate of about 1,63% per annum over the period. The population density for Limpopo also increased from 42,72 people per km<sup>2</sup> in 2011 to about 46,10 people per km<sup>2</sup> in 2018 at an annual growth rate of about 1,09% per annum. Vhembe district population density increased from 50,23 people per km<sup>2</sup> to 55,07 people per km<sup>2</sup> between 2011 and 2018 at an annual growth rate of about 1,32% per annum.

MLM had a population density of about 62,17 people per km<sup>2</sup> in 2011 that declined significantly after demarcation to about 53,43 people per km<sup>2</sup>. The population density for the Municipality in 2018 was about 54,80 people per km<sup>2</sup>.

Table 3 and Table 4 summarise the findings above for MLM and its neighbouring local municipalities before 2016 demarcation and post demarcation respectively. The growth rates in Table 3 were determined for the 2011 to 2016 period, while the growth rates in Table 4 represent the period between 2016 and 2018. The tables also show the ranking for Makhado relative to the neighbouring municipalities.

Table 3: Population Overview for Makhado and Neighbouring Municipalities Before Demarcation

2016	Rank	Makhado	Musina	Mutale	Thulamela	Blouberg	Molemole	Greater Letaba
Population	2	553 211	72 851	93 283	654 823	168 435	113 366	226 939
Population Growth	3	1,26%	4,34%	1,30%	1,11%	0,03%	0,41%	0,84%
Population Density (people per km <sup>2</sup> )	3	66,65	9,62	24,00	112,25	18,21	33,87	120,02

SOURCE: (Quantec, 2019)

Table 4: Population Overview for Makhado and Neighbouring Municipalities After Demarcation

2018	Rank	Makhado	Musina	Collins Chabane	Thulamela	Blouberg	Molemole	Greater Letaba
Population	2	416 728	143 712	354 266	508 304	168 249	113 615	229 908
Population Growth	2	1,27%	4,34%	0,90%	1,11%	-0,06%	0,11%	0,65%
Population Density (people per km <sup>2</sup> )	5	54,80	13,89	70,81	192,39	17,64	31,32	121,58

SOURCE: (Quantec, 2019)

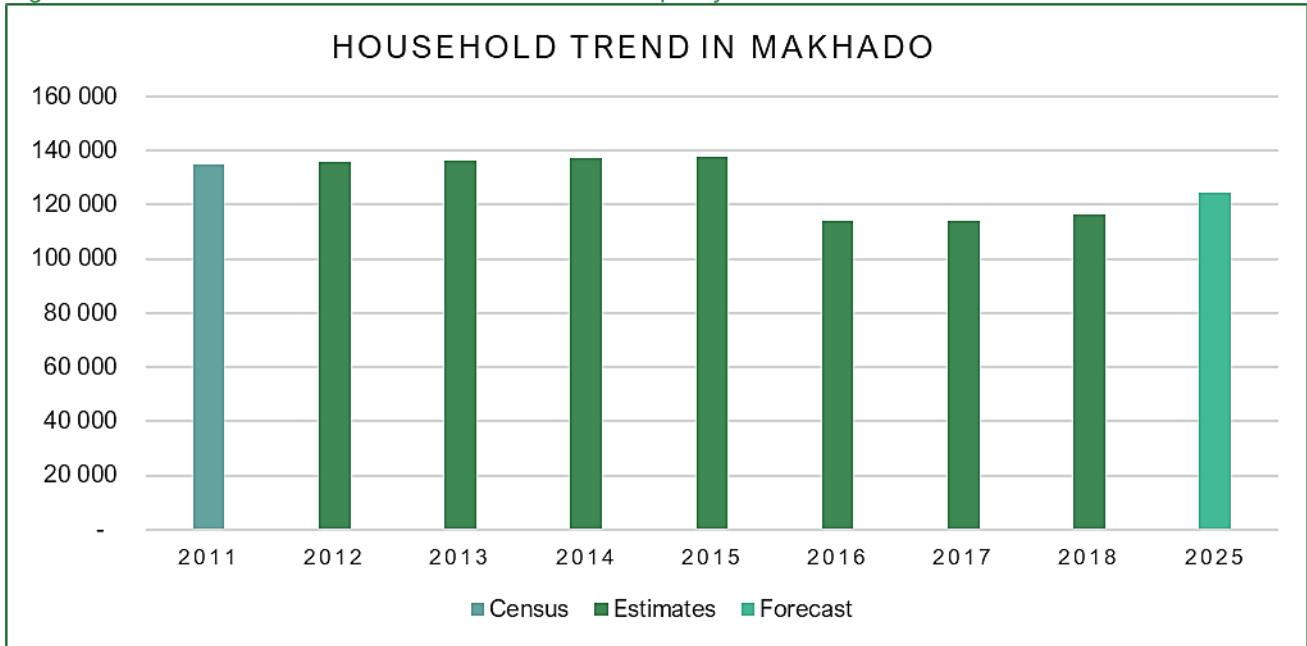
IDPS FOR RESPECTIVE MUNICIPALITIES WERE SOURCED FOR DATA RELATING TO MUNICIPALITIES INVOLVED IN DEMARCATIONS

### 3.1.2.3. Households

Households describe a group of people, often a group of people who dwell under the same roof or occupy a housing unit. The number of households in South Africa was about 14,45 million in 2011 and increased to about 16,09 million in 2018 growing at about 1,55% annually. Similarly, Limpopo province saw a growth in the number of households of about 0,81% per annum over the period resulting in about 1,5 million households in 2018. The number of households in Vhembe increased from about 335 278 in 2011 to about 358 578 in 2018 at an average growth rate of about 0,96% per annum (Quantec, 2019).

The number of households in MLM decreased from about 134 889 in 2011 to about 116 371 in 2018 due to the demarcation in 2016, with a growth rate of 0,94% between 2016 and 2018. It is projected that there will be about 124 275 households in 2025 assuming the annual growth rate as depicted in Figure 5.

Figure 5: Household Trend in Makhado Local Municipality



SOURCE: (Quantec, 2019)

#### 3.1.2.4. Household Density

Household density refers to the number of houses per unit of area, usually quoted per km<sup>2</sup>. The household density in South Africa increased from 11,49 houses per km<sup>2</sup> to 13,18 houses per km<sup>2</sup> growing at 1,98% annually. The household density in Limpopo was about 11,93 houses per km<sup>2</sup> in 2018 has grown at an annual growth rate of about 1,52% per annum from 2011. The household density in the Vhembe District increased from about 12,31 houses per km<sup>2</sup> in 2011 to about 14,01 houses per km<sup>2</sup> in 2018, growing at about 1,86% annually.

The household density in MLM experienced a slight decline from 16,91 houses per km<sup>2</sup> in 2016 before demarcation to about 15,30 houses per km<sup>2</sup> in 2018 after demarcation. It should be noted that the number of households, as well as the area size of Makhado Local Municipality, declined since a portion of the municipality was incorporated into Collin Chabane Local Municipality.

Table 5 and Table 6 provide the household overview for Makhado and its neighbouring municipalities before and after demarcation respectively. The tables provide Makhado's ranking relative to the neighbouring municipalities.

Table 5: Household Overview for Makhado and Neighbouring Municipalities Before Demarcation

2016	Rank	Makhado	Musina	Mutale	Thulamela	Blouberg	Molemole	Greater Letaba
Households	2	140 364	21 900	23 386	160 837	41 527	30 977	60 437
Households Growth	3	1,87%	3,88%	1,92%	1,70%	0,56%	0,75%	1,39%
Households Density (households/km <sup>2</sup> )	3	16,91	2,89	6,02	27,57	4,49	9,25	31,96

SOURCE: (Quantec, 2019)



Table 6: Household Overview of Makhado and Neighbouring Municipalities After Demarcation

2018	Rank	Makhado	Musina	Collins Chabane	Thulamela	Blouberg	Molemole	Greater Letaba
Households	2	116 371	47 187	93 830	133 222	41 850	31 217	61 787
Household Growth	6	0,94%	3,88%	1,02%	1,11%	0,39%	0,39%	1,11%
Household Density (households/km <sup>2</sup> )	5	15,30	4,56	18,75	50,42	4,39	8,60	32,67

SOURCE: (Quantec, 2019)

IDPs FOR RESPECTIVE MUNICIPALITIES WERE SOURCED FOR DATA RELATING TO MUNICIPALITIES INVOLVED IN DEMARCATIONS

### 3.1.2.5. Dependency Ratios

The dependency ratio measures the dependency of the population that is not typically part of the labour force (ages 0 to 14 and above 65) relative to the working-age population (ages 15 to 64). The ratio is typically analysed to determine child dependency, aged dependency as well as the total dependency per 100 working-age population.

Table 7 provides a summary of the dependency ratios for South Africa, Limpopo and Vhembe along with the annual growth rates of the ratios for the period between 2011 and 2018. The table shows that the national aged dependency ratio saw a substantial increase of 1,68% annually over the period, which contributed to the slight increase in total dependency for the nation. Limpopo province and the Vhembe District Municipality also experienced an increase in the aged dependency ratio over the period, however, the province and district saw a decline in total dependency owing to the decline in child dependency over the period.

Table 7: Dependency Ratios for South Africa, Limpopo and Vhembe

Dependency Ratios		2011	2018	AGR
Total Dependency	South Africa	53,27	54,11	0,22%
	Limpopo	65,40	65,08	-0,07%
	Vhembe	65,58	64,30	-0,28%
Child Dependency	South Africa	45,61	45,50	-0,04%
	Limpopo	57,15	56,53	-0,16%
	Vhembe	57,78	56,32	-0,37%
Aged Dependency	South Africa	7,66	8,61	1,68%
	Limpopo	8,25	8,55	0,50%
	Vhembe	7,79	7,98	0,35%

SOURCE: (Quantec, 2019)

MLM had a total-dependency ratio of about 65,06 dependents per 100 working-age population in 2016 which was divided into 56,29 child-dependents per 100 working-age population and 8,77 aged population per 100 working-age population. After demarcation, the total-dependency ratio was 65,13 dependents per 100 working-age population in 2018 which was divided into 56,10 child-dependents per 100 working-age population and 9,02 aged population per 100 working-age population in the same period. These slight changes indicate that the demarcation did not have a significant impact on the dependency ratios for the Municipality.

Table 8 and Table 9 summarise the dependency ratios for Makhado and its neighbouring municipalities before and after the 2016 demarcation. The total dependency ratio for the neighbouring municipalities ranged between 36,69 and 89,04 in 2016 as illustrated in Table 8, with Makhado Local Municipality having the second-lowest total dependency following Musina Local Municipality. Blouberg Local Municipality had the highest total dependency ratio among the neighbours.

Table 8: Dependency Ratios for Makhado and Neighbouring Municipalities Before Demarcation

2016	Rank	Makhado	Musina	Mutale	Thulamela	Blouberg	Molemole	Greater Letaba
Total Dependency	2	65,06	36,69	78,03	65,55	89,04	74,88	68,54
Child Dependency	2	56,29	34,03	69,26	58,01	76,58	62,96	59,53
Age Dependency	4	8,77	2,65	8,78	7,54	12,51	11,92	9,01

SOURCE: (Quantec, 2019)

The total dependency ratio for the neighbouring municipalities in 2018 ranged between about 36,78 and 90,90 as illustrated in Table 9, with MLM having the second-lowest total dependency among the neighbours.

Table 9: Dependency ratios for Makhado and neighbouring municipalities after demarcation

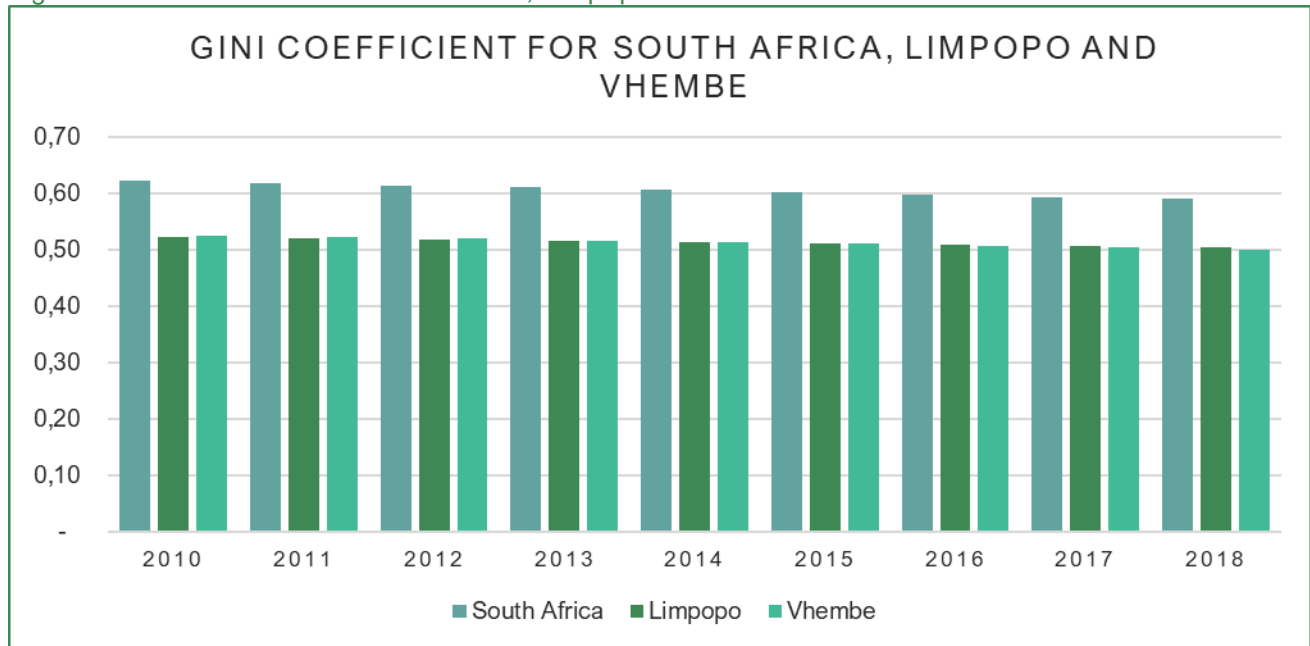
2018	Rank	Makhado	Musina	Collins Chabane	Thulamela	Blouberg	Molemole	Greater Letaba
Total Dependency	2	65,13	36,78	70,95	65,57	90,9	76,34	69,18
Child Dependency	2	56,1	34,08	62,31	57,85	77,78	63,9	59,63
Age Dependency	5	9,02	2,7	8,64	7,72	13,12	12,44	8,91

SOURCE: (Quantec, 2019)

### 3.1.2.6. Gini Coefficient

The Gini coefficient measures the income inequality that condenses the income distribution for a region into a single number between 0 and 1, where a value closer to 1 indicates total inequality. The income inequality in South Africa is relatively high with a Gini coefficient of 0,62 in 2011. Income inequality has seen a decline leading to 2018, declining at about -0,68% annually that has resulted in a Gini coefficient of 0,59 in 2018. Similarly, income inequality had declined at about -0,45% annually for Limpopo and -0,60% for Vhembe District over the period, resulting in a Gini coefficient of 0,50 for both province and district in 2018. Figure 6 provides an overview of the changes in income inequality for South Africa, Limpopo and Vhembe for the period between 2010 to 2018.

Figure 6: Gini Coefficient for South Africa, Limpopo and Vhembe



SOURCE: (Quantec, 2019)

Table 10 shows the income inequality for MLM and its neighbouring local municipalities prior to the 2016 demarcation. The table shows that Makhado had the second-lowest income inequality among the neighbouring municipalities following Blouberg. Makhado also had the most significant income inequality decline between 2011 and 2016, declining at -1,21% annually over the period.

Table 10: Gini Coefficient for Makhado and Neighbouring Municipalities Before Demarcation

2016	Rank	Makhado	Musina	Mutale	Thulamela	Blouberg	Molemole	Greater Letaba
Gini Coefficient	<b>2</b>	<b>0,49</b>	0,50	0,52	0,52	0,48	0,52	0,52
Gini Coefficient Growth	<b>1</b>	<b>-1,21%</b>	-0,89%	0,25%	-0,09%	-0,67%	0,32%	-0,04%

SOURCE: (Quantec, 2019)

Table 11 shows the income inequality for Makhado Local Municipality and its neighbouring local municipalities after the 2016 demarcation with the inclusion of Collins Chabane Local Municipality. The table shows similar results to those presented in Table 10 regarding Makhado's rank relative to the neighbouring local municipalities.

Table 11: Gini Coefficient for Makhado and Neighbouring Municipalities After Demarcation

2018	Rank	Makhado	Musina	Collins Chabane	Thulamela	Blouberg	Molemole	Greater Letaba
Gini Coefficient	<b>2</b>	<b>0,48</b>	0,49	0,50	0,52	0,48	0,53	0,52
Gini Coefficient Growth	<b>1</b>	<b>-1,26%</b>	-0,92%	-0,68%	-0,09%	-0,69%	0,32%	-0,04%

SOURCE: (Quantec, 2019)

### 3.1.3. Key Findings and Issues

The demographic profile has highlighted several key findings and issues for Makhado through the competitive analysis against the bordering local municipalities and the spatial analysis of the maps presented:

- MLM saw a relatively high population growth (1,27% annually) compared to its neighbouring local municipalities. The growth rate was slightly less than that of the district (1,32% annually) and slightly more than the provincial population growth of 1,08% annually.
- MLM had the second-highest number of households among its neighbouring local municipalities. However, the Municipality had the third-lowest household growth. It also ranked 5<sup>th</sup> in terms of household density (15,3 houses per squared kilometre), with Thulamela having the highest density of about 50,42 houses per squared kilometre.
- The total dependency ratio within MLM was quite high in 2018, however, the Municipality had a relatively low total dependency ratio compared to the neighbouring local municipalities resulting in Makhado having the second-lowest total dependency of about 65 dependents per 100 working-age people.
- Income inequality within MLM was relatively low compared to most of the neighbouring local municipalities with an exception for Blouberg Local Municipality. Makhado had experienced the fastest increase in income equality given the -1,26% annual decline in the Gini coefficient after the 2016 demarcation.

## 3.2. Infrastructure Profile

### 3.2.1. Our Facilities

The section will reflect information relating to infrastructure, including access to basic bulk services and the accessibility of the Municipality, amongst other infrastructure-related indicators.

### 3.2.2. Infrastructure Analysis

#### 3.2.2.1. Access to Water

Access to water is a basic service that municipalities provide to residents and refers to piped water in the yard as well as piped water inside the dwelling. Access to safe water is a fundamental right that also links to the health, well-being and safety of the population of the country. South Africa provided access to water to almost 70% of all households in 2011, which improved by about 0,98% annually leading to 2018 where almost 75% of households had access

to water. Similarly, Limpopo provided water access to 48% of its households in 2011, improving slightly by about 1,26% annually leading to 2018 where the province provided water access to 52,59% of households. Vhembe District had a relatively slow growth in providing water access to its households, growing at about 0,38% annually from 2011 to 2018 that resulted with almost 44% of households having access to water in 2018. These findings illustrate a water shortage in Limpopo as well as within the Vhembe District Municipality.

Table 12 presents households with access to water in South Africa, Limpopo and Vhembe. The table provides the number of households as well as the proportion of water access.

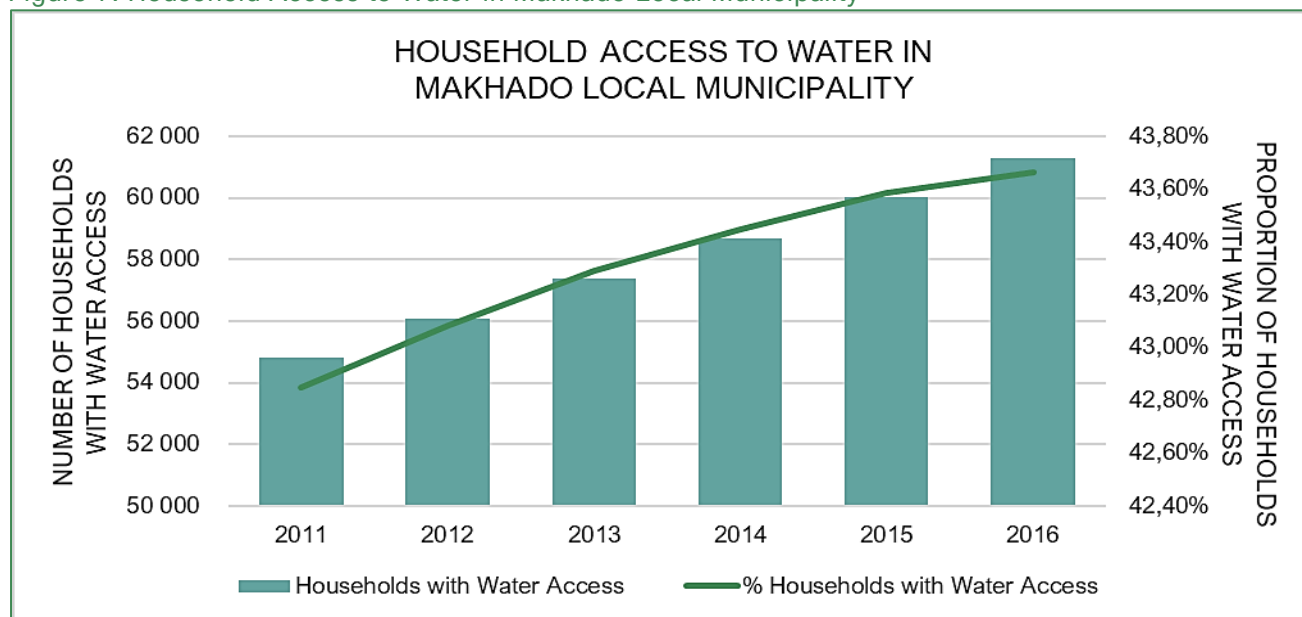
Table 12: Household Access to Water for South Africa, Limpopo And Vhembe

Access to Water		2011	2018	AGR
South Africa	Households with Access to Piped Water	9 798 024	12 033 225	2,98%
	% Households with Access to Piped Water	69,85%	74,78%	0,98%
Limpopo	Households with Access to Piped Water	650 291	788 908	2,80%
	% Households with Access to Piped Water	48,18%	52,59%	1,26%
Vhembe	Households with Access to Piped Water	134 636	157 294	2,25%
	% Households with Access to Piped Water	42,72%	43,87%	0,38%

SOURCE: (Quantec, 2019)

MLM had experienced relatively slow growth in the number of households with access to water, resulting in the slow growth of the proportion of households with water access as illustrated in Figure 7. There was relatively steady growth between 2011 and 2015, followed by slower growth leading to 2016. It is important to note that less than 50% of households in the Municipality have access to water, further supporting the fact that water shortage remains an issue in the Municipality as well as within the district and the province.

Figure 7: Household Access to Water in Makhado Local Municipality



SOURCE: (Quantec, 2019)

Table 13 shows household with access to water for Makhado and its neighbouring local municipalities before demarcation in 2016. The table also provides a ranking for Makhado relative to its neighbouring municipalities.

Table 13: Access to Piped Water for Makhado and the Neighbouring Municipalities Before Demarcation

2016	Rank	Makhado	Musina	Mutale	Thulamela	Blouberg	Molemole	Greater Letaba
Households with Access to Water	<b>2</b>	<b>61 293</b>	16 380	6 206	67 455	18 587	17 306	26 833
% Households with Access to Water	<b>6</b>	<b>43,67%</b>	74,79%	26,54%	41,94%	44,76%	55,87%	44,40%

SOURCE: (Quantec, 2019)

Table 14 shows household with access to water for Makhado and its neighbouring local municipalities after demarcation in 2016. The table also provides a ranking for Makhado relative to its neighbouring municipalities.

Table 14: Access to Piped Water for Makhado and Neighbouring Municipalities After Demarcation

2018	Rank	Makhado	Musina	Collins Chabane	Thulamela	Blouberg	Molemole	Greater Letaba
Households with Access to Water	<b>2</b>	<b>63 675</b>	17 308	40 118	69 791	18 902	17 642	27 937
% Households with Access to Water	<b>6</b>	<b>43,84%</b>	75,62%	43,64%	41,99%	45,17%	56,52%	45,21%

SOURCE: (Quantec, 2019)



### 3.2.2.2. Access to Electricity

Electricity is the most important energy source in South Africa for both households and businesses. There are over 170 licensed electricity distributors in South Africa and Eskom serves 48% of customers in the country while municipalities service 52% (Statistics South Africa, 2016).

Table 15 provides a summary of the number of households with access to electricity in South Africa, Limpopo and Vhembe as well as the percentage of households with access to electricity in 2011 and in 2018. 79,53% of households in South Africa had access to electricity in 2011 where the proportion represents about 11 million households. The proportion of households with access to electricity grew at about 3,01% annually resulting in about 85% of households having access to electricity in 2018.

Limpopo province and the Vhembe District had experienced similar changes to those seen in South Africa in general, with the Province growing at about 3,18% annually and the District growing at about 3,67% annually. The proportion of households with access to electricity in the Province and the District in 2018 was about 87,32% and 87,23% respectively as illustrated in Table 15.

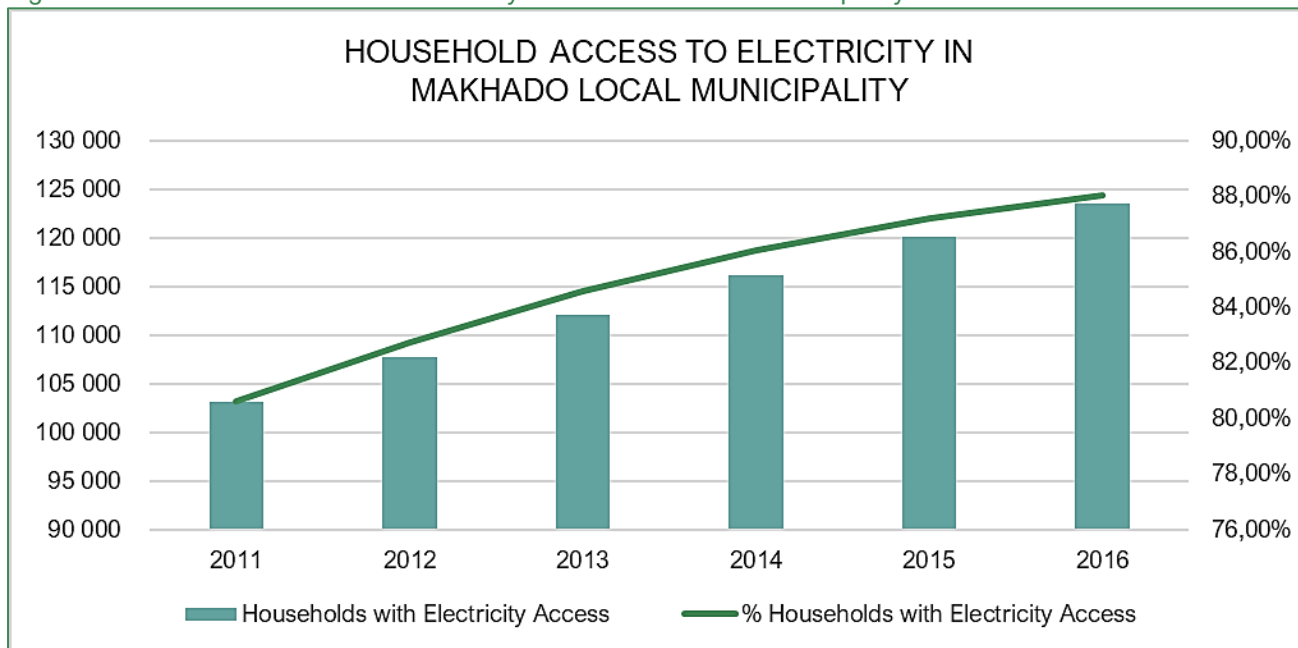
Table 15: Access to Electricity for South Africa, Limpopo and Vhembe District

Access to Electricity		2011	2018	AGR
South Africa	Households with Access to Electricity	11 156 462	13 725 934	3,01%
	% Households with Access to Electricity	79,53%	85,29%	1,00%
Limpopo	Households with Access to Electricity	1 051 971	1 309 767	3,18%
	% Households with Access to Electricity	77,94%	87,32%	1,64%
Vhembe	Households with Access to Electricity	242 955	312 775	3,67%
	% Households with Access to Electricity	77,09%	87,23%	1,78%

SOURCE: (Quantec, 2019)

MLM had seen significant growth in electricity provision for its households, with access to electricity for households growing at about 3,67% annually between 2011 and 2016 with 123 560 households having access to electricity in 2016 prior to the demarcation. Figure 8 shows the number of households as well as the proportion of households with access to electricity, showing that about 88% of households had access to electricity in 2016. According to the Makhado Local Municipality IDP (2019), 53 249 households had access to electricity in 2018, which was about 46% of households.

Figure 8: Household Access to Electricity in Makhado Local Municipality



SOURCE: (Quantec, 2019)

Table 16 shows the household access to electricity for Makhado and its neighbouring municipalities before the 2016 demarcation. The table also provides a ranking for Makhado relative to its neighbours.

Table 16: Access to Electricity for Makhado and Neighbouring Municipalities Before Demarcation

2016	Rank	Makhado	Musina	Mutale	Thulamela	Blouberg	Molemole	Greater Letaba
Households with Electricity Access	<b>2</b>	<b>123 560</b>	16 468	18 769	137 406	35 231	29 250	53 986
% Households with Electricity Access	<b>3</b>	<b>88,03%</b>	75,19%	80,26%	85,43%	84,84%	94,42%	89,33%

SOURCE: (Quantec, 2019)

Table 17 shows the household access to electricity for Makhado and its neighbouring municipalities after the 2016 demarcation. The table also provides a ranking for Makhado relative to its neighbours. It should be noted that the provision of electricity declined significantly owing to the demarcation.

Table 17: Access to electricity for Makhado and neighbouring municipalities after demarcation

2018	Rank	Makhado	Musina	Collins Chabane	Thulamela	Blouberg	Molemole	Greater Letaba
Households with Electricity Access	5	53 249	17 478	85 873	120 591	36 799	29 926	56 232
% Households with Electricity Access	8	45,76%	76,36%	93,41%	89,40%	87,93%	95,86%	91,01%

SOURCE: (Quantec, 2019)

IDPS FOR RESPECTIVE MUNICIPALITIES WERE SOURCED FOR DATA RELATING TO MUNICIPALITIES INVOLVED IN DEMARICATIONS

### 3.2.2.3. Access to Sanitation

Access to sanitation is a basic service that municipalities provide to its residents and refers to flush and chemical toilet facilities. Table 18 shows the number and the percentage of households with access to sanitation in South Africa, Limpopo and Vhembe. The number of households with access to sanitation in South Africa increased from 8 248 325 in 2011 to 9 958 214 in 2018 an annual growth rate of about 2,66% per annum.

In 2011, Limpopo had 21,51% of households who had access to sanitation and increased to 22,42% in 2018 at about 0,59% annually over the period. Vhembe had 15,28% of its households with access to sanitation in 2011 and increased to 16,07% in 2018 at a growth of about 0,72% annually over the period. This indicates that access to sanitation is still a major challenge in the country in general as well as a severe challenge within Limpopo province as seen in the table.

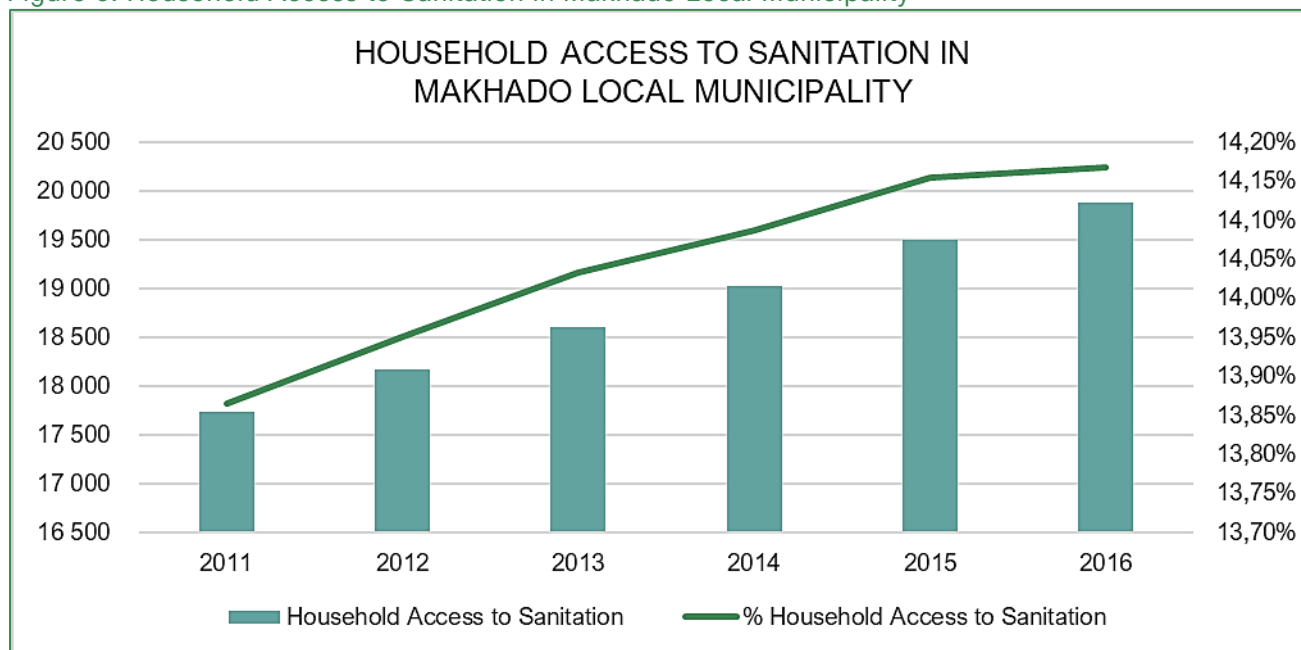
Table 18: Access to Sanitation for South Africa, Limpopo And Vhembe District

Access to Sanitation		2011	2018	AGR
South Africa	Households with Access to Sanitation	8 284 325	9 958 214	2,66%
	% Households with Access to Sanitation	59,06%	61,88%	0,67%
Limpopo	Households with Access to Sanitation	290 330	336 273	2,12%
	% Households with Access to Sanitation	21,51%	22,42%	0,59%
Vhembe	Households with Access to Sanitation	48 156	57 617	2,60%
	% Households with Access to Sanitation	15,28%	16,07%	0,72%

SOURCE: (Quantec, 2019)

Makhado Local Municipality had seen relatively steady growth in households with access to sanitation between 2011 and 2015 where growth was significantly low leading to 2016 before the demarcation. However, it is important to note that the proportion of households with access to sanitation was significantly low over the 2011 to 2016 period given that less than 15% of households were provided with sanitation services. The lack of sanitation access indicates that there are severe sanitation provision challenges within the Municipality.

Figure 9: Household Access to Sanitation in Makhado Local Municipality



SOURCE: (Quantec, 2019)

Table 19 provides an overview of households with sanitation access for Makhado and its neighbouring municipalities prior to the 2016 demarcation. The table also provides a ranking for Makhado relative to its neighbours.

Table 19: Access to Sanitation for Makhado And Neighbouring Municipalities Before Demarcation

2016	Rank	Makhado	Musina	Mutale	Thulamela	Blouberg	Molemole	Greater Letaba
Households with Access to Sanitation	<b>2</b>	<b>19 887</b>	14 257	1 160	19 940	3 237	4 867	6 323
% Households with Access to Sanitation	<b>3</b>	<b>14,17%</b>	65,10%	4,96%	12,40%	7,80%	15,71%	10,46%

SOURCE: (Quantec, 2019)

Table 20 provides an overview of households with sanitation access for Makhado and its neighbouring municipalities after the 2016 demarcation. The table also provides a ranking for Makhado relative to its neighbours. It should be noted that there was an improvement in sanitation service delivery for both Makhado and Thulamela given the demarcation.

Table 20: Access to Sanitation for Makhado and Neighbouring Municipalities After Demarcation

2018	Rank	Makhado	Musina	Collins Chabane	Thulamela	Blouberg	Molemole	Greater Letaba
Households with Access to Sanitation	<b>1</b>	<b>25 152</b>	13 636	8 917	19 195	3 255	4 929	6 382
% Households with Access to Sanitation	<b>2</b>	<b>21,61%</b>	28,90%	9,50%	14,41%	7,78%	15,79%	10,33%

SOURCE: (Quantec, 2019)

IDPs FOR RESPECTIVE MUNICIPALITIES WERE SOURCED FOR DATA RELATING TO MUNICIPALITIES INVOLVED IN DEMARCATIONS

#### 3.2.2.4. Access to Refuse Removal

Access to refuse removal is a basic service that municipalities provide to residents. Refuse is removed by local authorities at least once a week. Table 21 shows the number and the proportion of households with access to refuse removal in South Africa, Limpopo and Vhembe. In 2011, about 59,06% of households in South Africa had access to refuse removal, which increased to 61,88% in 2018 at an annual growth rate of about 2,66%. Limpopo had 21,51% of households with access to refuse removal in 2011 that increased to 22,42% in 2018 at slow growth of about 0,59% annually over the period. Vhembe District also saw slow growth in households with access to refuse removal over the period, with about 15,28% of households having access in 2011 and 16,07% of households with access in 2018. However, the number of households with access to refuse removal services increased by 2,60% over the period, which is a similar growth to that of the households in South Africa with access to refuse removal as highlighted in Table 21.

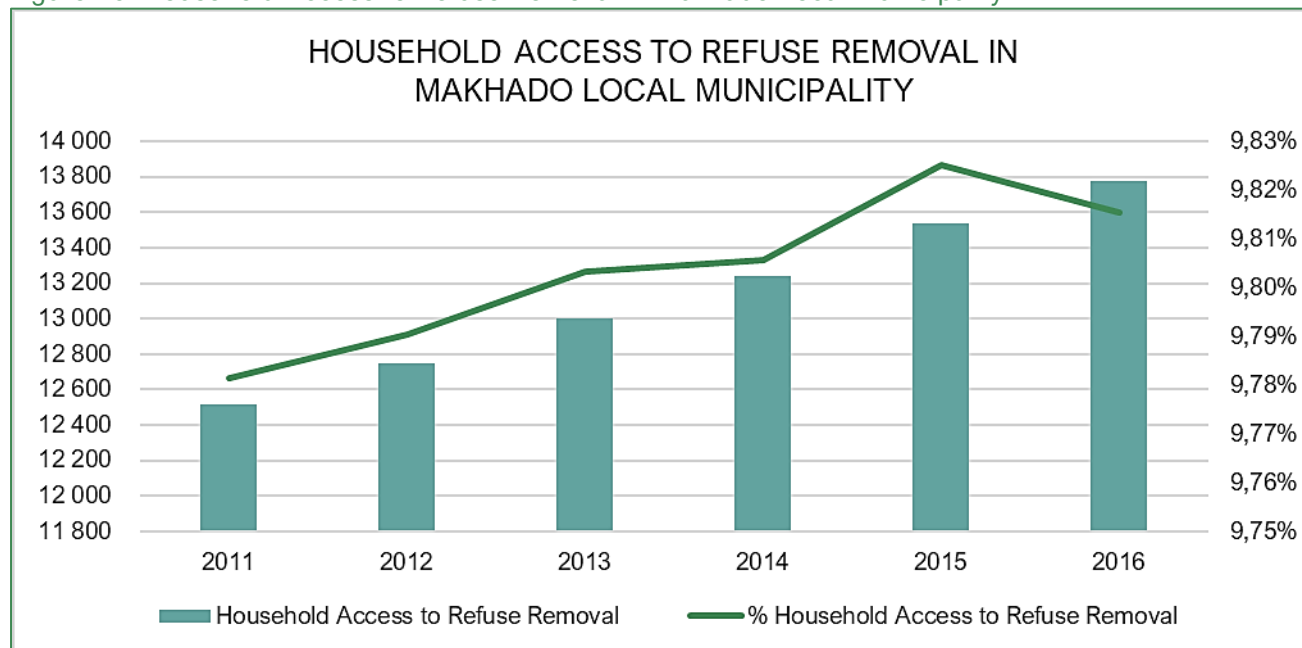
Table 21: Access to Refuse Removal for South Africa, Limpopo and Vhembe

Access to Refuse Removal		2011	2018	AGR
South Africa	Households with Access to Refuse Removal	8 284 325	9 958 214	2,66%
	% Households with Access to Refuse Removal	59,06%	61,88%	0,67%
Limpopo	Households with Access to Refuse Removal	290 330	336 273	2,12%
	% Households with Access to Refuse Removal	21,51%	22,42%	0,59%
Vhembe	Households with Access to Refuse Removal	48 156	57 617	2,60%
	% Households with Access to Refuse Removal	15,28%	16,07%	0,72%

SOURCE: (Quantec, 2019)

Makhado Local Municipality had seen relatively steady growth in households with access to refuse removal between 2011 and 2016, with an average growth of about 1,94% annually over the period. However, it is important to note that the proportion of households with access to refuse removal was significantly low over the 2011 to 2016 period given that less than 10% of households were provided with refuse removal services, where the proportion of households with access to refuse removal increased sluggishly at an annual rate of about 0,07% over the period. The lack of sanitation access indicates that there are severe refuse removal provision challenges within the Municipality.

Figure 10: Household Access to Refuse Removal in Makhado Local Municipality



SOURCE: (Quantec, 2019)



Table 22 provides an overview of households with refuse removal access for Makhado and its neighbouring municipalities prior to the 2016 demarcation. The table also provides a ranking for Makhado relative to its neighbours.

Table 22: Access to Refuse Removal for Makhado and Neighbouring Municipalities Before Demarcation

2016	Rank	Makhado	Musina	Mutale	Thulamela	Blouberg	Molemole	Greater Letaba
Households with Access to Refuse Removal	<b>2</b>	<b>13 777</b>	13 168	1 179	19 910	8 047	1 789	5 166
% Households with Access to Refuse Removal	<b>5</b>	<b>9,82%</b>	60,13%	5,04%	12,38%	19,38%	5,78%	8,55%

SOURCE: (Quantec, 2019)

Table 23 provides an overview of households with refuse removal access for Makhado and its neighbouring municipalities after the 2016 demarcation. The table also provides a ranking for Makhado relative to its neighbours. It should be noted that there was a slight improvement in refuse removal service delivery for both Makhado and Thulamela given the demarcation. However, Musina saw a slight decline in the proportion of households with access to refuse removal.

Table 23: Access to Refuse Removal for Makhado and Neighbouring Municipalities After Demarcation

2018	Rank	Makhado	Musina	Collins Chabane	Thulamela	Blouberg	Molemole	Greater Letaba
Households with Access to Refuse Removal	<b>3</b>	<b>12 143</b>	26 917	3 542	20 227	8 655	1 775	5 353
% Households with Access to Refuse Removal	<b>5</b>	<b>10,43%</b>	57,04%	3,77%	15,18%	20,68%	5,68%	8,66%

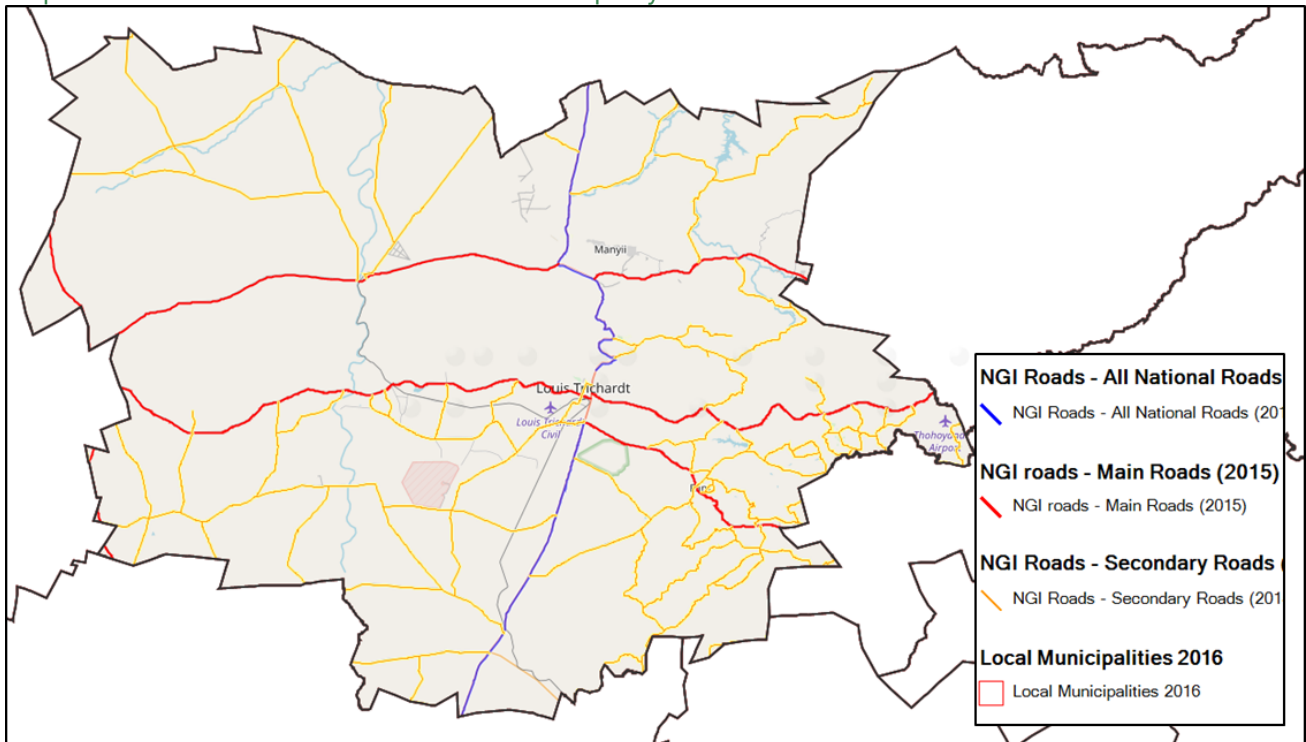
SOURCE: (Quantec, 2019)

IDPs FOR RESPECTIVE MUNICIPALITIES WERE SOURCED FOR DATA RELATING TO MUNICIPALITIES INVOLVED IN DEMARCATIONS

### 3.2.2.5. Road Networks

Makhado Local Municipality is relatively well connected in terms of the road network within the Municipality as shown in Map 1, which shows that there is one national road in the Municipality (N1 road), a few main roads as well as several secondary roads branching off from the national and main roads. A key node in Makhado is the town of Louis Trichardt (formally referred to as Makhado) where several roads are connected to the town and branch out to other strategic growth points such as Elim. The economy in Louis Trichardt is mainly supported by several agricultural activities from the surrounding areas.

Map 1: Road Network in Makhado Local Municipality



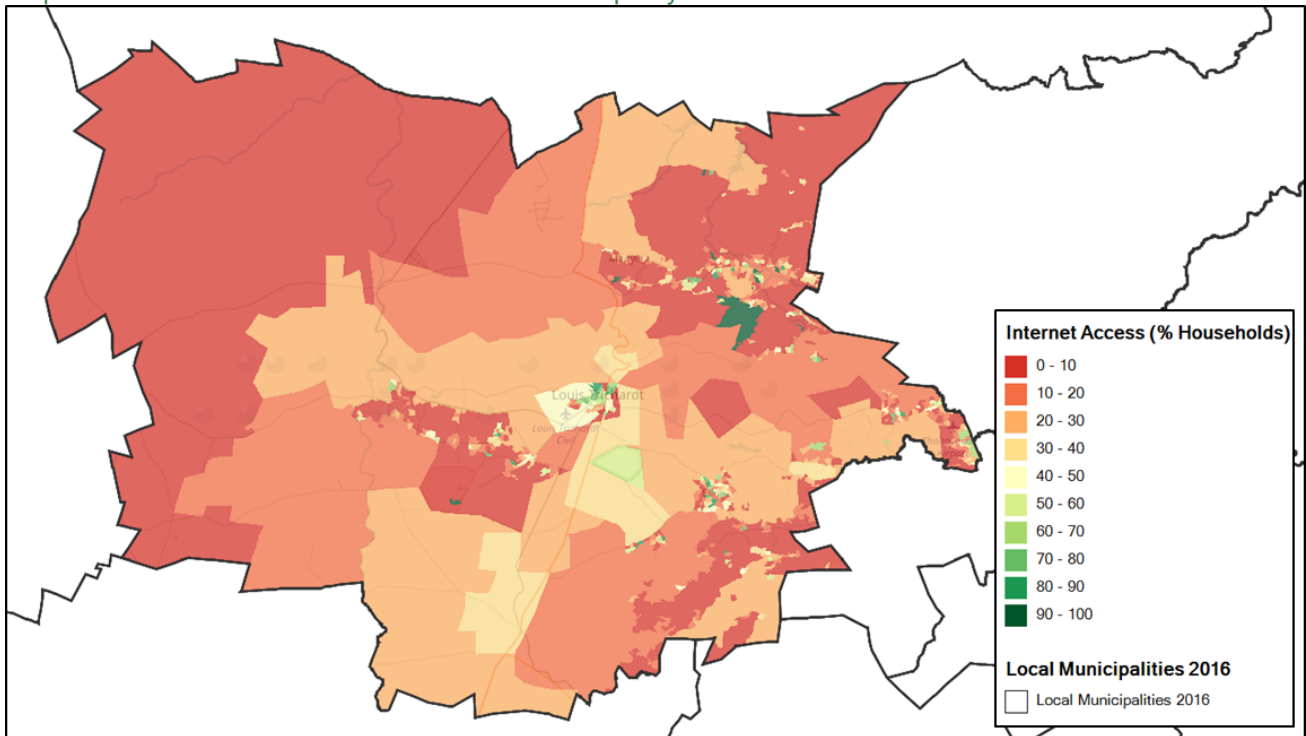
SOURCE: (MapAble®, 2019)

### 3.2.2.6. Internet Connectivity

Internet connectivity has become a vital component of development as it unlocks vast economic and social opportunities that affect progression for the community and businesses within an area. It has become even more important in the wake of the Fourth Industrial Revolution as the integration of technology into economic activities is likely to assist in the creation of new job opportunities and improving business processes, access to information and education as well as financial inclusion to those who previously lacked access.

Map 2 illustrates internet access within Makhado Local Municipality, indicating the percentage of households with internet access across all regions of the Municipality. The map shows that the Municipality lacks significantly with regards to internet access, with the exception for Louis Trichardt town, Elim and several areas east of Luvhalani towards Thulamela Local Municipality.

Map 2: Internet Access in Makhado Local Municipality



SOURCE: (MapAble®, 2019)

### 3.2.3. Key Findings and Issues

The infrastructure profile has highlighted several key findings and issues for Makhado through the competitive analysis against the local municipalities bordering the Municipality and the spatial analysis of the maps presented:

- Water shortage remains a challenge for Limpopo as almost 47% of households lack access to water in the dwelling and/or inside the yard. Makhado also experienced severe water provision challenges with several backlogs and significantly slow growth in water provision for the households resulting in less than 50% of households in the Municipality having water access in 2018.
- The 2016 demarcation had significantly impacted electricity provision within Makhado as less than 50% of households had access to electricity in 2018 compared to the 88,03% electricity access in 2016 before demarcation.
- The provision of sanitation services was significantly low for Makhado and its neighbouring municipalities, potentially indicating service delivery challenges within the Municipality as well as within the Province given that sanitation services are tied to water provision.
- Makhado had a relatively low proportion of households with refuse removed once a week by the Municipality but had the 5<sup>th</sup> highest proportion of households with access to refuse removal among the neighbouring municipalities. This finding indicates possible service provision challenges for the Municipality. It should be noted that Musina had about 57% of its households with access to refuse removal, making it the best ranking among the neighbouring municipalities.

### 3.3. Economic Profile

The economic profile analyses the economy of MLM, making use of a competitive analysis relative to the local municipalities bordering the Municipality where information was available. The profile analyses labour-related and economic indicators to provide an overview of the economy of MLM. An analysis of the industries is conducted in section 3.4.

#### 3.3.1. Our Economy

The analysis of the economy assesses the labour dynamics within the Municipality, the gross value added (GVA) within the region and other economic variables to provide an overview of the economic environment in MLM.

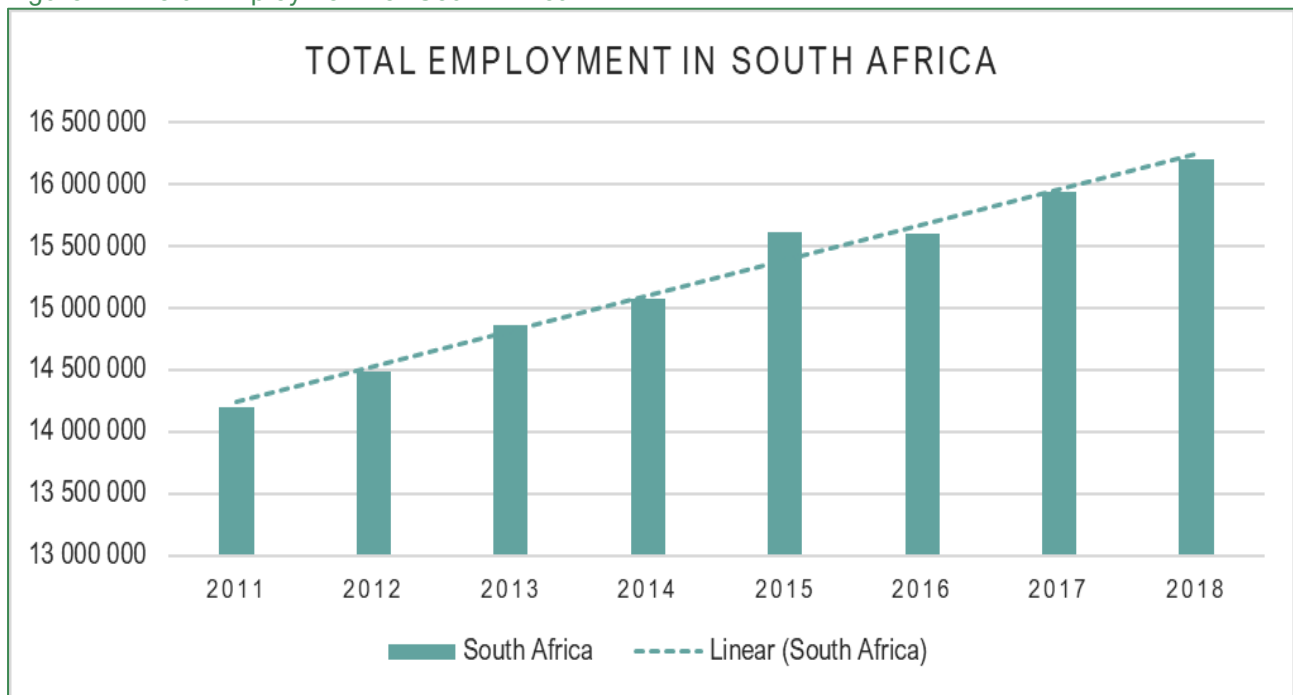
#### 3.3.2. Labour Analysis

##### 3.3.2.1. Total Employment

Total employment covers formal work, which is the establishment of working arrangements through a long-term contractual agreement, and informal work, which is short-term or temporary employment. Total employment in South Africa, experienced an upward trend from 2011 to 2018 as illustrated in Figure 11. Over the period, the South African economy experienced an employment growth rate of about 1,90% annually.

The growth rate experienced over the period is not sufficient to create five million jobs over the next 10 years as prescribed in the New Growth Path. Furthermore, the slight increase between 2017 and 2018 could potentially indicate the recovery of the economy from a difficult 2015 and 2016 period, marking the end of the super-commodity cycle and severe drought (World Bank, 2018).

Figure 11: Total Employment for South Africa

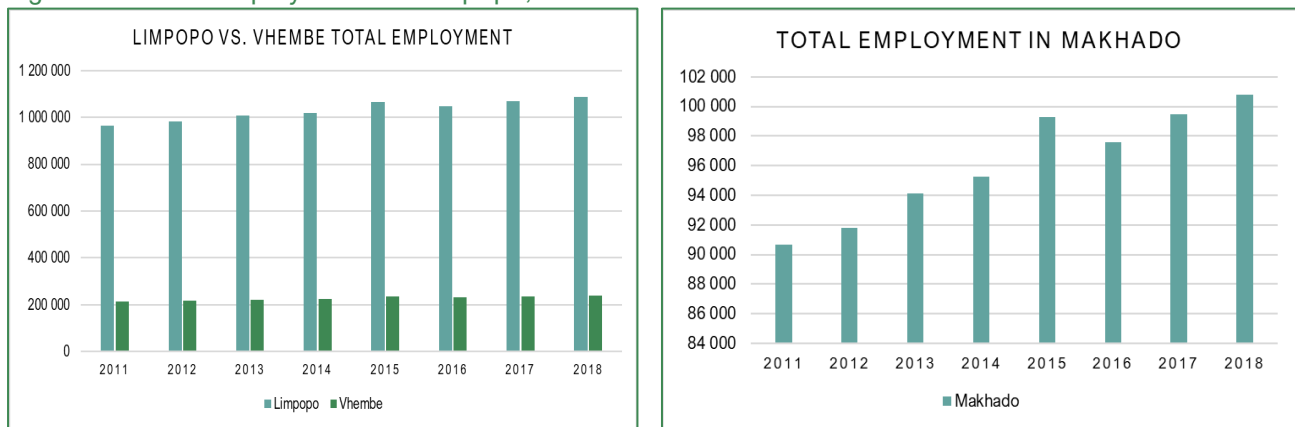


SOURCE: (Quantec, 2019)

The economy of South Africa remains constrained by its low growth potential. Furthermore, South Africa is experiencing stunted private investment growth and weak integration into the global value chain that prevents the country from reaping new economic opportunities from emerging markets around the globe. In this regard, it is essential for South Africa to build on the industrial skills level in the economy and developing new markets through higher productivity and innovation so as to be competitive (World Bank, 2018).

Figure 12 illustrates the total employment for Limpopo, Vhembe and Makhado. The average employment growth rate for Limpopo province was 1,71% over the 2011 to 2018 period, which shows a steep increase, whereas the growth rate for Vhembe and Makhado were 1,54% and 1,53% annually over the period respectively. It should be noted that total employment for Makhado in 2016 experienced a decline likely due to the demarcation that resulted in the formation of Collins Chabane Local Municipality.

Figure 12: Total Employment for Limpopo, Vhembe and Makhado



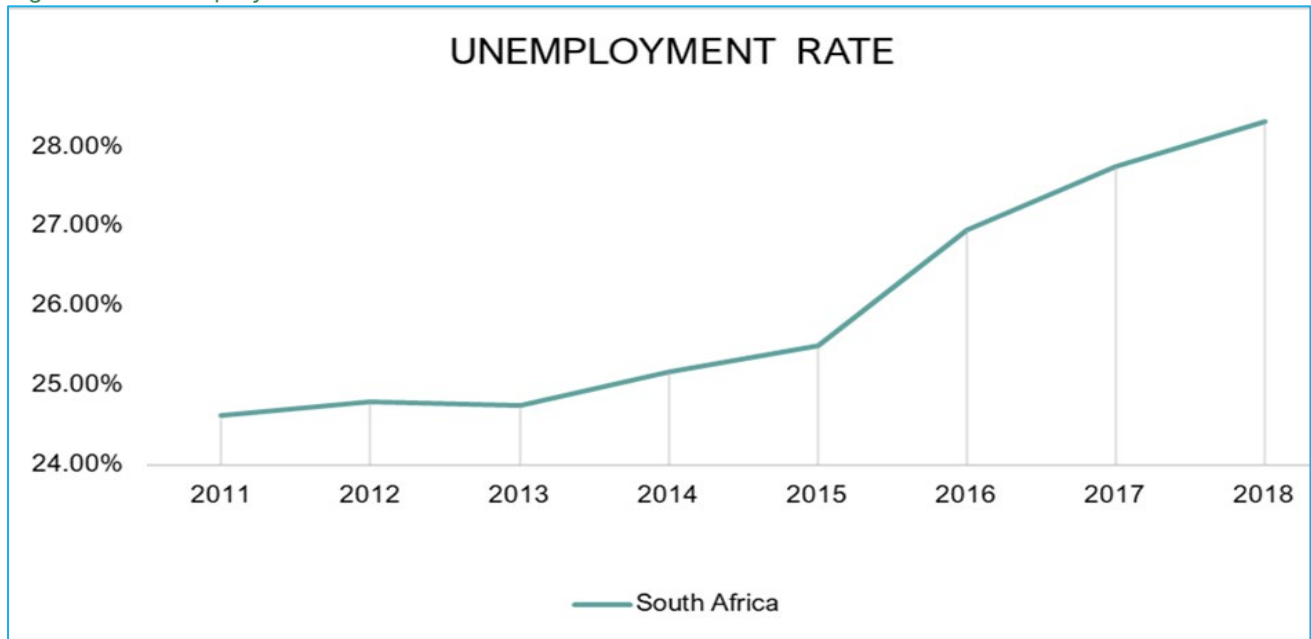
SOURCE: (Quantec, 2019)

### 3.3.2.1. Unemployment Rate

The unemployment rate is a measure of the prevalence of unemployment, which is generally calculated by dividing the number of unemployed people by the labour force.

Figure 13 shows that unemployment for South Africa experienced a steep increase over the 2011 to 2018 period. The increase in the unemployment rate may indicate that there are few economic opportunities available to absorb the labour force in the economy. In this regard, the labour market remains under pressure, mainly against the backdrop of weak economic growth.

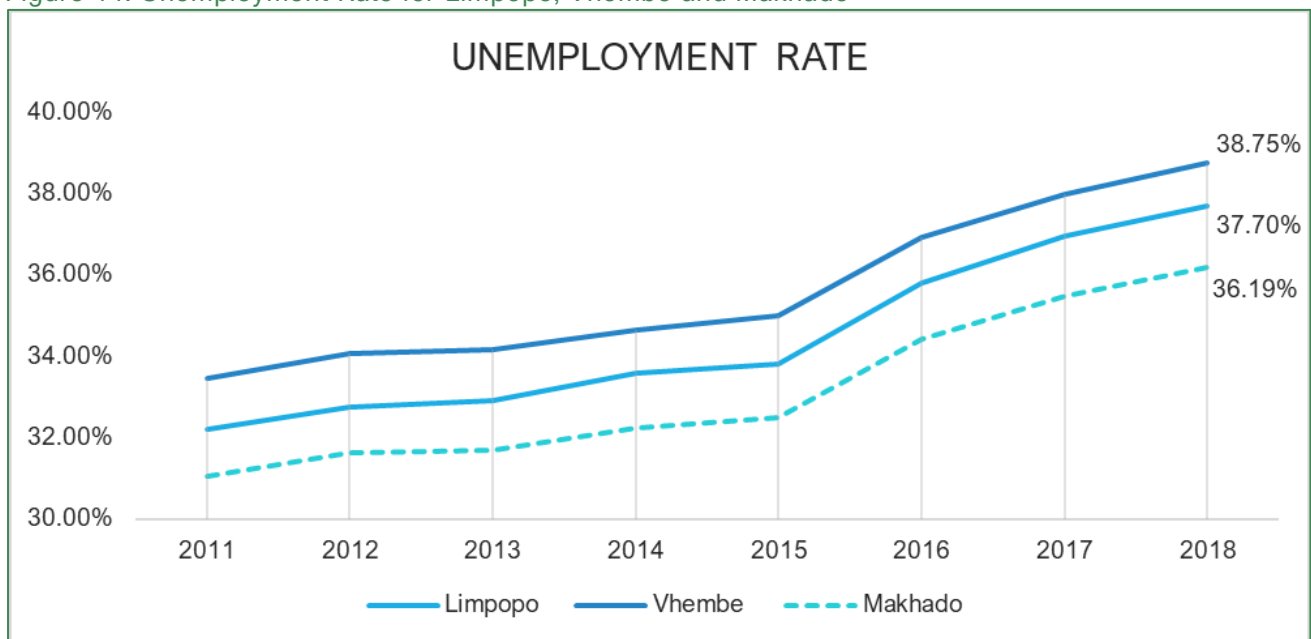
Figure 13: Unemployment Rate for South Africa



SOURCE: (Quantec, 2019)

Figure 14 illustrates the unemployment rate for Limpopo, Vhembe and Makhado and shows steep increases for the aforementioned regions over the 2011 to 2018 period. The unemployment rate for Vhembe was significantly higher than that of Limpopo and Makhado. This suggests that the District has fewer economic opportunities, resulting in a low labour absorption rate in the area.

Figure 14: Unemployment Rate for Limpopo, Vhembe and Makhado



SOURCE: (Quantec, 2019)



Table 24 provides a summary of the employment information for MLM and the neighbouring municipalities showing total employment along with the unemployment rate. The table further provides a ranking for Makhado Local Municipality relative to the local neighbours before demarcation. It should be noted that Makhado employed the highest number of people among the neighbouring competitors before demarcation.

Table 24: Total Employment for Makhado Local Municipality and the Neighbouring Local Municipalities

2016	Rank	Makhado	Blouberg	Molemole	Greater Letaba	Thulamela	Musina	Mutale
Total employment	<b>1</b>	<b>97 579</b>	20 912	20 831	39 357	94 373	29 096	9 739
Unemployed	<b>6</b>	<b>51 177</b>	10 162	10 715	18 989	67 628	6 634	9 595
Unemployment rate	<b>5</b>	<b>34,40%</b>	32,70%	33,97%	32,55%	41,75%	18,57%	49,63%

SOURCE: (Quantec, 2019)

Table 25 provides a summary of the employment information for MLM and the neighbouring municipalities, showing total employment and the unemployment rate as well as a ranking for Makhado Local Municipality relative to the local neighbours after demarcation. The table further illustrates that after demarcation, Makhado had the second-highest number of employed people and the second-highest unemployment rate among the competitors.

Table 25: Total Employment for Makhado Local Municipality and the Neighbouring Local Municipalities

2018	Rank	Makhado	Blouberg	Molemole	Greater Letaba	Thulamela	Musina	Collins Chabane
Total employment	<b>2</b>	<b>101 009</b>	21 319	21 236	40 585	97 248	30 949	194 591
Unemployed	<b>6</b>	<b>57 425</b>	11 132	11 992	21 353	75 385	7 767	48 963
Unemployment rate	<b>6</b>	<b>36,25%</b>	34,30%	36,09%	34,47%	43,67%	20,06%	20,10%

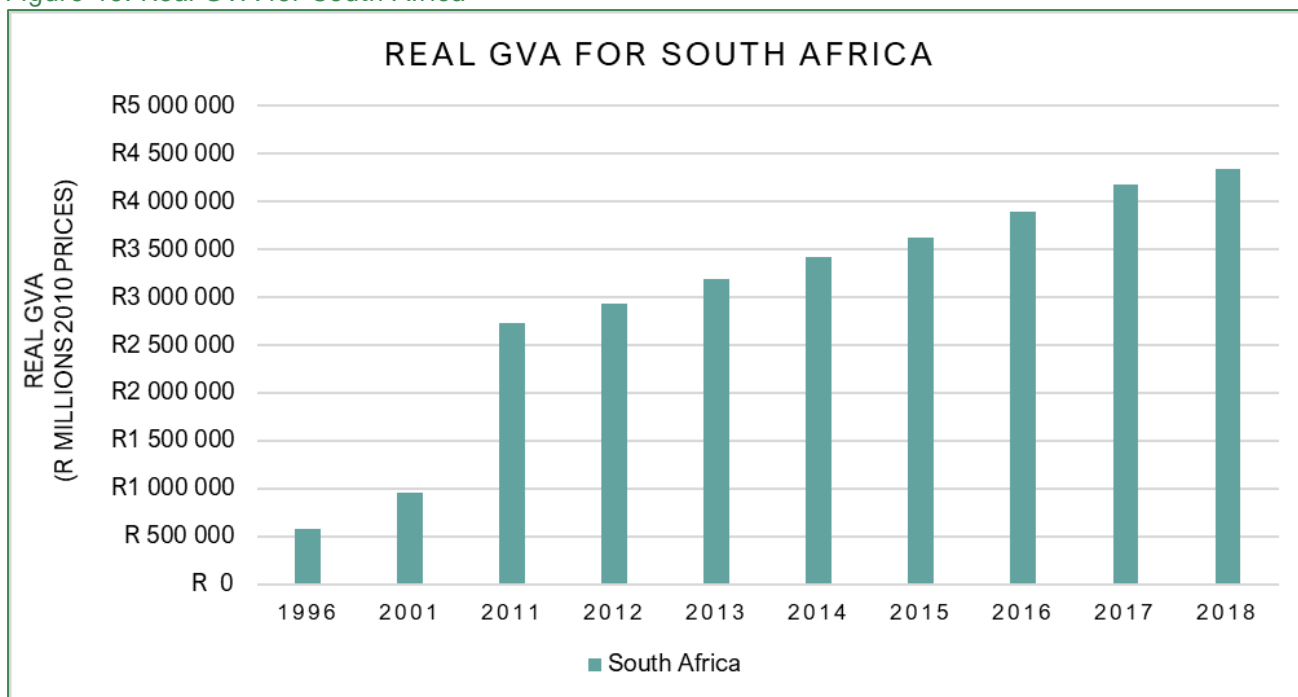
SOURCE: (Quantec, 2019)

### 3.3.3. Economic Analysis

#### 3.3.3.1. Gross Value Added (GVA)

GVA is the measure of the value added to goods and services produced in an area, industry or sector of an economy. Figure 15 illustrates an overall upward trend for GVA from 1996 to 2018 at an annual growth rate of 2,43% over the period. The figure also shows that between 2017 and 2018 there was a lack of significant growth in GVA for the South African economy, resulting in business leaders and investors having low confidence in the growth potential of the economy.

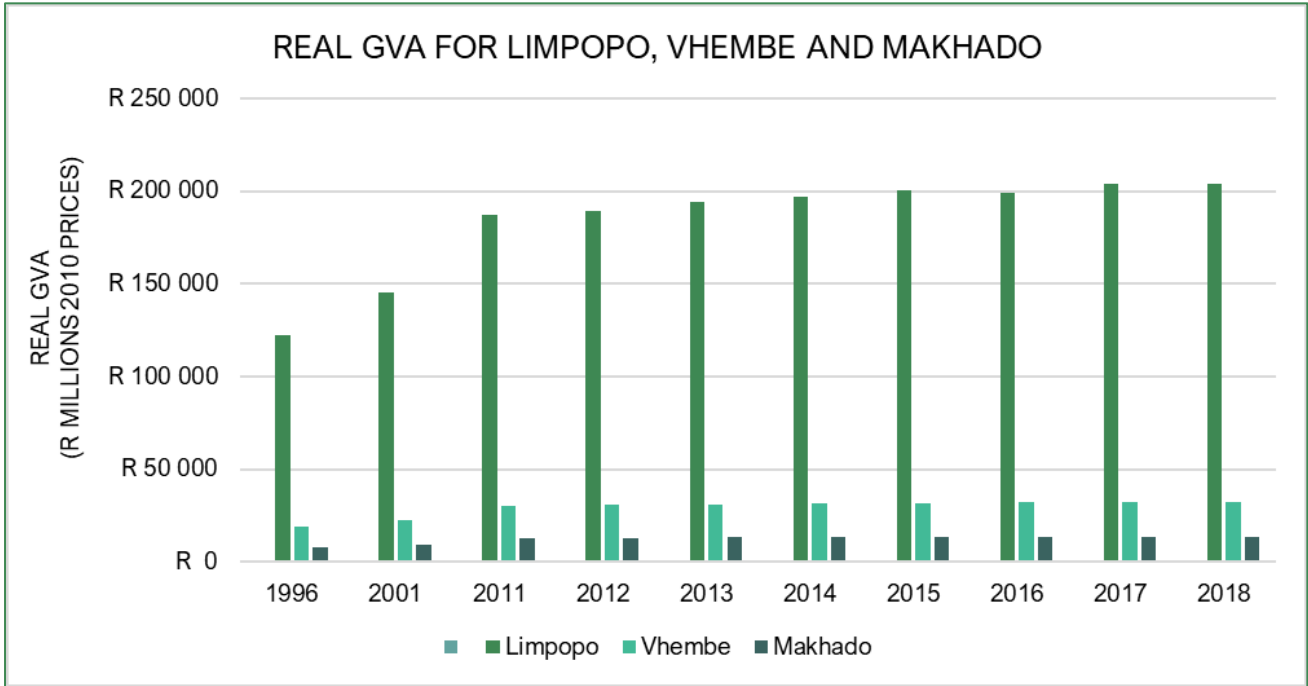
Figure 15: Real GVA for South Africa



SOURCE: (Quantec, 2019)

Figure 16 shows the real GVA for Limpopo, Vhembe and Makhado between 1996 and 2018. The figure presents an overall upward trend for the abovementioned areas over the period. MLM contributed about 42% to the GVA of Limpopo, with the Limpopo Province contributing an estimated 7,30% to the national GVA of 4,34 trillion in 2018.

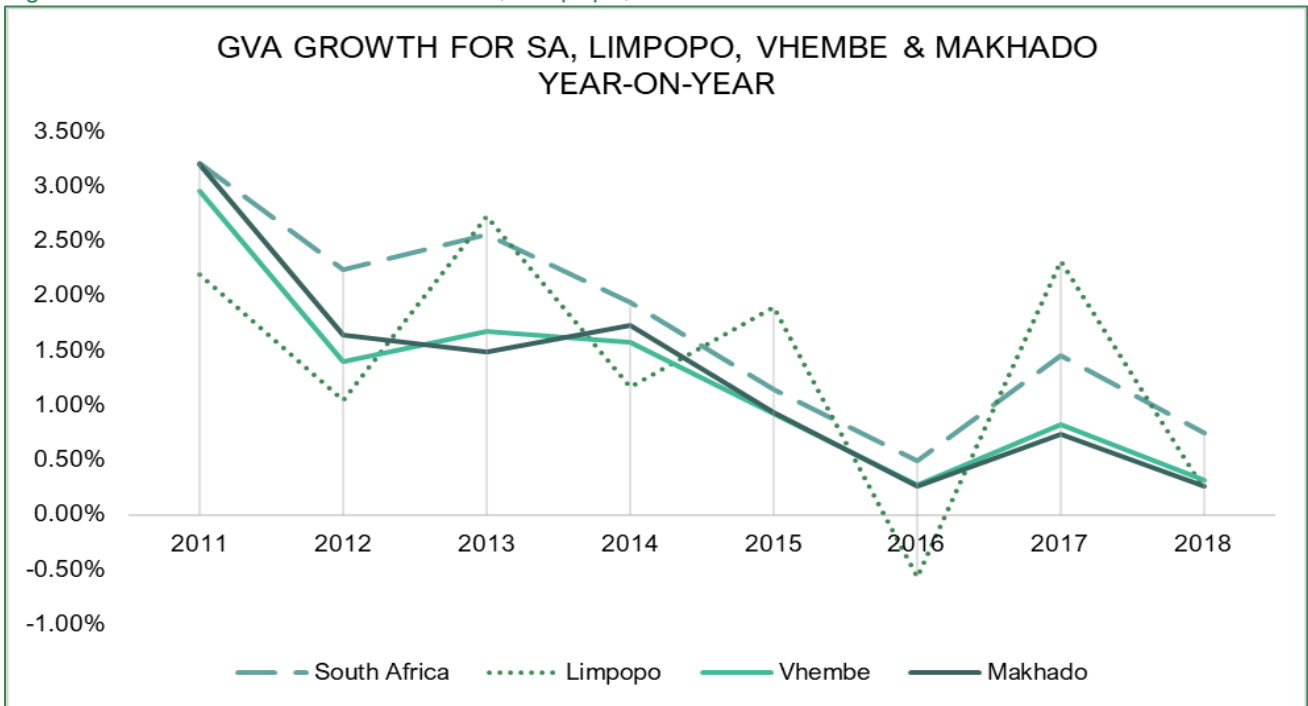
Figure 16: Real GVA for Limpopo, Vhembe and Makhado



SOURCE: (Quantec, 2019)

Figure 17 presents the year-on-year real GVA for South Africa, Limpopo, Vhembe and Makhado between 2011 and 2018. The figure shows an overall downward trend, possibly suggesting a lack of growth in economic activities that support growth for the regions. This may be linked to possible fixed random effects such as climate change that affect certain industries (such as agriculture) as well as other unquantifiable effects possibly hindering economic growth within the sectors and industries.

Figure 17: GVA Growth for South Africa, Limpopo, Vhembe and Makhado



SOURCE: (Quantec, 2019)

Table 26 provides a high-level overview of the contribution of GVA and employment in MLM. Amongst the industries, General Government services contributed about 31,5% to total GVA in Makhado, and Wholesale, retail and trade had the highest total number of the employed that contributed about 23,5% to total employment in 2018.

Table 26: Sectoral Contribution for GVA and Employment for 2018

Sectoral Contribution	Real GVA 2018 (R mil 2010 prices)	Contribution to GVA	Total Employment	Contribution to Employment
<b>Total GVA</b>	<b>R 13 675,26</b>	<b>100%</b>	<b>99 629</b>	<b>100%</b>
Agriculture, forestry and fishing	R 574,14	4,20%	12 905	13,0%
Mining and quarrying	R 76,83	0,56%	127	0,1%
Manufacturing	R 383,89	2,81%	6 136	6,2%
Electricity, gas and water	R 331,22	2,42%	399	0,4%
Construction	R 518,59	3,79%	6 070	6,1%
Wholesale retail and trade	R 2 982,11	21,81%	23 389	23,5%
Transport, storage and communication	R 802,34	5,87%	2 982	3,0%
Financial Services	R 2 842,80	20,79%	9 883	9,9%
General government	<b>R 4 308,27</b>	<b>31,50%</b>	15 820	15,9%
Community, social and personal services	R 855,09	6,25%	21 918	22,0%

SOURCE: (Quantec, 2019)

The sectoral profile in section 3.4 provides an analysis of the respective industries for Makhado Local Municipality.

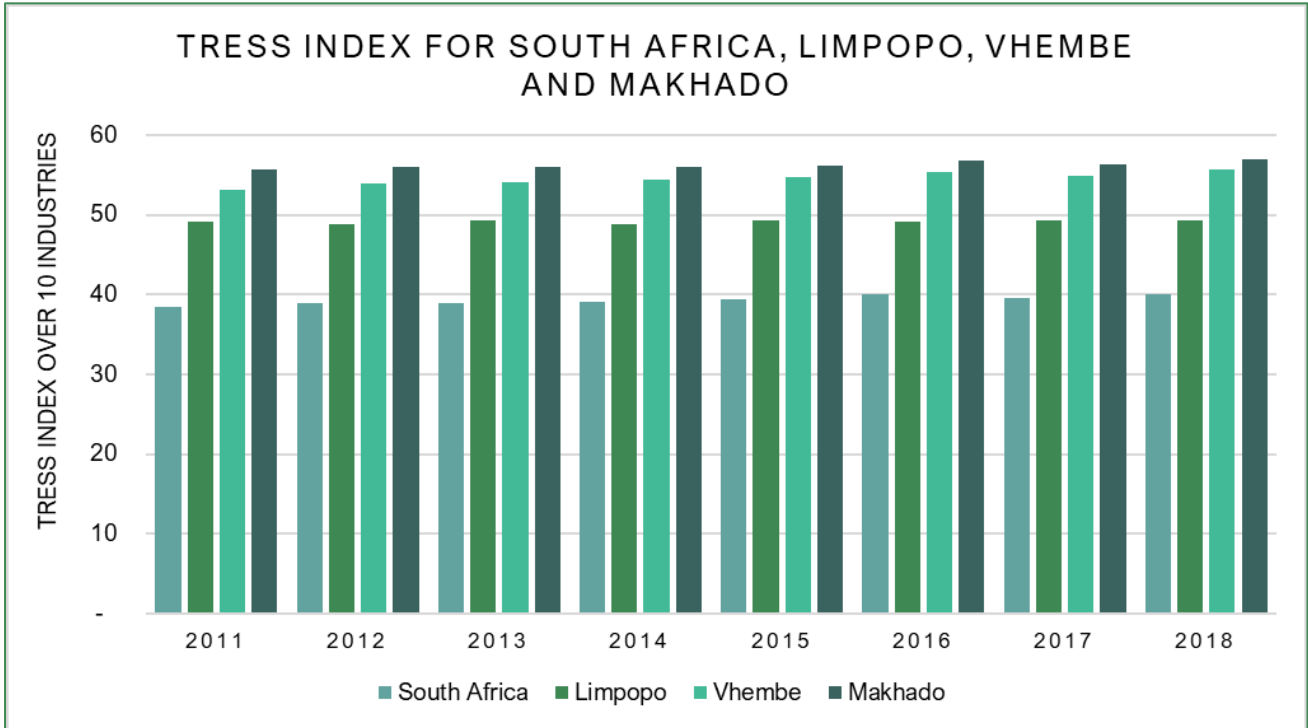
### 3.3.3.2. Tress Index

Tress index is a measurement of a region's economic diversification where smaller values indicate more diversified economies, with zero indicating total economic diversification. The Tress index, therefore, provides an indication of potential economic risk within an area where a higher value may indicate higher risk potential. The diversification within an economy provides linkages in the economy, thereby creating an environment for economic prosperity.

Figure 18 provides the Tress index for South Africa, Limpopo, Vhembe and Makhado. South Africa had a Tress index that averaged about 39,3 over the 2011 and 2018 period, suggesting that the economy of South Africa is relatively diversified. Between 2017 and 2018 the Tress index at the national level increased by 1,26%, which indicates that national economic diversification is declining.

Makhado also reflects a Tress index of 57,0 in 2018 having risen from 55,7 in 2011, indicating a lack of economic diversification and potential rising economic risk within the Municipality. The Municipality saw a 0,33% annual increase over the period in its Tress Index.

Figure 18: Tress over 10 Industries for South Africa, Limpopo, Vhembe and Makhado

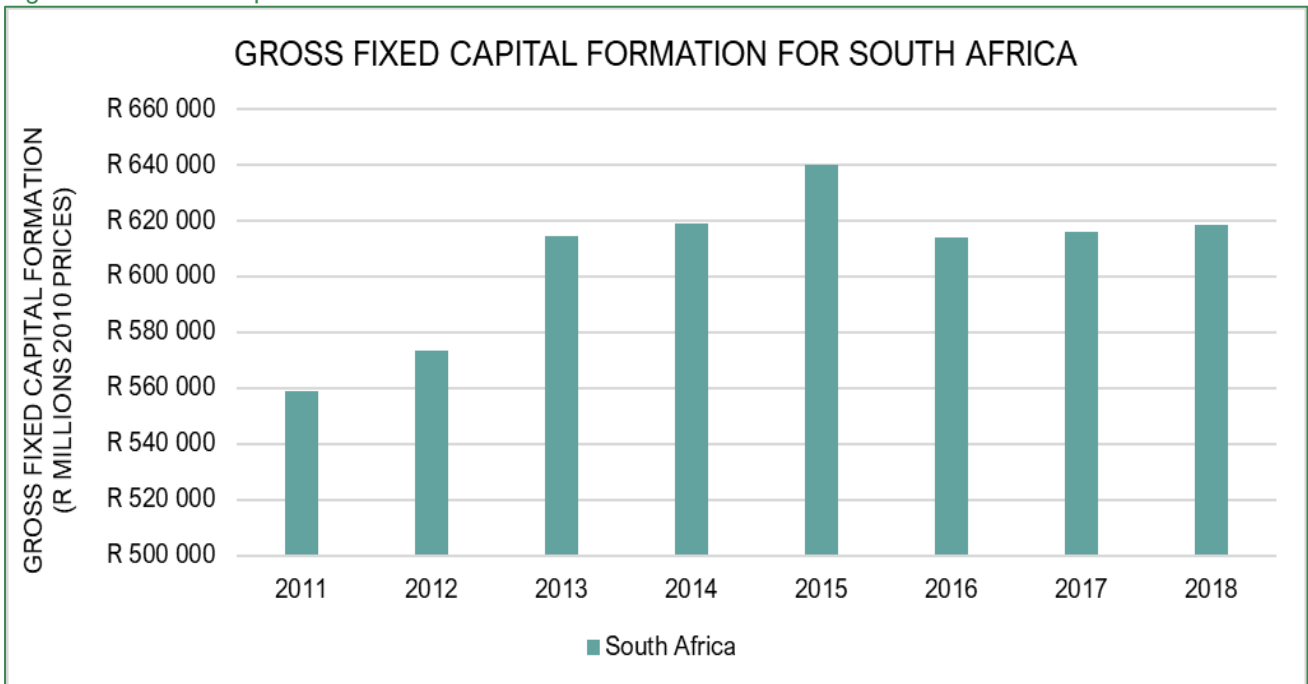


SOURCE: (Quantec, 2019)

### 3.3.3.3. Gross Fixed Capital Formation

Gross fixed capital formation refers to the net increase in physical assets (investment minus disposals) within the measurement period. It does not account for the consumption (depreciation) of fixed capital and does not include land purchases.

Figure 19: Gross Capital Formation for South Africa

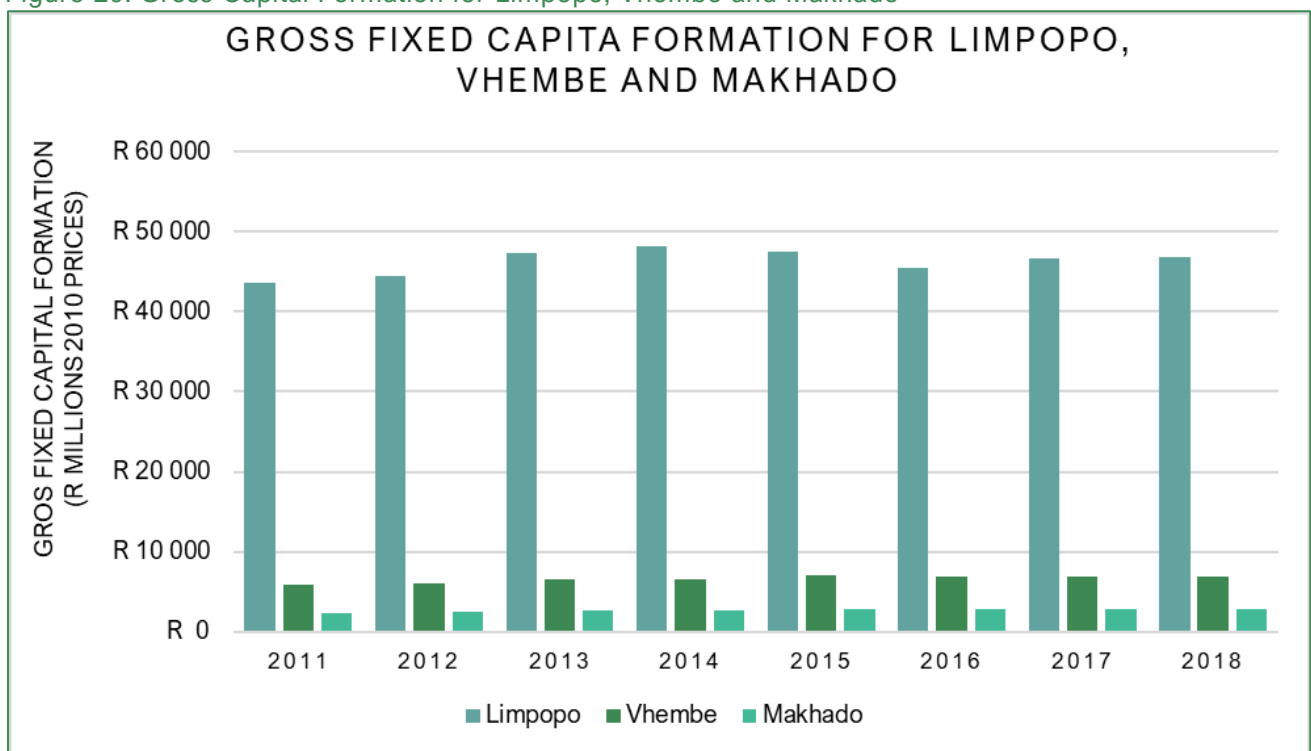


SOURCE: (Quantec, 2019)

Figure 19 illustrates the gross fixed capital formation for South Africa between 2011 and 2018. The figure shows that gross capital formation for South Africa experienced an upward and downward trend over the period between 2011 and 2018. This suggests that there has been a decline in investment of physical assets over the latter years as a result of tough economic conditions which have been accompanied by stunted economic growth in the economy.

Figure 20 provides gross capital formation for Limpopo, Vhembe and Makhado between 2011 and 2018. The figure shows that the abovementioned regions experienced an upward trend over the period. It should be noted that gross capital formation for Vhembe and Makhado experienced a decline in growth of 0,65% and 0,99% respectively. This could potentially suggest insufficient investment which is likely to adversely affect production within an economy.

Figure 20: Gross Capital Formation for Limpopo, Vhembe and Makhado

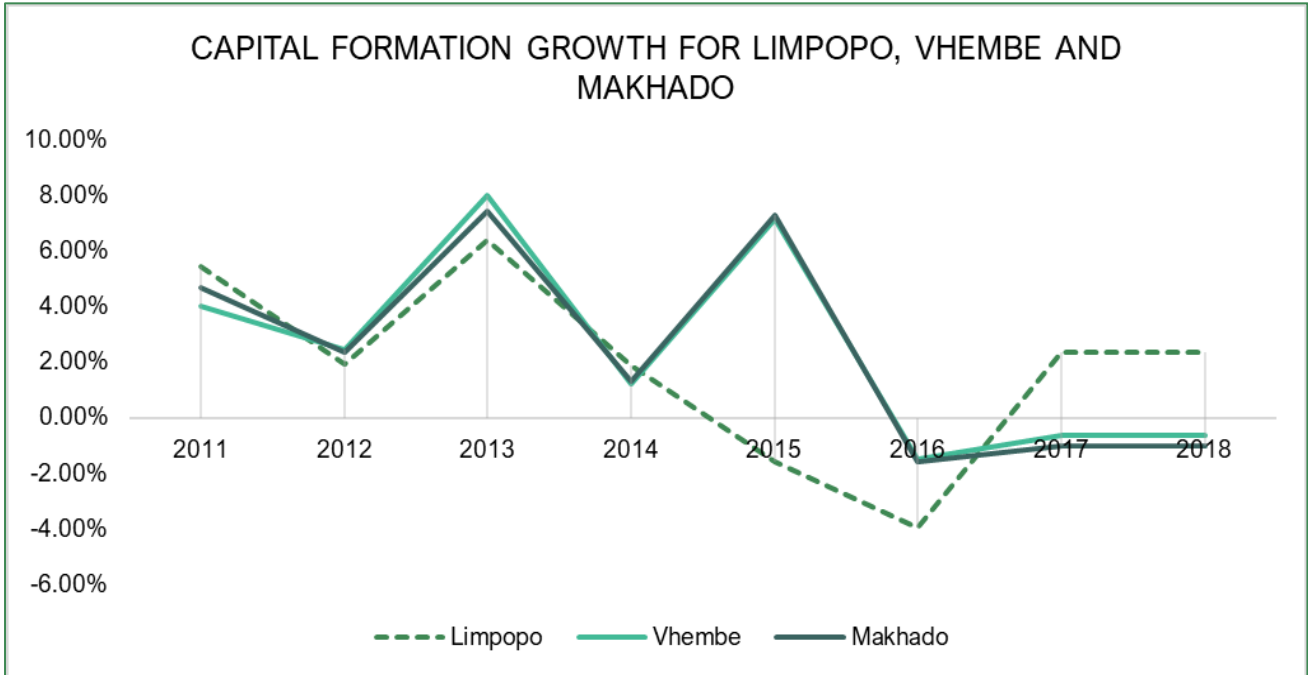


SOURCE: (Quantec, 2019)

Figure 21 the growth capital formation for Limpopo, Vhembe and Makhado. The figure depicts a decline regarding growth in capital formation for Limpopo, Vhembe and Makhado over the 2011 to 2018 period. It should be noted that Limpopo experienced a lower capital formation growth for most of the period with an exception for 2017 and 2018.



Figure 21: Gross Capital Formation Growth for Limpopo, Vhembe And Makhado

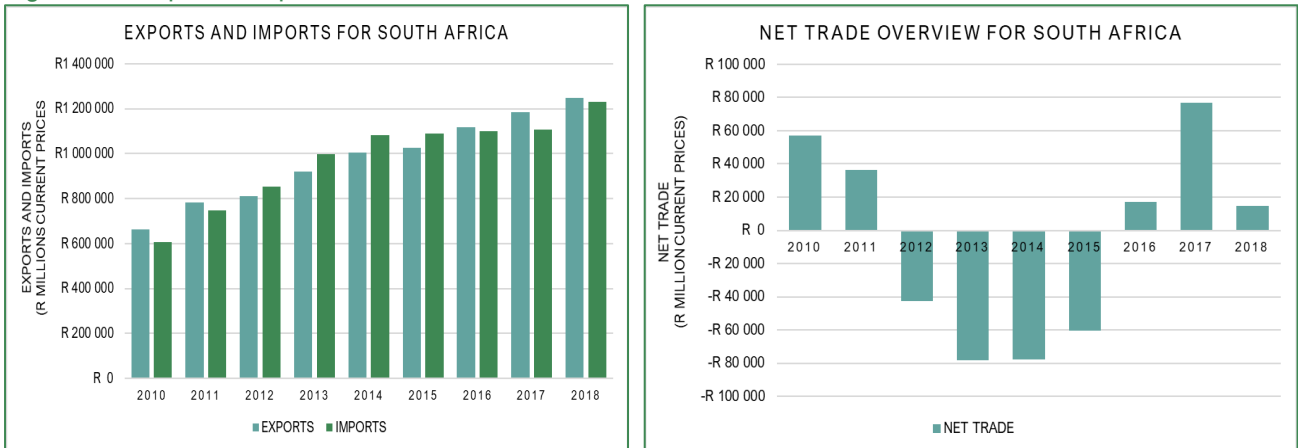


SOURCE; (Quantec, 2019)

### 3.3.3.4. Trade Overview

Trade involves the buying and selling of goods and services, with compensation paid by a buyer to a seller, or the exchange of goods or services between parties. In the context of this study, the trade will be limited to international cross-border trade. Net trade in goods and services is derived by offsetting imports of goods and services against exports of goods and services.

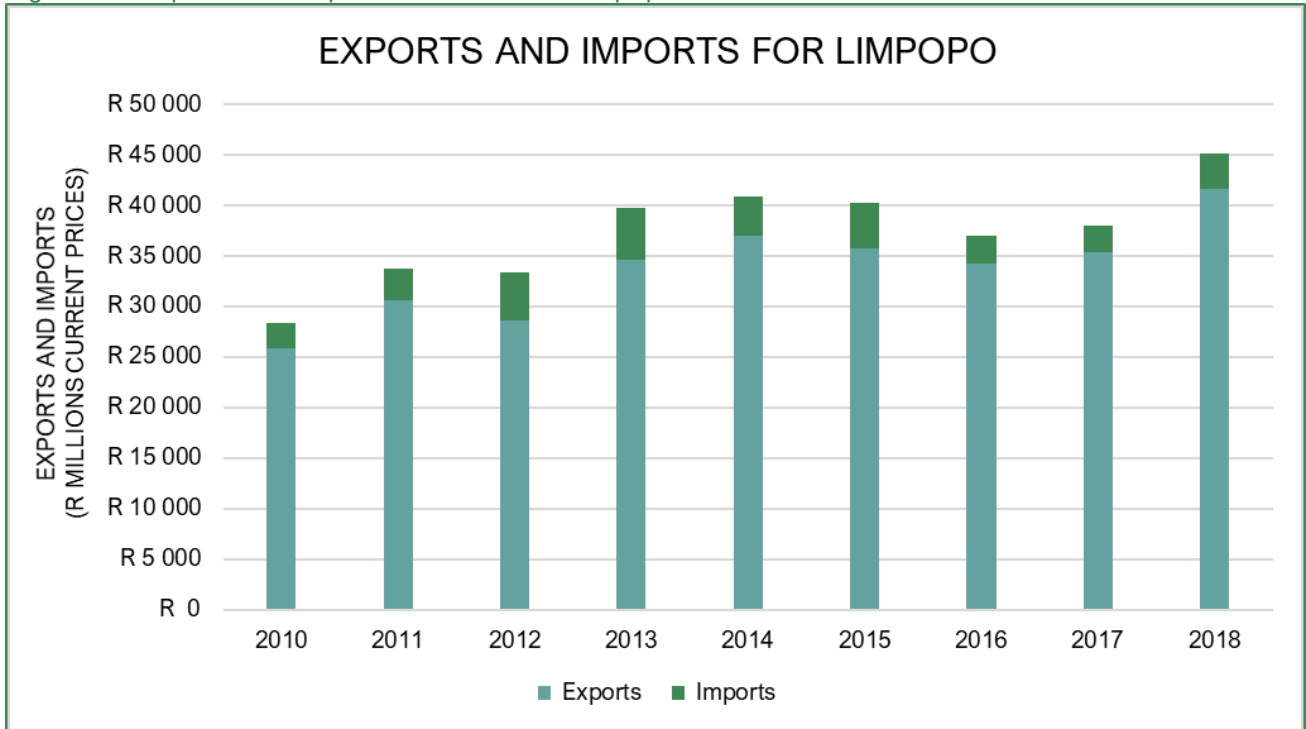
Figure 22: Exports, Imports and Net Trade Overview for South Africa



SOURCE: (Quantec, 2019)

Figure 22 provides an overview of exports, imports and net trade for South Africa over the 2010 to 2018 period. The figure shows that import and exports experienced an upward trend for South Africa over the period, with net trade significantly experiencing a deficit between 2012 and 2015 and only recovering in 2016.

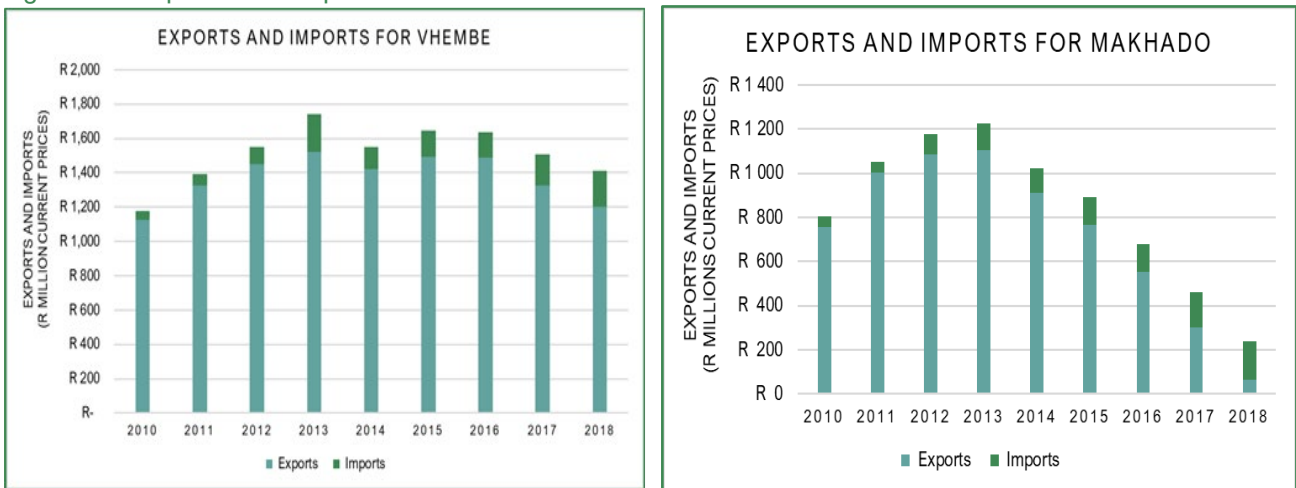
Figure 23: Exports and Imports Overview for Limpopo



SOURCE: (Quantec, 2019)

Figure 23 illustrates the exports and imports for Limpopo. The figure shows that exports increased more significantly than imports over the period between 2010 and 2018 which suggests that the province experienced a favourable net trade.

Figure 24: Exports and Imports for Vhembe and Makhado



SOURCE: (Quantec, 2019)

Figure 24 illustrates the exports and imports overview for Vhembe and Makhado respectively. The figure shows that Vhembe experienced an upward trend in exports over the period, peaking in 2013. It should be noted that Makhado has experienced a significant decline in exports, with imports reflecting signs of growth from 2013.

### 3.3.4. Key Findings and Issues

The economic profile has highlighted several key findings and issues for Makhado through the competitive analysis against the bordering local municipalities. The spatial analysis of the maps presented the following:

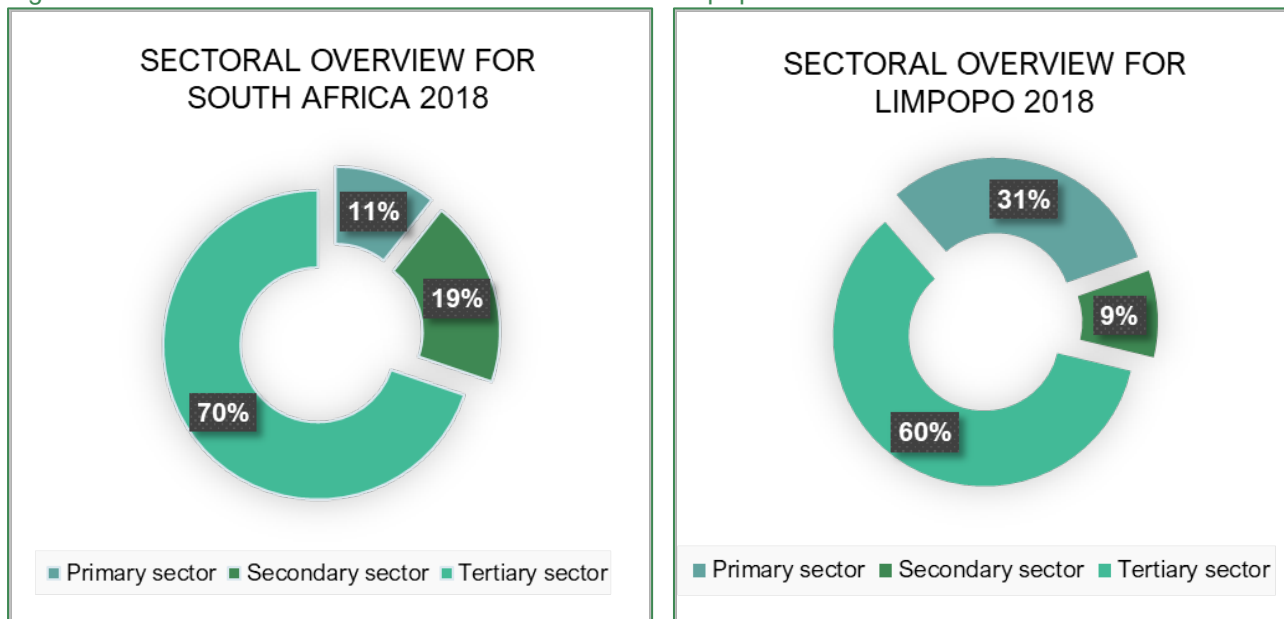
- Makhado had a relatively large number of people employed in 2018, ranking second among the neighbouring municipalities. The Municipality saw employment growth of about 1,53% annually between 2011 and 2018. However, Makhado also had the second-highest number of unemployed people following Thulamela, which resulted in a 34,40% unemployment rate for Makhado and ranked 6<sup>th</sup> among the neighbouring municipalities (second-highest unemployment rate).
- The economy of Makhado had seen steady growth in GVA of about 1,01% annually over the 2011 to 2018 period, resulting in a GVA of about R13 675 million in 2018. However, the overall trend of the year-on-year growth for the Municipality suggests declining growth prospects since 2011. General government activities had the highest GVA among the industries in 2018, contributing almost 32% to total GVA. The wholesale and retail trade industry employed the most people, contributing about 23,5% to total employment in the Municipality.
- Makhado had a Tress index of 57,0 in 2018 having seen an increase from 2011, indicating a lack of economic diversification. The steady increase in the Tress index over the period may suggest that the Municipality is likely susceptible to some economic risk given its decline in economic diversification.
- Makhado had seen an upward trend in its gross capital formation over the 2011 to 2018 period. However, year-on-year growth prospects relating to capital formation saw a significant decline over the period with the most notable decline experienced between 2015 and 2016. It should be noted that less capital has been invested in the physical assets of the Municipality since 2016.
- Makhado had seen a significant decline in exports between 2011 and 2018. In 2018, the Municipality was a net importer given that imports exceeded exports.

### 3.4. Sectoral Profile

The sectoral profile provides an analysis of the primary, secondary and tertiary sectors as well as the industries within the respective sectors for National, Limpopo, and MLM.

Figure 25 provides a sectoral breakdown for South Africa and Limpopo. The figure reveals that the tertiary sector contributed the most provincially as well as national in 2018. The figure also suggests that the primary sector plays an essential role provincially considering that it the second most contributing sector provincially after the tertiary sector.

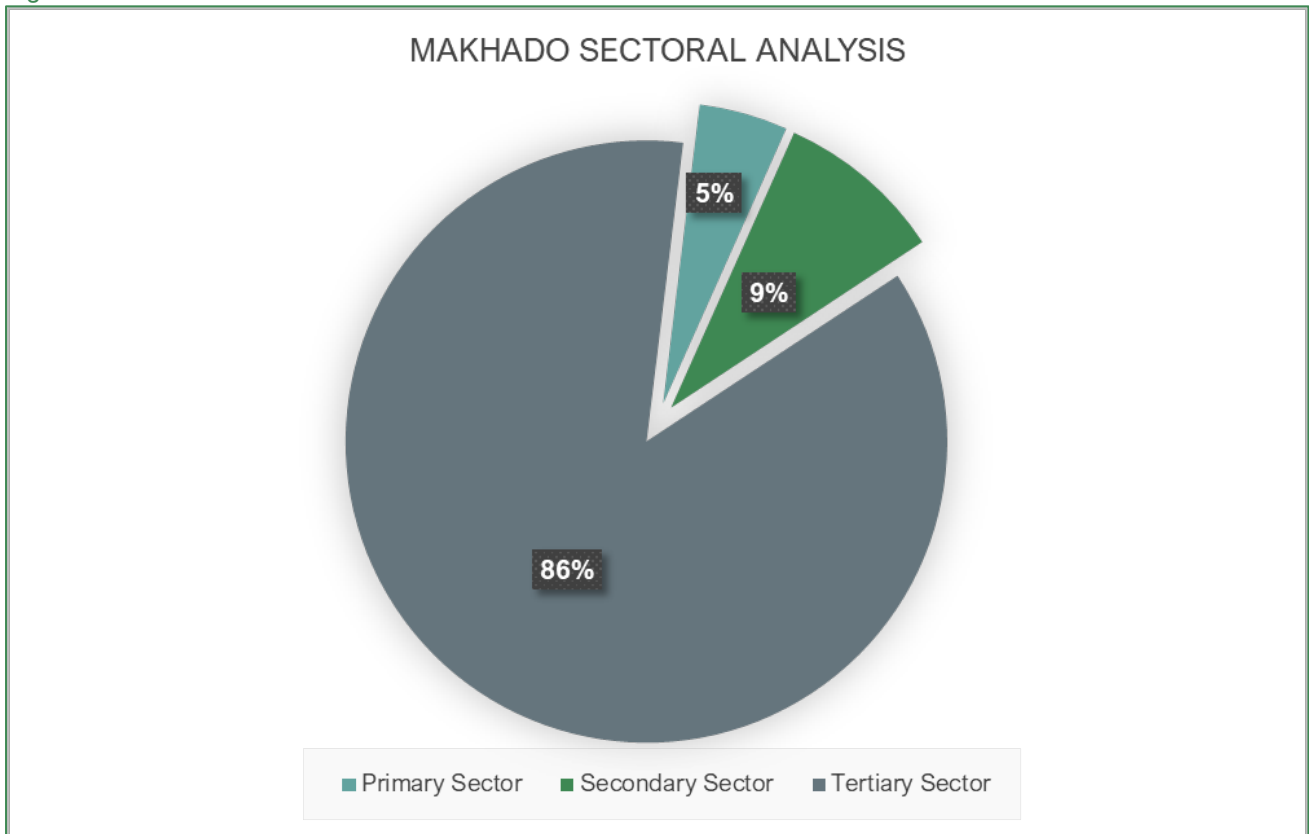
Figure 25: Sectoral Breakdown for South Africa and Limpopo



SOURCE: (Quantec, 2019)

Figure 26 shows an overview of the sectoral profile for Makhado. The figure illustrates that the economy of Makhado is predominantly driven by the tertiary sector that contributed around 86% to total GVA in 2018, while the secondary sector contributed around 9% and the primary sector contributed about 5% to total GVA.

Figure 26: Sectoral Breakdown for Makhado for 2018

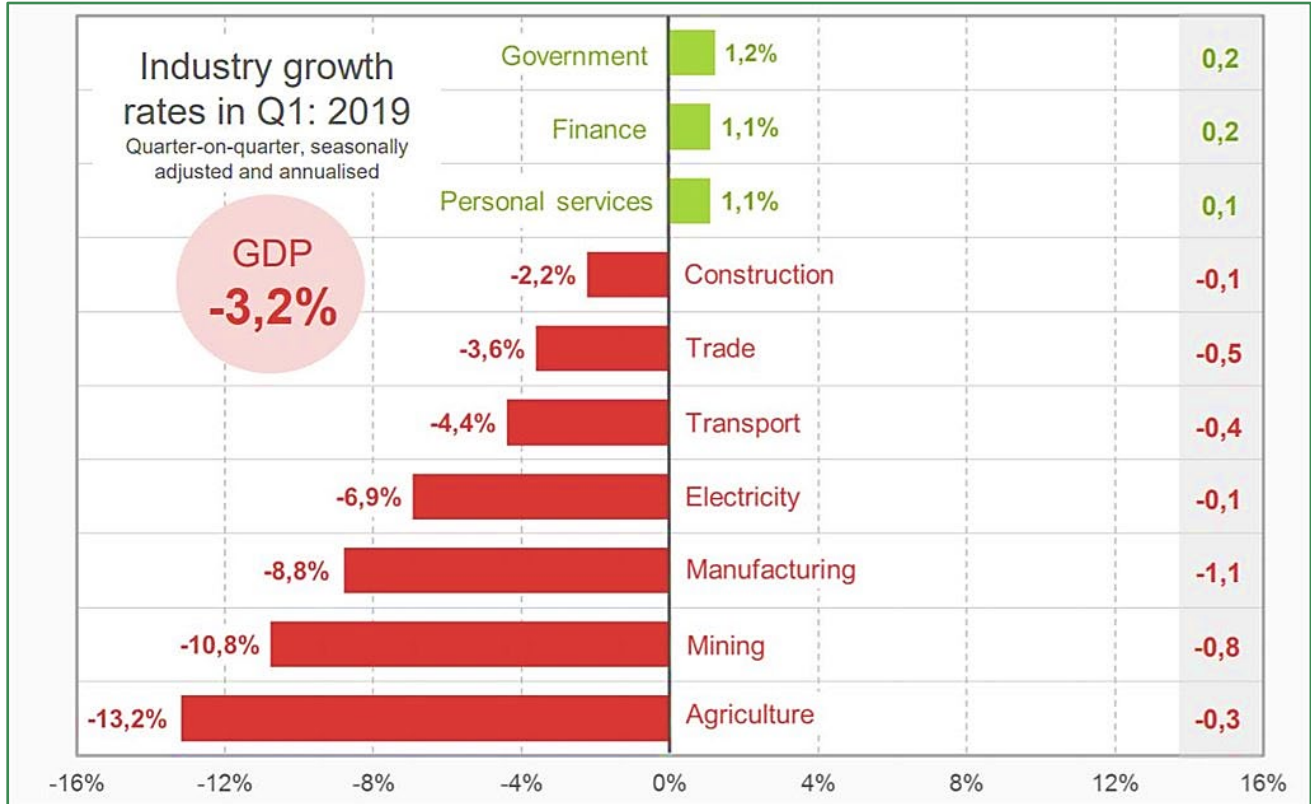


SOURCE: (Quantec, 2019)

Statistics South Africa released industry performance statistics for the first quarter of 2019 that indicated that the GDP of South Africa contracted by more than -3% compared to the fourth quarter of 2018 owing to the decline of several industries in the economy as shown in Figure 27, with the predominant talking point relating to State-Owned Enterprises (SOE) (such as Eskom’s load shedding) as well as a lack of investment into the economy (Wasserman, 2019).

The macroeconomic challenges experienced in South Africa has resulted in the projected GDP growth rate for 2019 being revised down from 1.4% to 1.2%, placing the country among the worst performers in Sub-Saharan Africa (IMF, 2019).

Figure 27: South Africa Industry Growth Rates for the First Quarter (Q1) of 2019



SOURCE: (Quantec, 2019)

### 3.4.1. Primary Sector Analysis

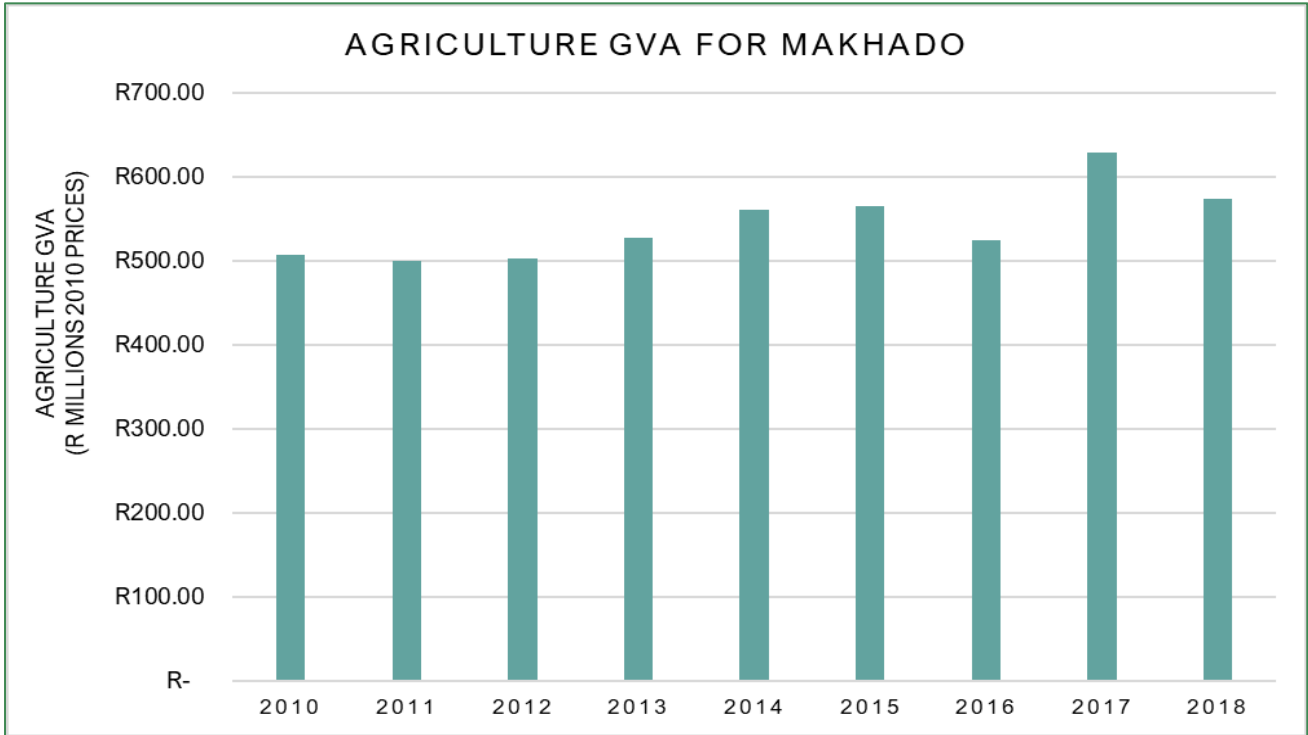
The primary sector refers to industries that engage in the production or extraction of natural resources such as products of agriculture, crop production, animal husbandry, fisheries, forestry, and mining. The primary sector is subdivided into agriculture and mining that are one of the sectors that seek to address socio-economic imperatives as prescribed in the mission statement of the municipality.

#### 3.4.1.1. Agriculture

The Agriculture, Forestry, and Fishing (Agriculture) industry comprise of establishments primarily engaged in growing crops, raising animals, harvesting timber, hunting animals and harvesting fish on farms or from their natural habitats (DAAF, 2019). Agriculture production in MLM experienced an upward trend between 2011 and 2018 growing annually by about 1,98% with an output of R574 million in 2018 as illustrated in Figure 28. It is important to note that agriculture GVA for Makhado experienced a decline from R628 million in 2017 to R574 million in 2018, likely due to water challenges experienced in the province and possibly the decline in the production of field crops and horticultural products (Statistics South Africa, 2018).



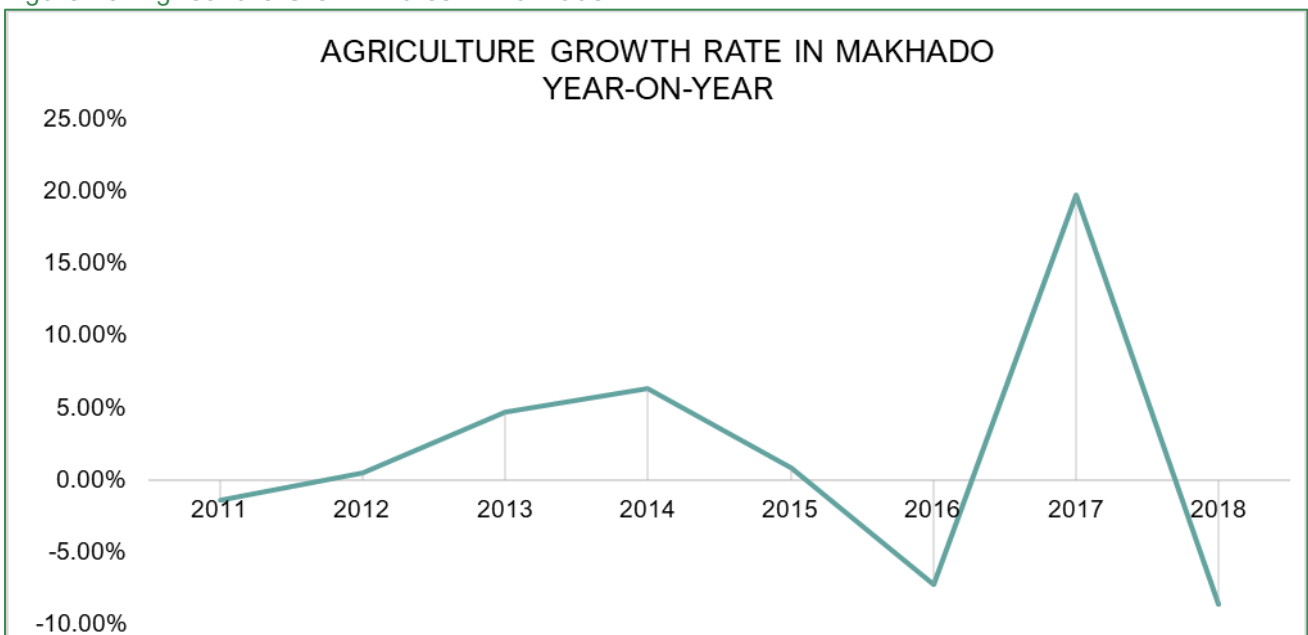
Figure 28: Overview of Agriculture GVA for Makhado



SOURCE: (Quantec, 2019)

The year-on-year growth rate for agriculture is presented in Figure 29 which suggests a downward trend overall for growth in agriculture between 2011 and 2018 period. The growth rate in agriculture experienced a sharp decline between 2017 and 2018, which resulted in MLM experiencing a decline in output. Literature suggests that the impact of climate change has undermined the efforts of households to produce crops for subsistence purposes (Madzivhandila, 2016).

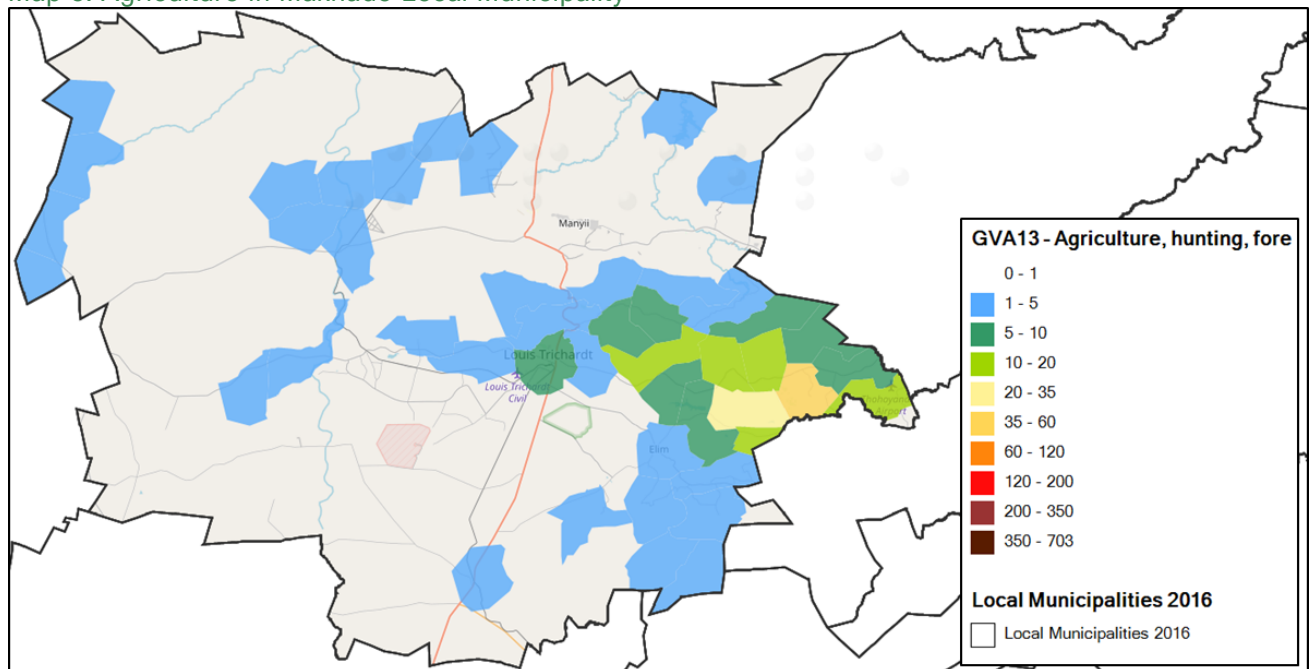
Figure 29: Agriculture Growth Rates in Makhado



SOURCE: (Quantec, 2019)

Map 3 illustrates agriculture activity in Makhado. The map shows that most agricultural activity within MLM was predominantly on the eastern side of the Municipality. The map shows that the western side of the Municipality does not have significant activity with regards to agriculture.

Map 3: Agriculture in Makhado Local Municipality



SOURCE: (MapAble®, 2019)

Table 27 provides an overview of the growth, employment and location quotient for agriculture in MLM. A location quotient (LQ) is a measurement of productivity, indicating a competitive advantage in the production of goods and services in the area relative to the district, province or the country region. An LQ of zero indicates an area that has no comparative advantage to its competitors, while one indicates an area that has an equal comparative advantage compared to its competitors. An LQ larger than one indicates that the area has a comparative advantage relative to the region the municipality is being compared with, be it the district, province or the country. Higher LQs illustrate a significant comparative advantage.

Agricultural output in Makhado contributed about 4,20% to the overall GVA generated by the Municipality in 2018. Furthermore, the output in Makhado increased from R500,53 million in 2011 to R574,14 million in 2018 at an annual growth rate of 1,98%, which suggests that climate change may have affected the agriculture output in the municipal area. However, regardless of the slow increase in output over the period, the industry remains relatively competitive with an LQ of 1,62 in 2018.

The agriculture sector in Makhado experienced an increase in total employment of about 3,50% annually between 2011 and 2018. The industry was relatively competitive with an LQ of 1,85 for employment and contributed about 13% to total employment in MLM.

Table 27: Overview of GVA, Employment and LQ in Makhado for Agriculture

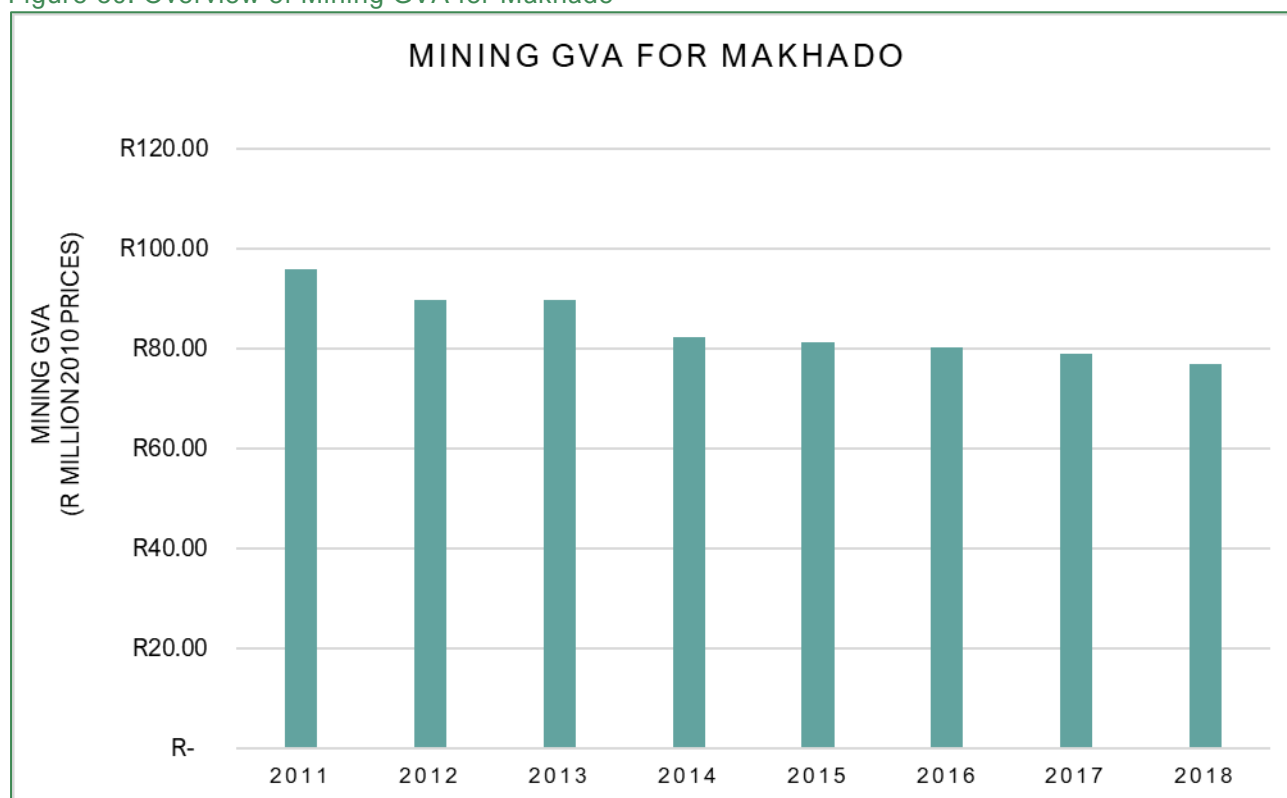
Indicator	2011	2018	AGR	LQ 2018
GVA (R mil 2010 prices)	R500,53	R574,14	1,98%	1,62
Total Employment	10241	13032	3,50%	1,85

SOURCE: (Quantec, 2019)

### 3.4.1.1. Mining and Quarrying

Mining and quarrying refers to the investigation of potential sites for the extraction of valuable minerals or other geological materials from the earth (usually from an orebody, lode, vein, seam, reef or placer deposit), and processing the geological materials with heat or chemicals to extract the metal or any other substance of interest. Mining and quarrying in MLM experienced a downward trend between over the 2011 to 2018 period with an output of R76,82 million as shown in Figure 30.

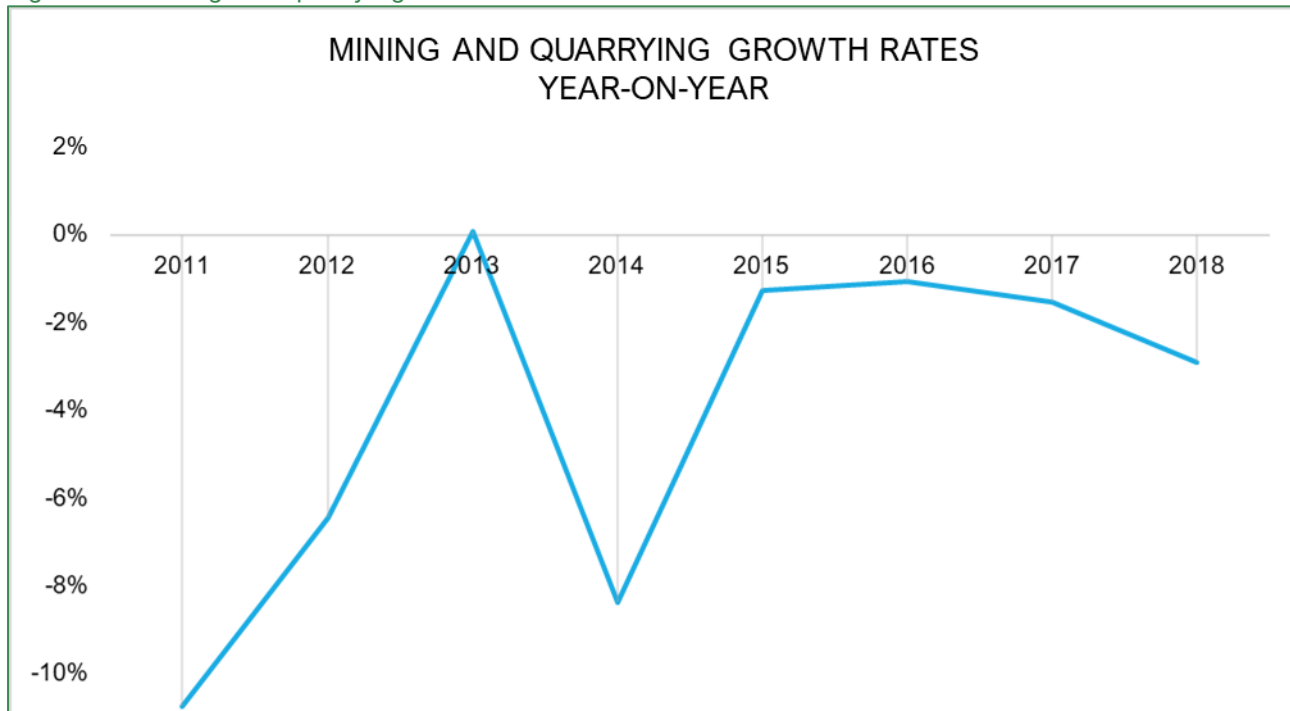
Figure 30: Overview of Mining GVA for Makhado



SOURCE: (Quantec, 2019)

The year-on-year growth rate for mining and quarrying, as presented in Figure 31, suggest that the industry experienced negative growth for the period between 2011 and 2018. This resulted in the Municipality experiencing a decline in output as shown in Figure 30. Regardless of the negative growth, areas such as the Soutpansberg high potential for mining activities (IDP, 2019).

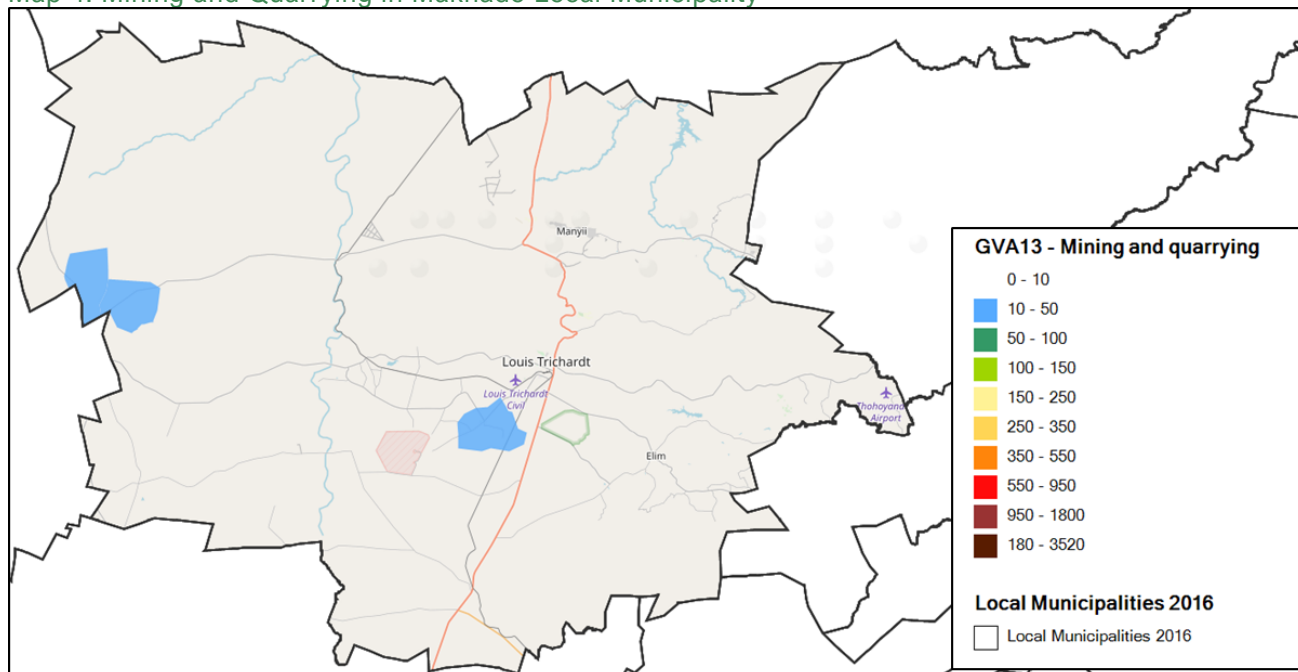
Figure 31: Mining and quarrying Growth Rates in Makhado



SOURCE: (Quantec, 2019)

Map 4 provides the spatial considerations of mining and quarrying activities in Makhado. The map shows a lack of mining and quarrying activities occurring in Makhado compared to its neighbouring municipalities. It should be noted that the Municipality has mining potential towards the north of the Soutpansberg area that should be utilised.

Map 4: Mining and Quarrying in Makhado Local Municipality



SOURCE: (MapAble®, 2019)

Table 28 provides an overview of the growth, employment and location quotient for mining and quarrying in Makhado. Mining and quarrying output in Makhado contributed about 0,56% to the overall GVA generated by the Municipality in 2018. Furthermore, the output in Makhado declined from R95,87 million in 2011 to R76,83 million in 2018 at an annual growth rate of -3,11%. However, regardless of the potential in mining and quarrying activities within the Municipality, the decrease in output over the period suggests that MLM is not competitive in terms of GVA output and total employment with an LQ of 0,07 and 0,04 respectively.

Table 28: Overview of GVA, Employment and LQ in Makhado for Mining

Indicator	2011	2018	AGR	LQ 2018
GVA (R mil 2010 prices)	R95,87	R76,83	-3,11%	0,07
Total Employment	121	127	0,69%	0,04

SOURCE: (Quantec, 2019)

### 3.4.2. Secondary Sector Analysis

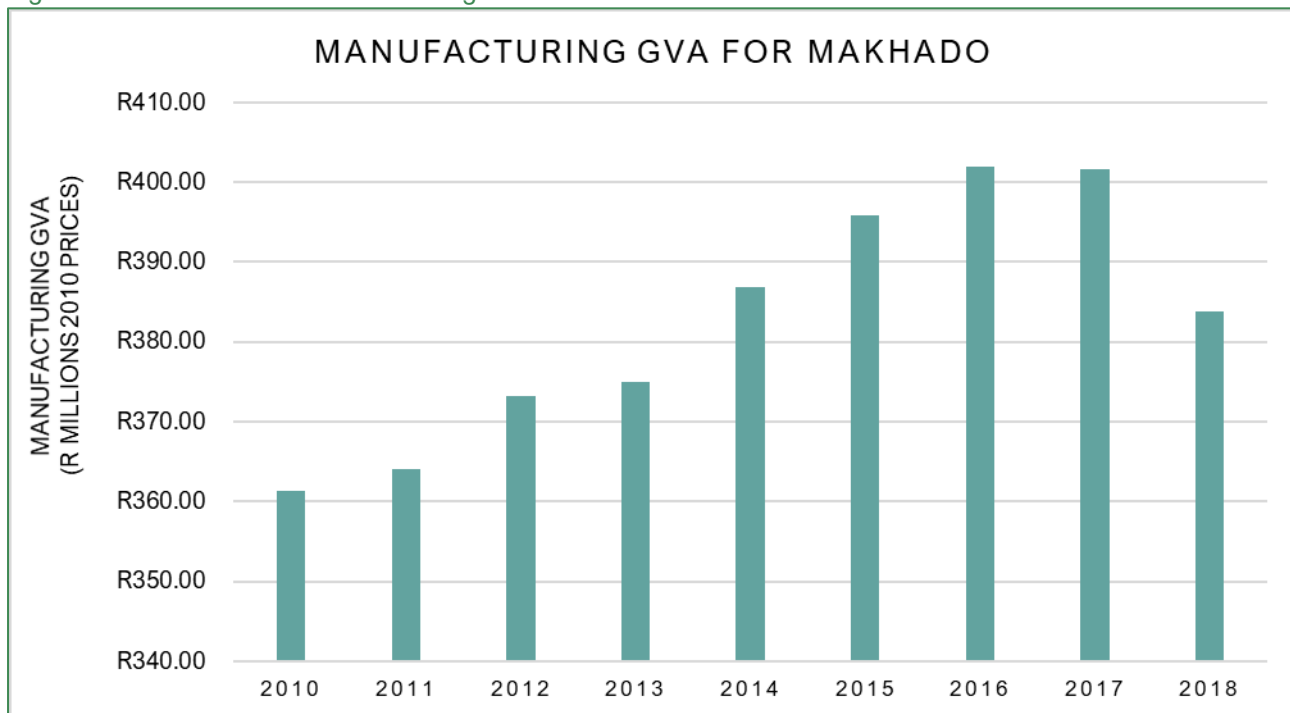
The secondary sector refers to industries that engage in the processing of raw materials to produce finished usable products. This sector includes manufacturing, construction and the production of utilities.

#### 3.4.2.1. Manufacturing

Manufacturing is a value-adding process which involves the large production of goods that converts raw materials, components, or parts into finished goods that meet customer's expectations or specifications using manual labour or machines. Finished goods from manufacturing can be sold directly to consumers, to other manufacturers to produce more complex products, or to wholesalers who distribute the goods to retailers.

Manufacturing production in Makhado experienced an upward trend over the period, having grown by about 0,76% annually. Manufacturing output had experienced a decline that resulted in an output worth R364,07 million in 2018 as illustrated in Figure 32. The Municipality had experienced considerable growth in manufacturing that may be attributed to agro-processing activities and the potential of furniture manufacture in the area.

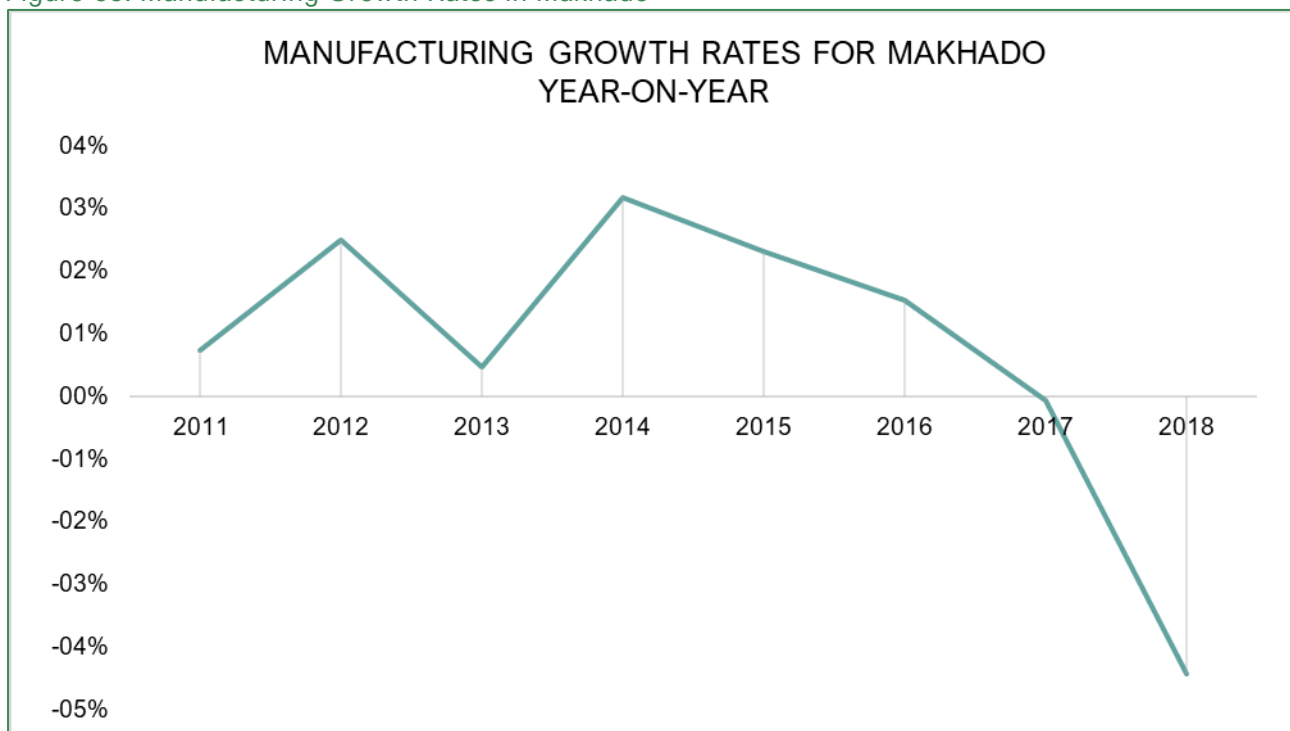
Figure 32: Overview of Manufacturing GVA for Makhado



SOURCE: (Quantec, 2019)

The year-on-year growth rate for manufacturing, as presented in Figure 33, shows that the industry had experienced a sharp decline in growth from 2017, resulting in a significant decline in output. It should be noted that the existing infrastructure was not sufficient to support the growth in the manufacturing industry. Several industrial parks in the municipality area are underutilised and have been unattended to, resulting in them being in a dilapidated state.

Figure 33: Manufacturing Growth Rates in Makhado

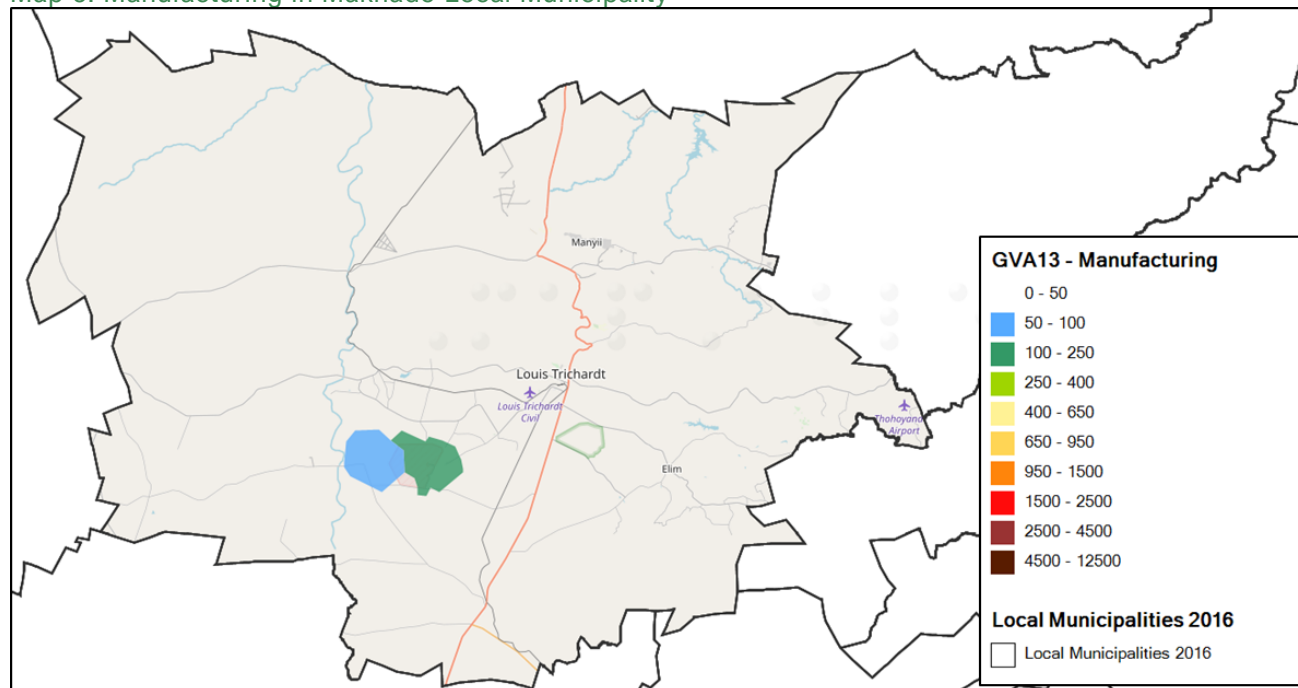


SOURCE: (Quantec, 2019)



Map 5 illustrates manufacturing in Makhado and shows that manufacturing activity takes place within the municipality, though it is not significant possibly due to dilapidated and underutilised industrial parks that were mandated to promote and stimulate small scale manufacturing, thereby stimulating some economic activity and providing employment opportunities.

Map 5: Manufacturing in Makhado Local Municipality



SOURCE: (MapAble®, 2019)

Table 29 provides an overview of the GVA, employment and location quotient for manufacturing in MLM. Manufacturing output contributed about 2,8% to the overall GVA generated by the Municipality in 2018. Furthermore, the output in Makhado grew slightly from R364,07 million in 2011 to R383,89 million in 2018 at an annual growth rate of 0,76%. The industry had also employed a considerable number of people between 2011 and 2018, having increases employment by 1,21% annually. However, the industry was not competitive considering the LQ for GVA and employment of 0,21 and 0,66 respectively.

Table 29: Overview of GVA, Employment and LQ in Makhado for Manufacturing

Indicator	2011	2018	AGR	LQ 2018
GVA (R mil 2010 prices)	R364,07	R383,89	0,76%	0,21
Total Employment	11769	12605	1,21%	0,66

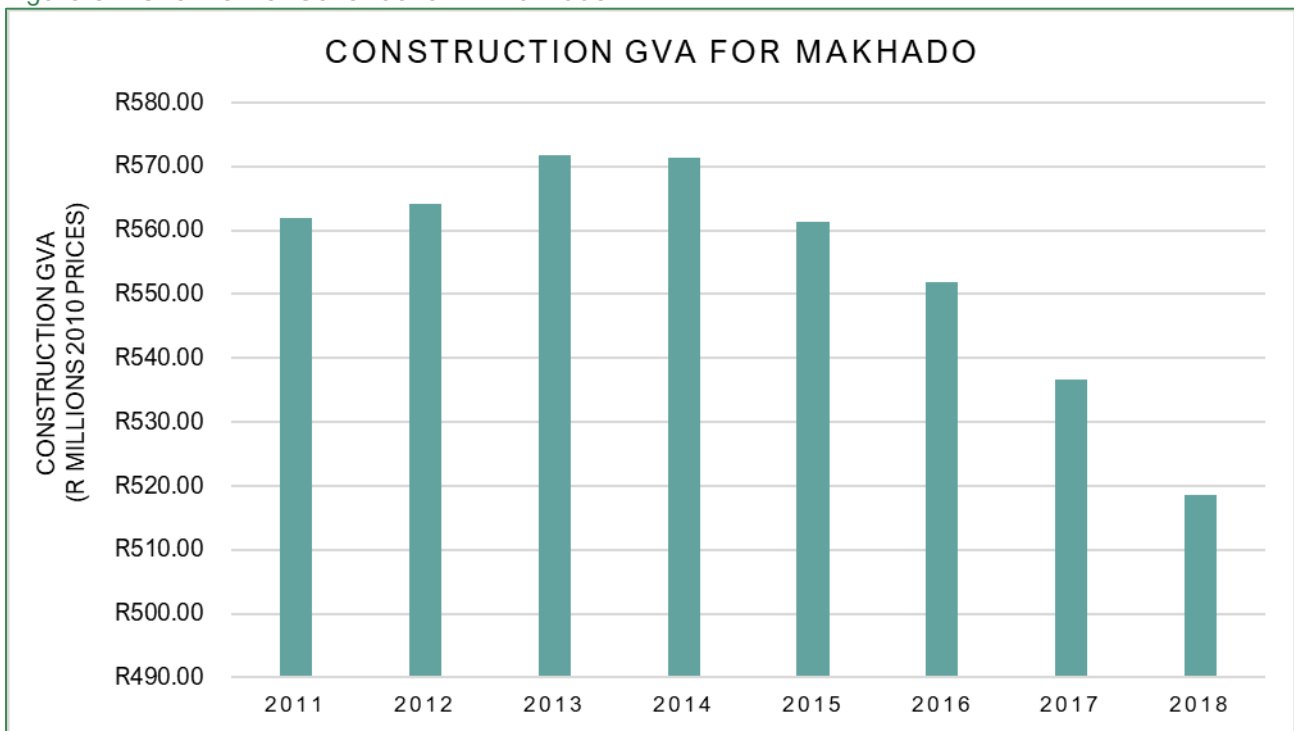
SOURCE: (Quantec, 2019)

### 3.4.2.2. Construction

Construction refers to excavating, grading of land and other activities associated with building structures and other types of real property. In addition, higher levels of construction may indicate development that will help boost economic and social activities.

Construction in MLM experienced a downward trend over the 2011 to 2018 period by about 1,98% annually, resulting in an output of about R574 million in 2018 as shown in Figure 34. It should be noted that infrastructure development is essential for construction. The municipality area has the potential for the wood construction industry but suffers from inadequate infrastructure development.

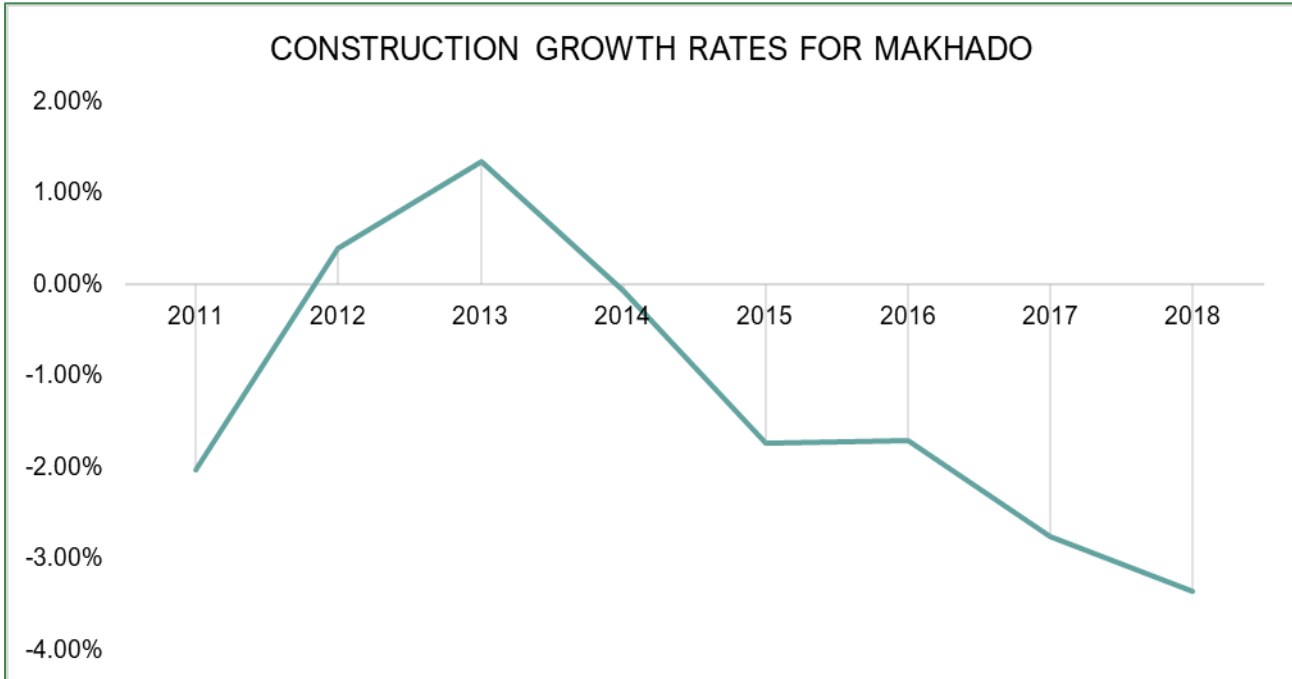
Figure 34: Overview of Construction in Makhado



SOURCE: (Quantec, 2019)

The year-on-year growth rate for construction, as presented in Figure 35, shows that the industry experienced a sharp decline in growth from 2014 that has resulted in a negative growth rate overall. It should be noted that construction is essential for economic growth due to the impact it has on socio-economic development. However, there is a need for improvement in construction that seeks to play a major role in the development sphere and creating an enabling environment for investment growth.

Figure 35: Construction Growth Rates in Makhado



SOURCE: (Quantec, 2019)

Table 30 provides an overview of the GVA, employment and location quotient for construction in Makhado. Construction output in Makhado contributed about 3,8% to the overall GVA generated by the Municipality in 2018. Furthermore, the output in Makhado declined from R561,95 million in 2011 to R518,59 million in 2018 at an annual growth rate of -1,14%. The industry had also employed a considerable number of people between 2011 and 2018, with employment growing at 1,56% annually. Furthermore, construction in MLM is relatively competitive in terms of GVA with an LQ of 1,01.

Table 30: Overview of GVA, Employment and LQ in Makhado for Construction

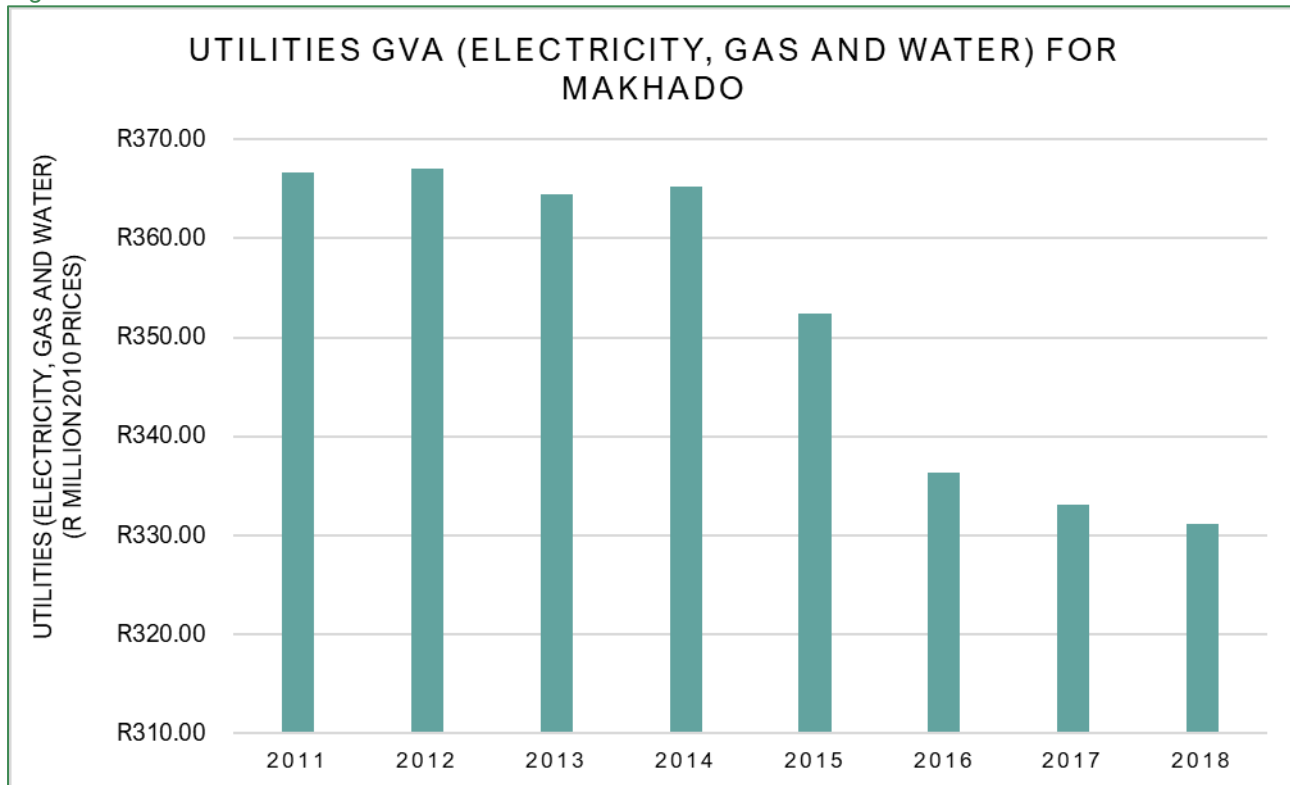
Indicator	2011	2018	AGR	LQ 2018
GVA (R mil 2010 prices)	R561,95	R518,59	-1,14%	1,01
Total Employment	522934	582875	1,56%	0,98

SOURCE: (Quantec, 2019)

### 3.4.2.3. Utilities (Electricity, Gas and Water)

The utilities industry refers to a service which includes electricity, gas and water and is often regulated by the government. The utilities industry in Makhado was worth R331,22 million in 2018 and contributed about 2,4% to overall GVA generated by the Municipality. Furthermore, the utilities industry output in Makhado declined from R366,65 million in 2011 to R331,22 million in 2018 at an annual growth rate of about -1,44% as illustrated in Figure 36.

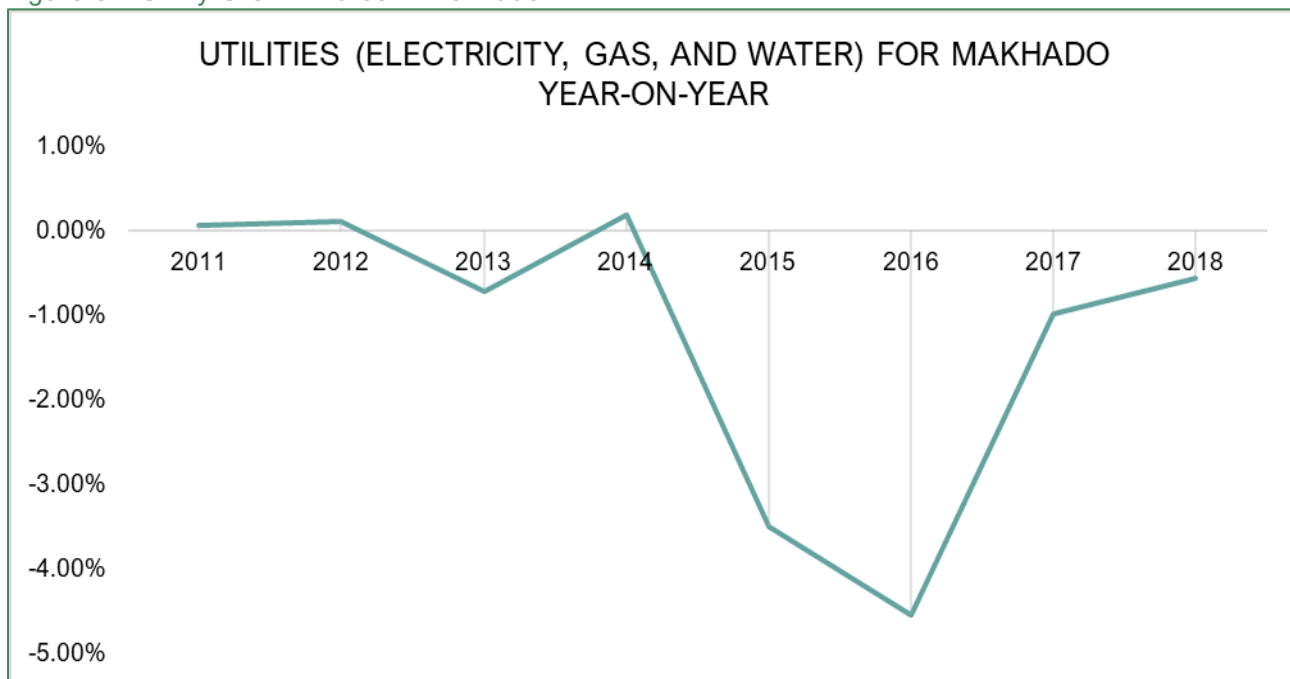
Figure 36: Overview of Utilities in Makhado



SOURCE: (Quantec, 2019)

The year-on-year growth rate for utilities is presented in Figure 37 which shows that the industry has not experienced significant growth over the period. The industry experienced a sharp decline in growth in 2014 resulting in a negative growth rate. However, there are signs of potential recovery, even though growth was negative over the period.

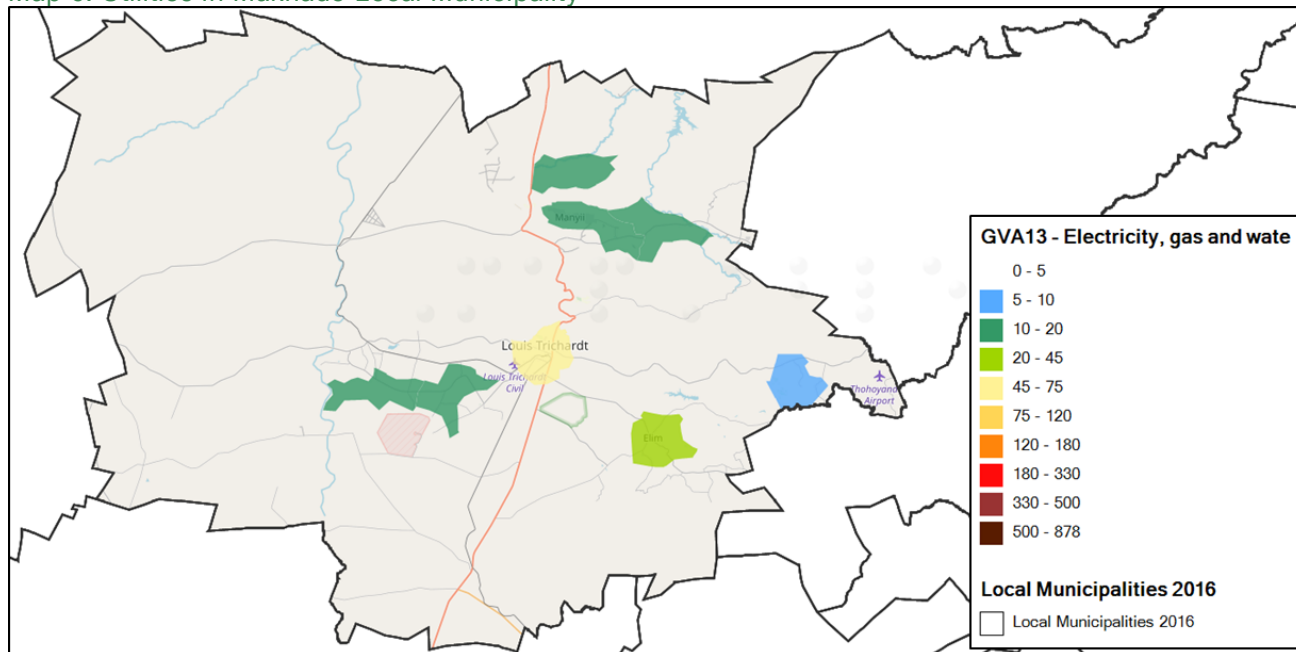
Figure 37: Utility Growth Rates in Makhado



SOURCE: (Quantec, 2019)

Map 6 provides a spatial analysis of utilities in Makhado. It should be noted that the bulk of utilities was mostly located within the Louis Trichardt town area as well as the eastern parts of the Municipality. Furthermore, the utilities industry had low production levels as indicated on the map.

Map 6: Utilities in Makhado Local Municipality



SOURCE: (MapAble®, 2019)

Table 31 provides an overview of the GVA, employment and location quotient utilities in Makhado. Utilities output in Makhado contributed about 2,4% to the overall GVA generated by the Municipality in 2018. Furthermore, the output in Makhado declined from R366,65 million in 2011 to R331,22 million in 2018 at an annual growth rate of -1,44%. The industry has also experienced a decline in the number of people employed between 2011 and 2018, declining by -1,32% annually. Utilities in Makhado was relatively competitive in terms of GVA with an LQ of 1,05.

Table 31: Overview of GVA, Employment and LQ in Makhado for Utilities

Indicator	2011	2018	AGR	LQ 2018
GVA (R mil 2010 prices)	R366,65	R331,22	-1,44%	1,05
Total Employment	438	399	-1,32%	0,94

SOURCE: (Quantec, 2019)

### 3.4.3. Tertiary Sector Analysis

The tertiary sector predominantly focuses on the production of services to consumers and other organisations within the economy.

#### 3.4.3.1. Wholesale, Retail, and Trade

Wholesale, retail, trade, catering and accommodation (Wholesale, Retail and Trade) can be broken up into wholesale which refers to the sale of goods in bulk at a discount to merchants for resale to retailers; industrial, commercial, institutional or professional users; or other wholesalers. Wholesale, retail and trade in Makhado experienced an upward trend between 2011 and 2018 growing annually by about 0,67% with an output of R2 982 million in 2018 as illustrated in Figure 38. In Makhado, trade services form an important part of the informal sector and provide goods and services that are in demand.

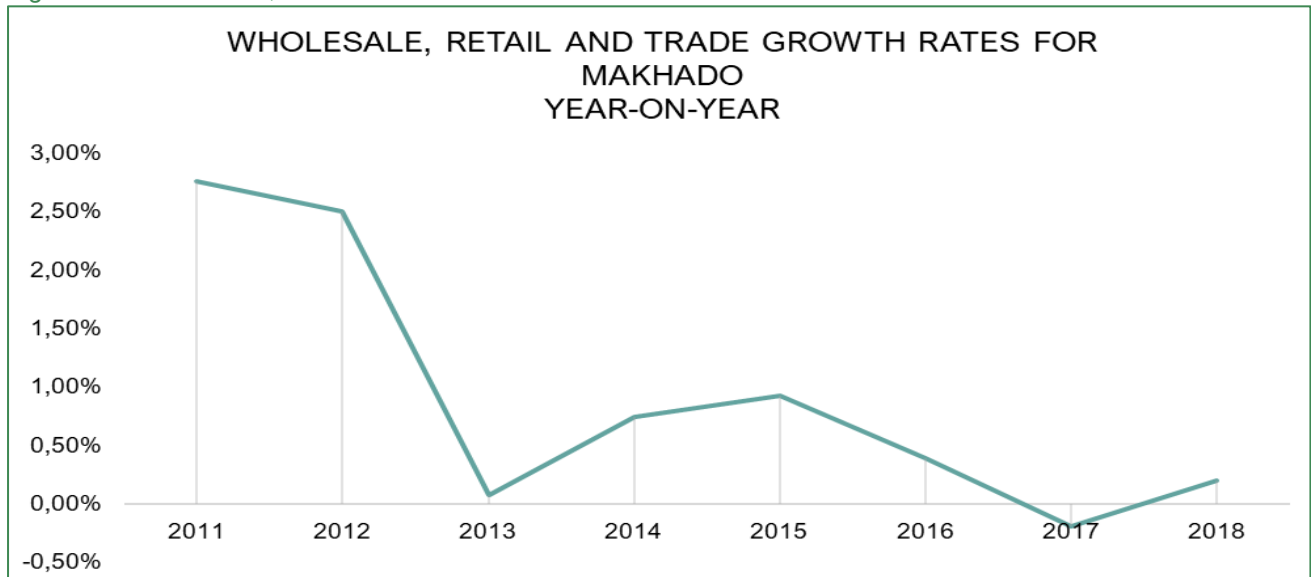
Figure 38: Overview of Wholesale, Retail and Trade in Makhado



SOURCE: (Quantec, 2019)

The year-on-year growth rate for wholesale, retail and trade, as presented in Figure 39, shows that the industry experienced a downward trend over the period. In addition, Figure 39 shows signs of recovery between 2017 and 2018, even though growth is relatively low. The decline in growth could suggest weak forward and backward linkages between the various economic activities such as linkages between tourism and trade (IDP, 2019).

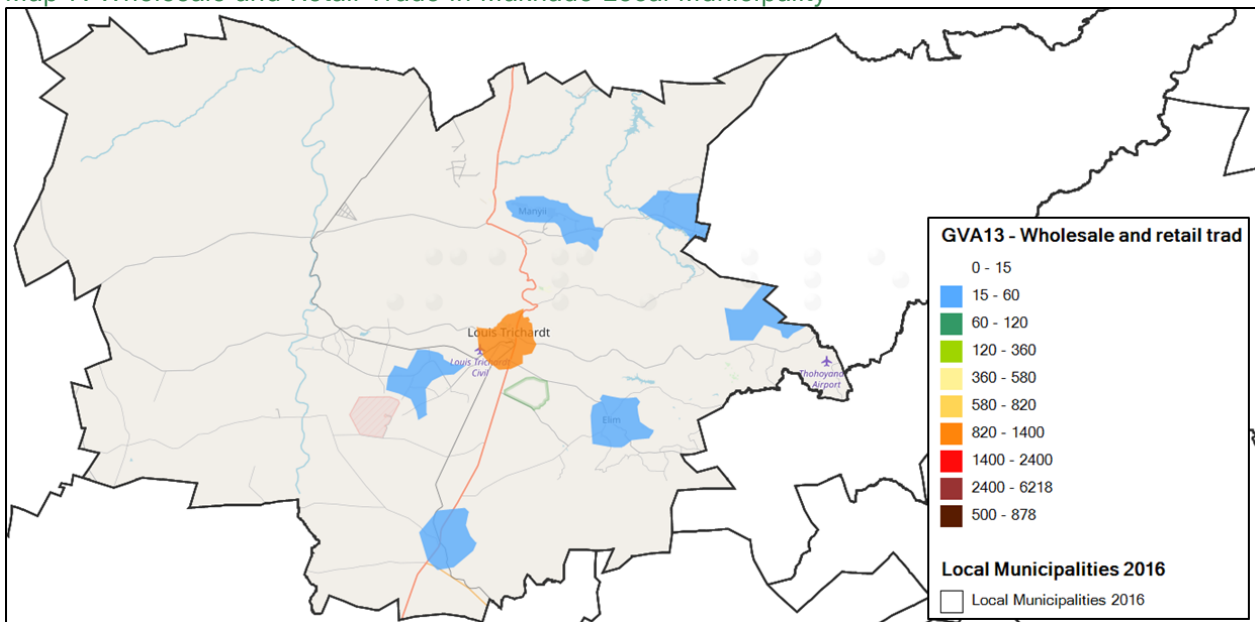
Figure 39: Wholesale, Retail and Trade Growth Rates in Makhado



SOURCE: (Quantec, 2019)

Map 7 illustrates the wholesale and retail trade in Makhado. The map shows that wholesale and retail trade activities were predominantly within Louis Trichardt town. Output levels were relatively low in the other areas as shown on the map.

Map 7: Wholesale and Retail Trade in Makhado Local Municipality



SOURCE: (MapAble®, 2019)



Table 32 provides an overview of the GVA, employment and location quotient wholesale, retail and trade in Makhado. The wholesale, retail and trade industry in Makhado contributed about 21,8% to the overall GVA generated by the Municipality in 2018. Furthermore, output in Makhado increased from R2 847million in 2011 to R2 982million in 2018 at an annual growth rate of 0,67%. The industry has also experienced an increase in the number of people employed between 2011 and 2018, growing at 0,98% annually. In Makhado, the wholesale, retail and trade industry were relatively competitive in terms of GVA and total employment with an LQ of 1,44 and 1,05 respectively.

Table 32: Overview of GVA, Employment and LQ in Makhado for Wholesale, Retail and Trade

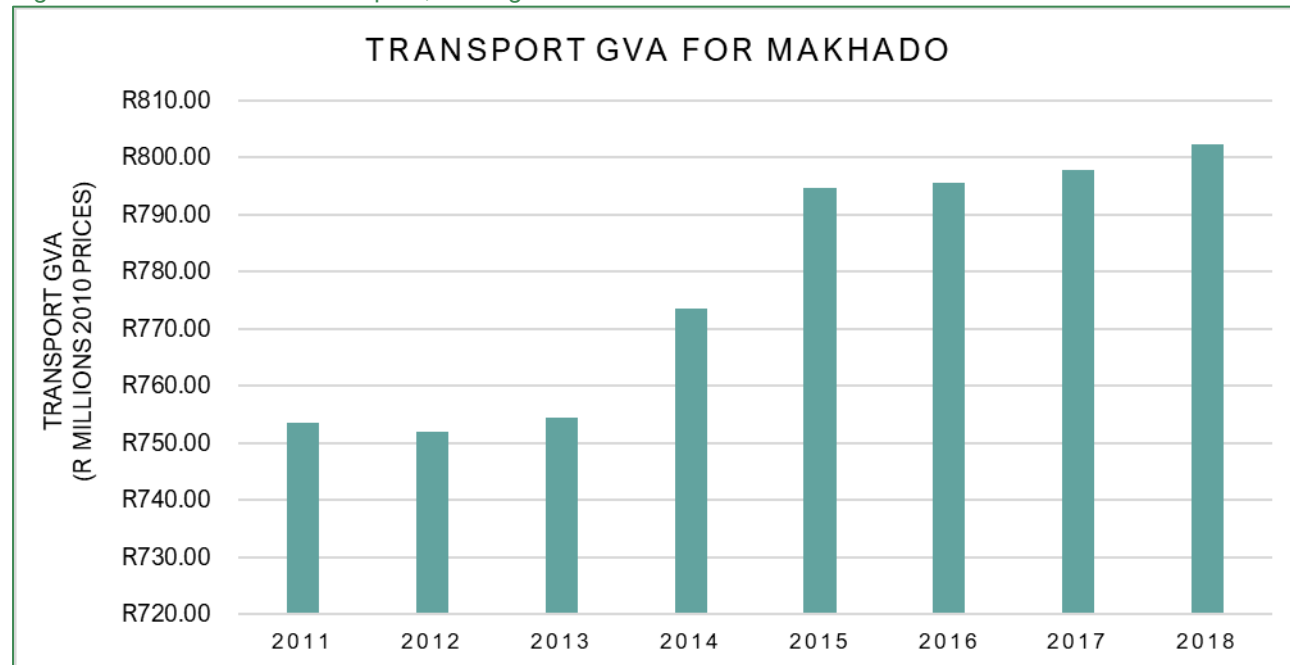
Indicator	2011	2018	AGR	LQ 2018
GVA (R mil 2010 prices)	R2 847	R2 982	0,67%	1,44
Total Employment	R21 847	R23 389	0,98%	1,05

SOURCE: (Quantec, 2019)

### 3.4.3.2. Transport, Storage and Communication

Transport, storage and communication (Transport) refer to the movement of people, animals, goods or information from one location to another, and the action or method of storing something for future use. The transport industry in Makhado experienced an upward trend between 2011 and 2018 growing annually by about 0,90% with an output of R802,34 million in 2018 as illustrated in Figure 40.

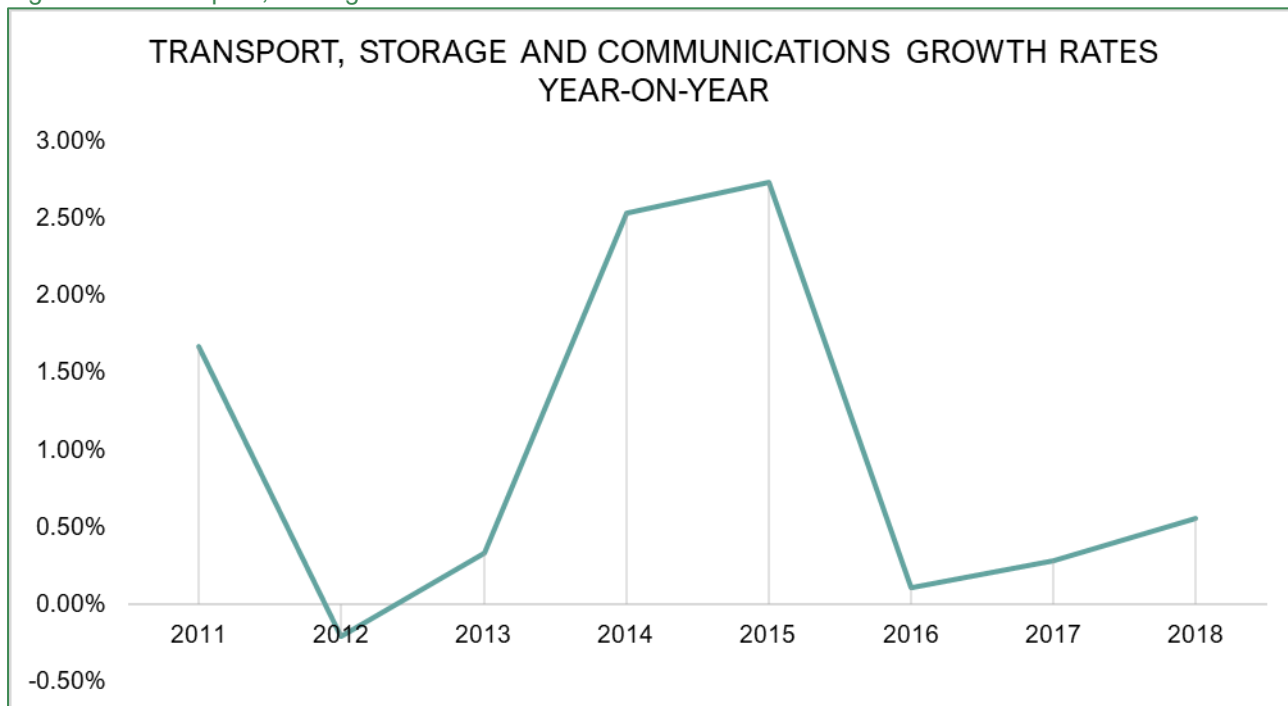
Figure 40: Overview of Transport, Storage and Communications in Makhado



SOURCE: (Quantec, 2019)

The year-on-year growth rate for transport, storage and communications growth rate is presented in Figure 41, which shows that the industry had a downward trend over the 2011 to 2018 period. Significant growth was seen between 2013 and 2015, and a significant decline leading to 2016.

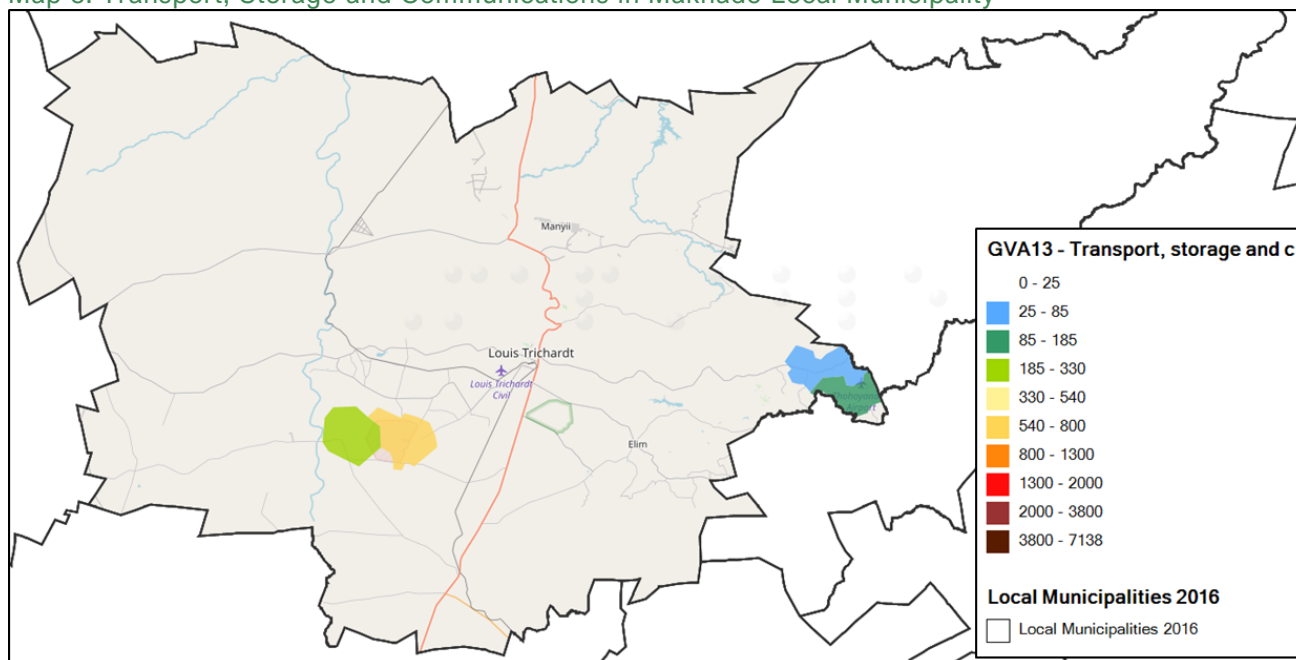
Figure 41: Transport, Storage and Communications Growth Rates in Makhado



SOURCE: (Quantec, 2019)

Map 8 illustrates transport, storage and communication in MLM. The map illustrates higher production levels of transport activities on the western side of the municipality with the eastern side having low production levels.

Map 8: Transport, Storage and Communications in Makhado Local Municipality



SOURCE: (MapAble®, 2019)

Table 33 provides an overview of the GVA, employment and location quotient transport, storage and communications in Makhado. The transport, storage and communications industry in Makhado contributed about 5,9% to the overall GVA generated by the Municipality in 2018.

Furthermore, output in Makhado increased from R753,47million in 2011 to R802,34 million in 2018 at an annual growth rate of 0,90%. The industry had also experienced an increase in the number of people employed between 2011 and 2018, growing at 0,16% annually. In Makhado, the transport, storage and communications industries were not competitive considering the GVA and employment LQs of 0,61 and 0,68 respectively.

Table 33: Overview of GVA, Employment and LQ in Makhado for Transport, storage and communication

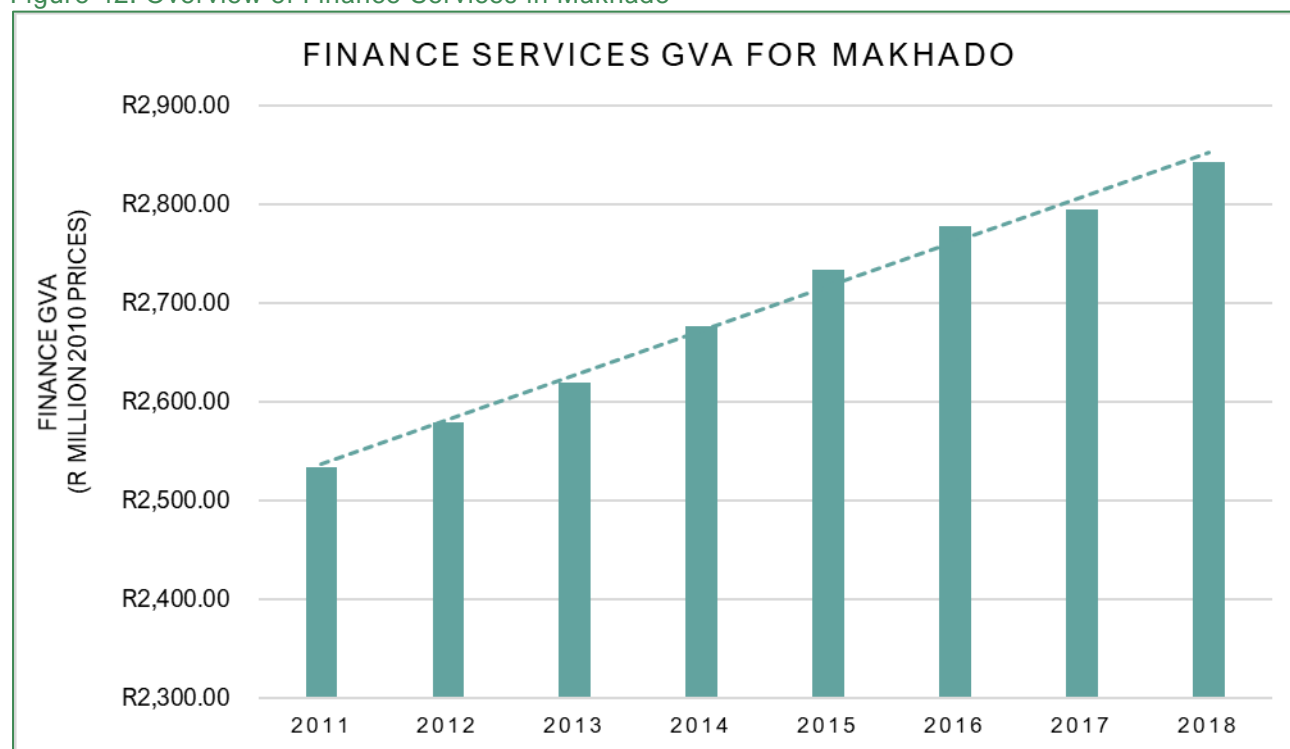
Indicator	2011	2018	AGR	LQ 2018
GVA (R mil 2010 prices)	R753,47	R802,34	0,90%	0,61
Total Employment	2949	2982	0,16%	0,68

SOURCE: (Quantec, 2019)

### 3.4.3.3. Finance Services

Finance services refer to economic services that encompass a broad range of businesses that manage money, including credit unions, banks, credit-card companies, insurance companies. The finance services industry in Makhado experienced an upward trend between 2011 and 2018 growing annually by about 1,66% with an output of R2 843 million in 2018 as illustrated in Figure 42.

Figure 42: Overview of Finance Services in Makhado

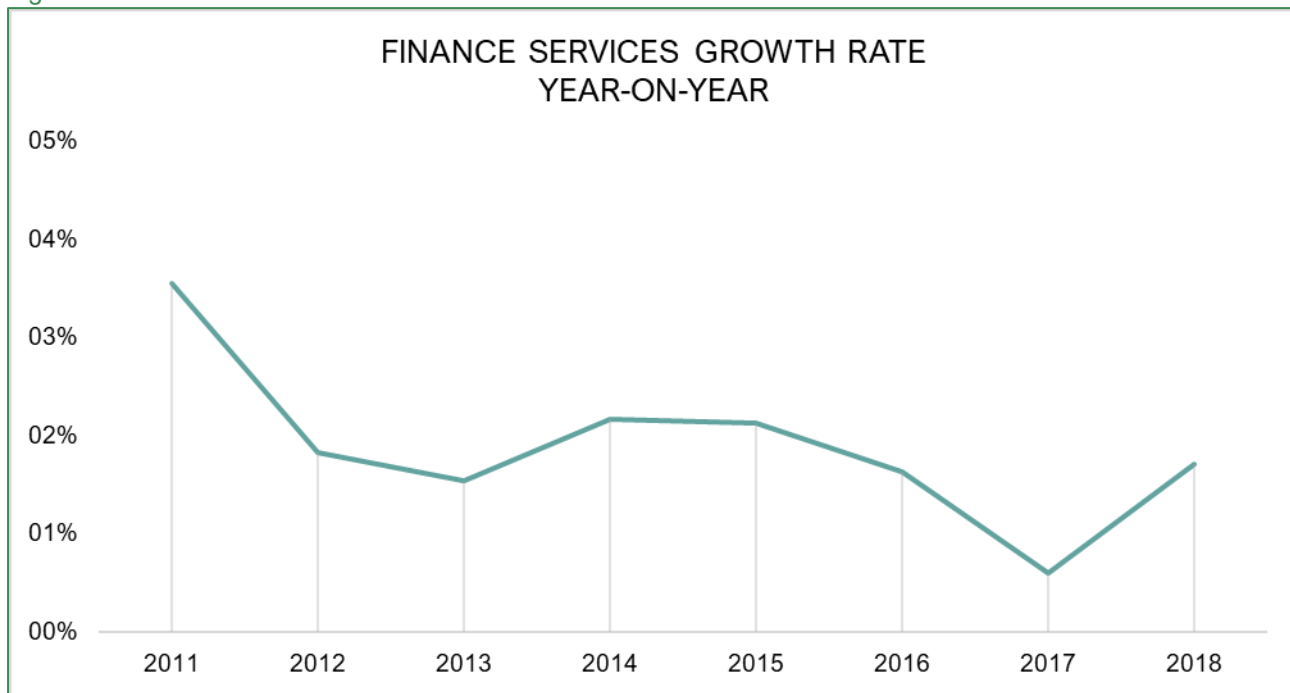


SOURCE: (Quantec, 2019)

The year-on-year growth rate for finance services growth rate is presented in Figure 43 which shows that the industry experienced downward trend overtime with growth about 1,66%. In addition, Figure 43 shows signs of recovery between 2017 and 2018, even though growth is not

significant. The decline in growth could suggest a large market for micro-lending in Makhado, to service the large informal sector that plays a major role in development (IDP, 2019).

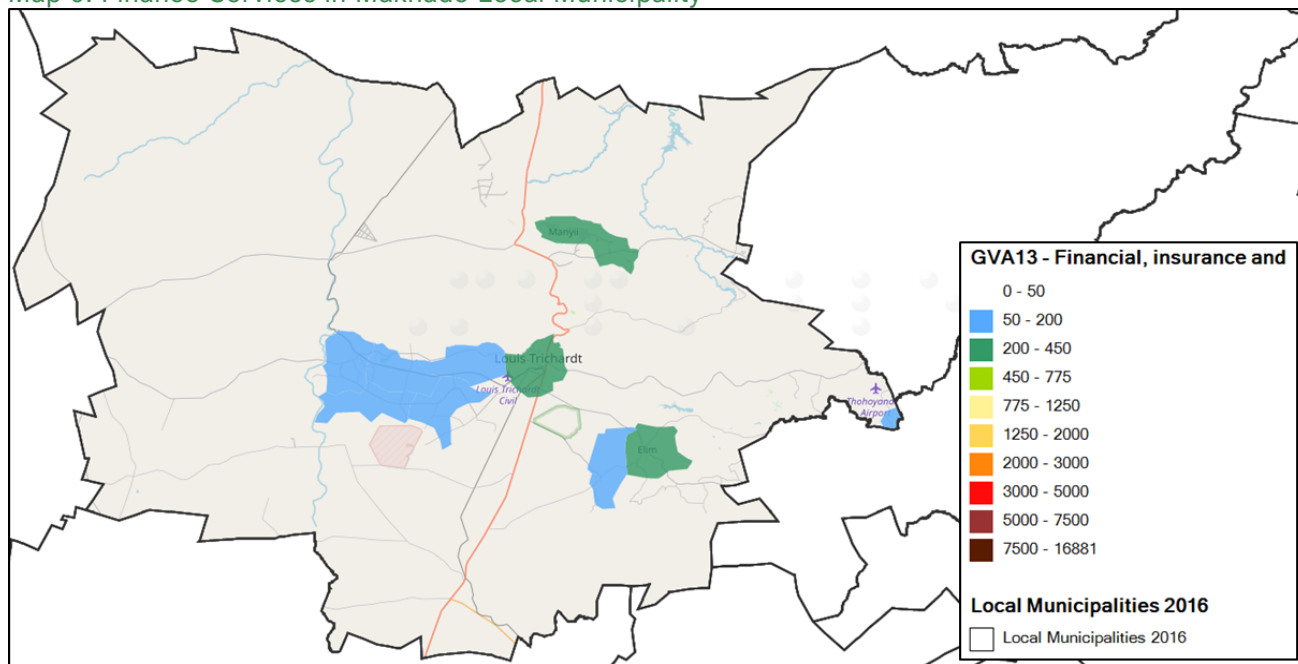
Figure 43: Finance Services Growth Rates in Makhado



SOURCE: (Quantec, 2019)

Map 9 illustrates finance services within the Municipality. A key observation is that most finance activities were predominantly within Louis Trichardt and on the western side of the Municipality. The eastern side also shows some activities, even though the production levels were relatively low as depicted in the map.

Map 9: Finance Services in Makhado Local Municipality



SOURCE: (MapAble®, 2019)

Table 34 provides an overview of the GVA, employment and location quotient finance services in Makhado. The finance services industry in Makhado contributed about 20,8% to the overall GVA generated by the Municipality in 2018. Furthermore, output in Makhado increased from R2 533 million in 2011 to R2 843 million in 2018 at an annual growth rate of 1,66%. The industry had also experienced an increase in the number of people employed between 2011 and 2018, growing at about 0,77% annually. In Makhado, the finances services industry was not competitive in terms of GVA and employment given an LQ of 0,93 and 0,56 respectively.

Table 34: Overview of GVA, Employment and LQ in Makhado for Finance Services

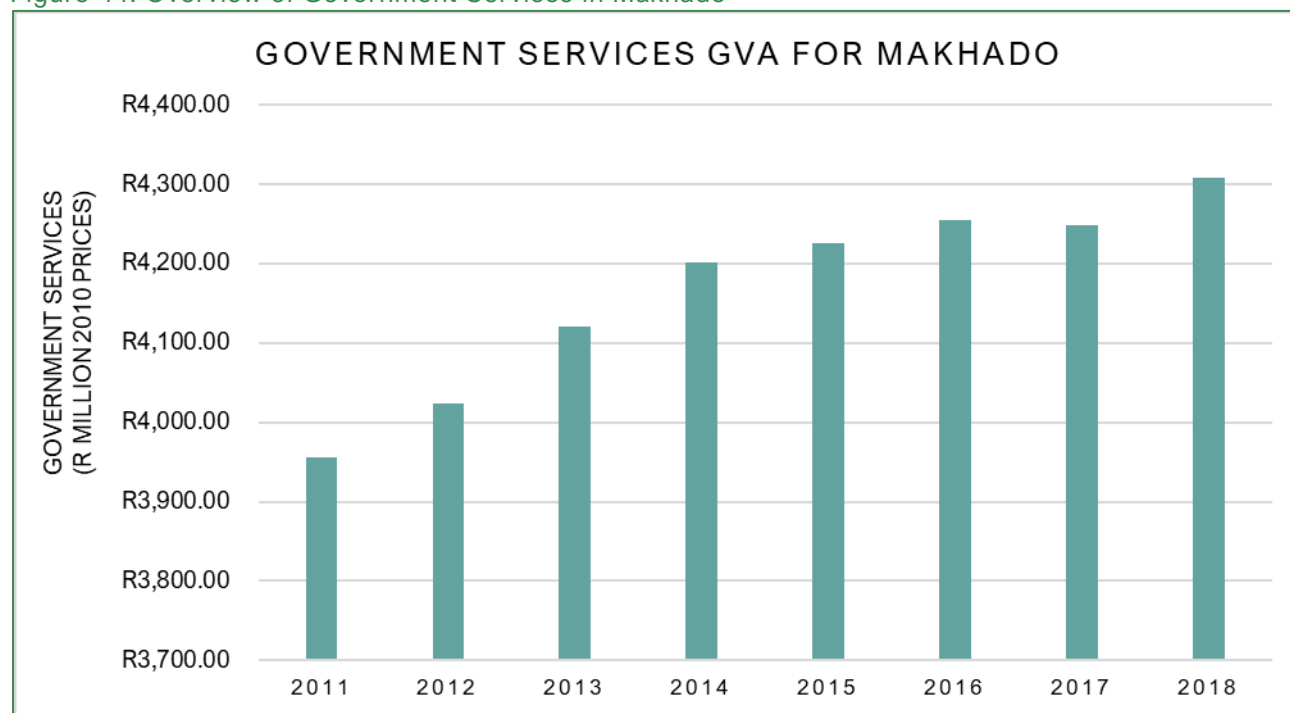
Indicator	2011	2018	AGR	LQ 2018
GVA (R mil 2010 prices)	R2 533	R2 843	1,66%	0,93
Total Employment	9368	9883	0,77%	0,56

SOURCE: (Quantec, 2019)

#### 3.4.3.4. Government Services

Government services refer to services that are provided by the government to people living within its jurisdiction, either directly (through the public sector) or by financing provision of services. The government services industry in Makhado experienced an upward trend between 2011 and 2018 growing annually by about 1,23% with an output of R4 308 million in 2018 as illustrated in Figure 44.

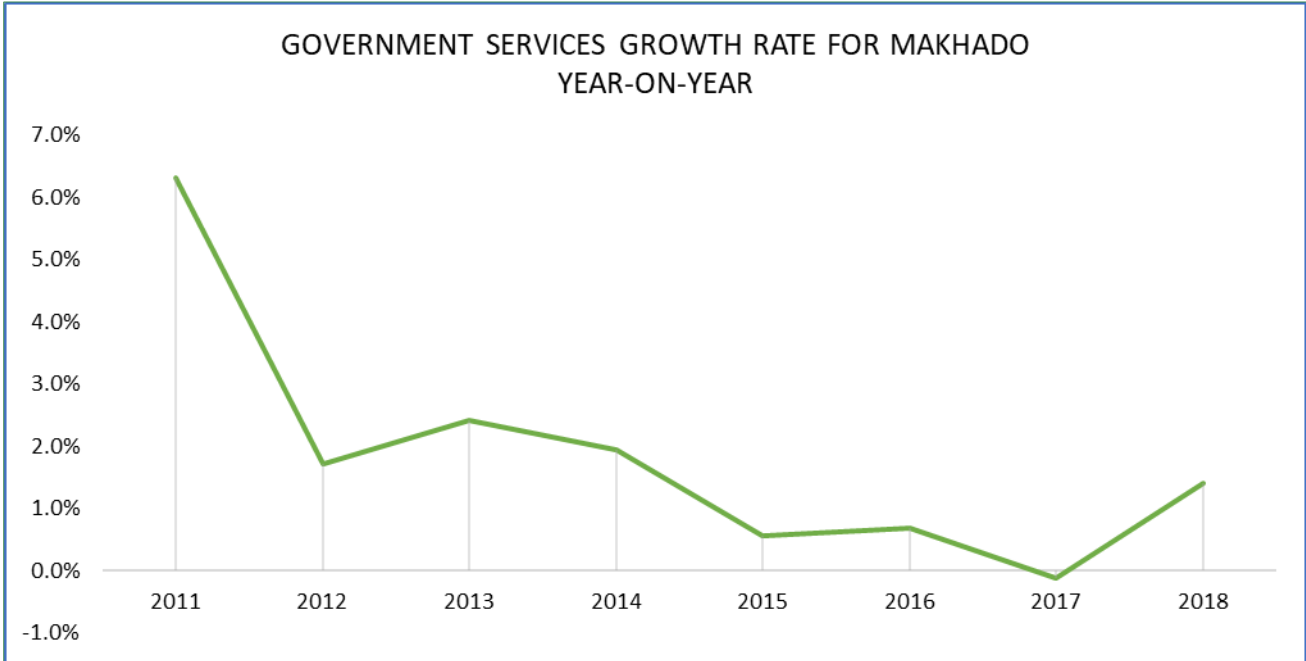
Figure 44: Overview of Government Services in Makhado



SOURCE: (Quantec, 2019)

The year-on-year growth rate for government services, as presented in Figure 45, shows that the industry experienced a downward trend over the 2011 to 2018 period. Figure 45 also shows signs of recovery between 2017 and 2018, even though growth was relatively low.

Figure 45: Government Services Growth Rates in Makhado



SOURCE: (Quantec, 2019)

Table 35 provides an overview of the GVA, employment and location quotient for government services in Makhado. The government services industry in Makhado contributed about 31,5% to the overall GVA generated by the Municipality in 2018. Furthermore, output in Makhado increased from R3 956 million in 2011 to R4 308 million in 2018 at an annual growth rate of 1,23%. The industry had also experienced a decline in the number of employed people between 2011 and 2018, declining at about -0,49% annually. In Makhado, the government services industry was competitive in terms of GVA and total employment, given an LQ of 1,88 and 1,31 respectively.

Table 35: Overview of GVA, Employment and LQ in Makhado for Government Services

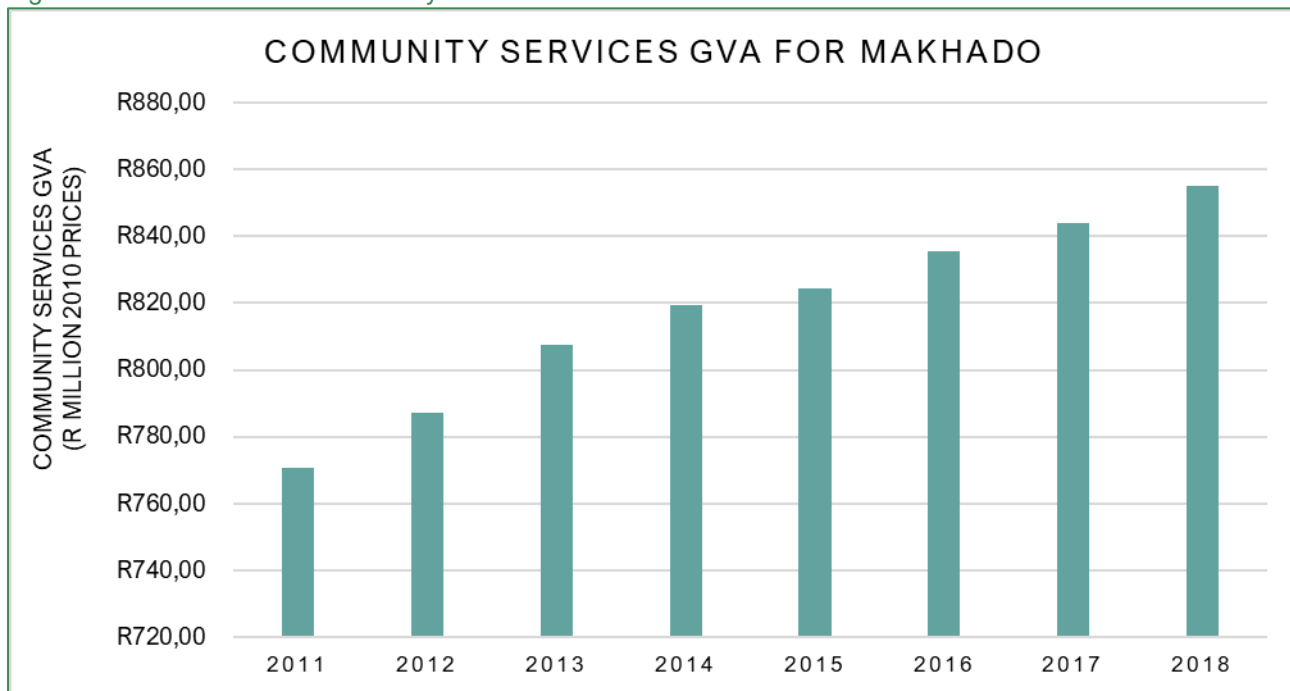
Indicator	2011	2018	AGR	LQ 2018
GVA (R mil 2010 prices)	R3 956	R4 308	1,23%	1,88
Total Employment	16 377	15 820	-0,49%	1,31

SOURCE: (Quantec, 2019)

### 3.4.3.5. Community Services

Community services sector refers to services provided by a broad range of national, state and territory governments and non-government agencies. The community services industry in Makhado experienced an upward trend between 2011 and 2018, growing annually by about 1,50% with an output of R855 million in 2018 as illustrated in Figure 46.

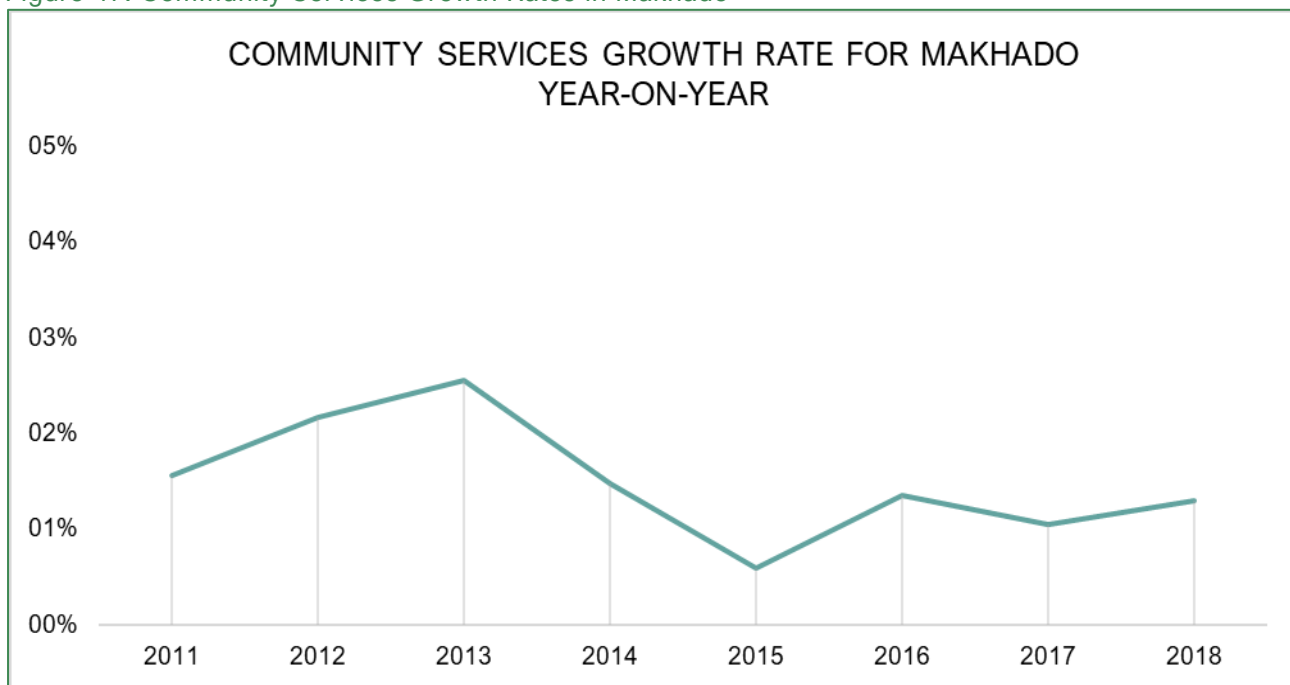
Figure 46: Overview of Community Services in Makhado



SOURCES: (Quantec, 2019)

Figure 47 shows that the growth within the industry had declined between 2011 and 2018 given the downward trend. The sharpest decline was seen between 2013 and 2015, with signs of potential recovery leading to 2018.

Figure 47: Community Services Growth Rates in Makhado

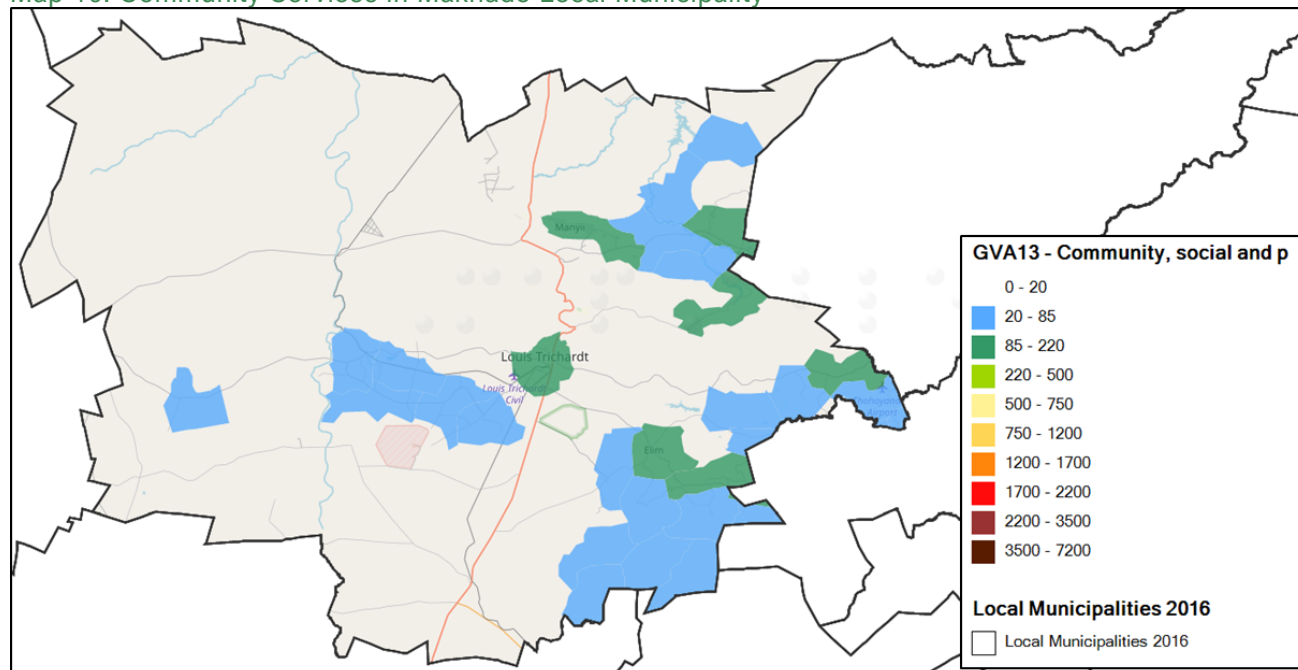


SOURCE: (Quantec, 2019)



Map 10 shows the community services activities within MLM. A key observation is that most of the activities take place on the eastern side of the region with the exception of Louis Trichardt and the areas to the south-west of the town. It is important to note that the GVA value, in general, was relatively low for activities in this industry as depicted in the map.

Map 10: Community Services in Makhado Local Municipality



SOURCE: (MapAble®, 2019)

Table 36 provides an overview of the GVA, employment and location quotient community services in Makhado. The community services industry in Makhado contributed about 6,3% to the overall GVA generated by the Municipality in 2018. Furthermore, output in Makhado increased from R771 million in 2011 to R855 million in 2018 at an annual growth rate of 1,50%. The industry had also experienced an increase in the number of people employed between 2011 and 2018, growing at about 3,10% annually. In Makhado, the community services industry was competitive in terms of GVA and total employment with an LQ of 1,05 and 1,26 respectively.

Table 36: Overview of GVA, Employment and LQ in Makhado for Community Services

Indicator	2011	2018	AGR	LQ 2018
GVA (R mil 2010 prices)	R771	R855	1,50%	1,05
Total Employment	17 697	21 918	3,10%	1,26

SOURCE: (Quantec, 2019)

#### 3.4.4. Tourism

Tourism comprises of activities, services and industries which deliver a travel experience that entails transportation, accommodation, and other hospitality services provided for individuals or groups travelling from home (UNWTO, 2018). In addition, tourism should be viewed as a holistic system that cuts across various economic sectors. South Africa has a competitive advantage when it comes to the tourism industry considering that tourism is one of the leading industries in the world and South Africa. Similarly, the NDP 2030 recognises tourism as one of the main

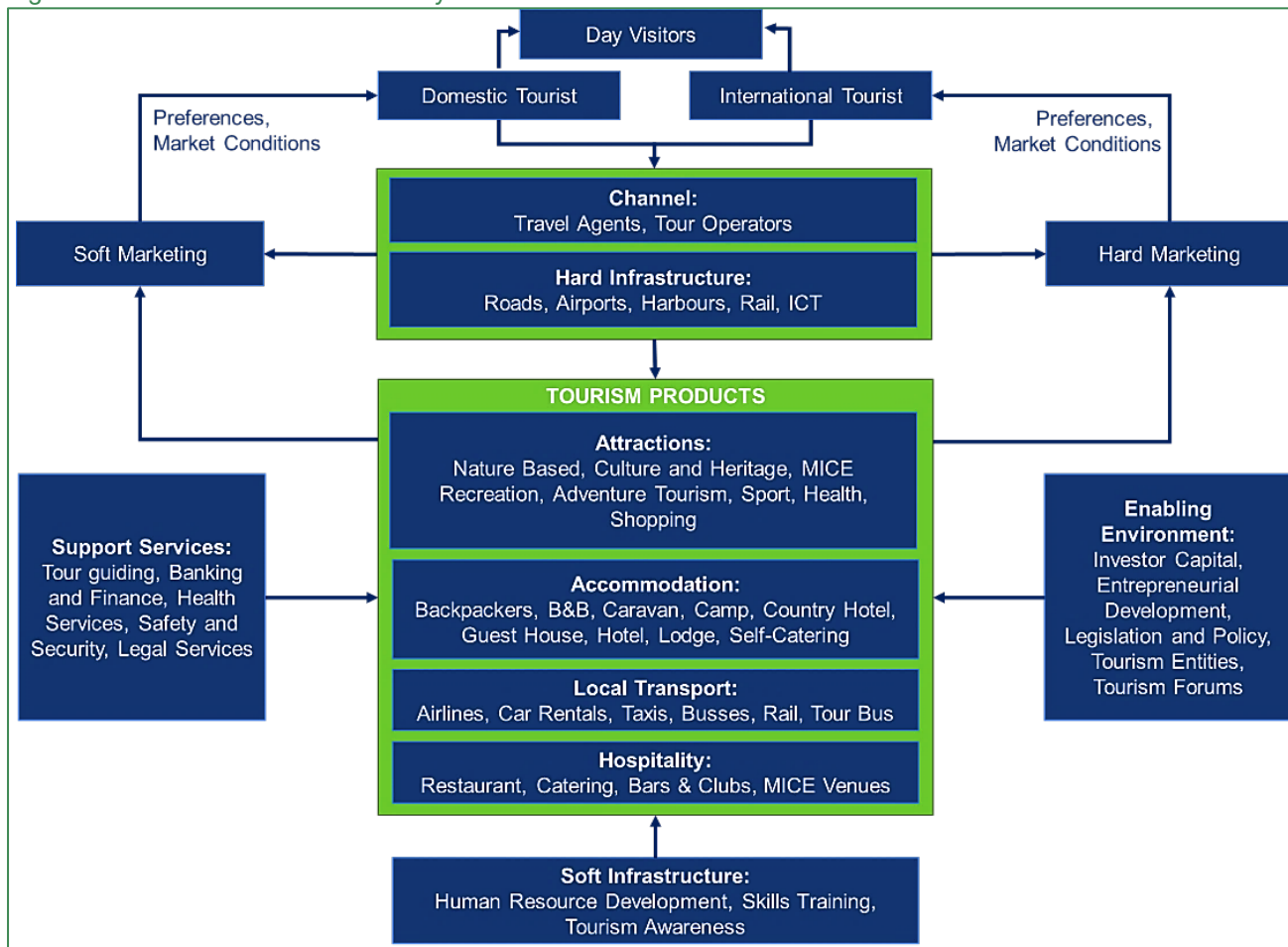
drivers of employment and economic growth in South Africa. It should be noted that the significance of tourism in South Africa is further embedded in the constitution where tourism is listed as a functional area of concurrent national and provincial legislative competence.

According to SAT (2019), almost 19,2 million travellers were recorded in 2017 with a total of 135 million-day trips taken. Tourism plays a vital role in MLM given the favourable climate in Limpopo and major tourism destinations and opportunities in the area such as the nature reserves. In addition, the industry is a development pillar for the Municipality and has potential to create spillover effects in the economy through the effective utilisation of economic resources thereby, addressing socio-economic imperatives.

According to the Makhado Local Municipality IDP (2019), Community Tourism Associations (CTAs) in the area involved in tourism, include Soutpansberg Tourism Association, Ribolla Tourism Association, Tshakhuma Tourism Association and Nzhelele Tourism Association. Moreover, Makhado has a rich history and natural scenery that attracts many tourists in the area. The potential in Makhado could result in the establishment of a tourism economy through skills and capacity development so that community members can actively take advantage of the upstream and downstream opportunities in the tourism value chain.

The industry is more than a group of products and services provided to the tourist but a holistic system that cuts across various economic sectors. Figure 48 provides an overview of the holistic tourism industry.

Figure 48: Holistic Tourism Industry

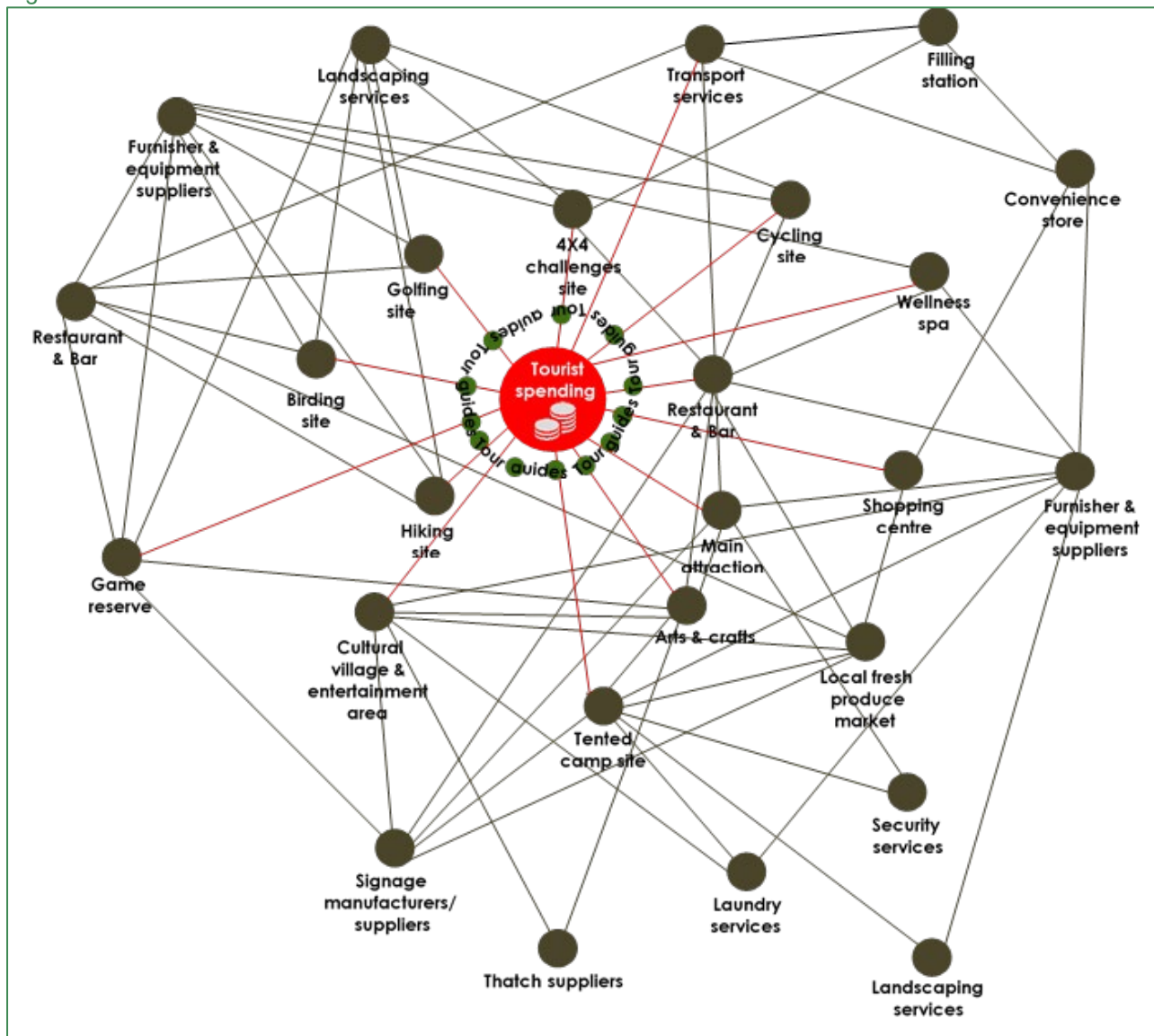


SOURCE: (Urban-Econ, 2019)

Tourism development within Makhado requires forward and backward linkages between the various tourism products, and between tourism products and supporting services. All elements of the holistic system need to be in place for the tourism sector in MLM to unlock the latent potential of this industry.

The development of the tourism industry in Makhado is expected to create sustainable jobs in the local economy dependent on conservation, tourism, mining and agriculture. Figure 49 provides an overview of tourism potential and income circulation within the industry.

Figure 49: Tourism Potential and Income Circulation



SOURCE: (Urban-Econ, 2019)

Makhado is very rich in different cultures and the legendary Venda is adjacent to the east of the Municipality and offers an intriguing look into the legends and myths of the age-old Venda culture, thereby enabling Makhado to be an ideal tourist destination. Table 37 provides an overview of potential areas for development and activities for tourism include:

Table 37: Potential Areas and Activities for Tourism

Tourism Attractions	Activities
Adventure and Sport	<ul style="list-style-type: none"> <li>Albasini and Middle Letaba Dams provide tourists with an unforgettable adventure of relaxation at the water's edge. The dam also allows for boating and angling with beautiful scenery at the overflows of the Luphephe and Nwanedi Dams</li> <li>Various Hiking and 4x4 routes are also available in the municipality such as The Baobab Hiking Trail, Entabeni Trails, Hangklip Hiking Trails, Limpopo Wilderness Hiking Trail, Maduba-Shango Trail, Soutpansberg Mountain climbing, Nyalaland Wilderness Hiking Route and Soutpansberg hiking trail</li> </ul>
Archaeology and Paleontology	<ul style="list-style-type: none"> <li>The Ben Lavin Nature Reserve dating back to 1250 AD, Bergpan Eco Resort (Salt Pans) with rock art paintings dating back to 70 AD which can be viewed in a rock shelter above the salt pans</li> <li>Lajuma San Rock Art, which is one of the few apart from the Western Cape at which handprints can be seen and provides guided walks to archaeological sites. Lesheba San Rock Art Sites in Soutpansberg mountain, Machema Ruins, Medike site and Verdun Ruins</li> </ul>
Art and Crafts	<ul style="list-style-type: none"> <li>Elim Cultural Meander, Elim Cultural Museum, Mashamba pottery workshop</li> <li>Rivoni Society for the Blind</li> <li>Tsonga textiles and, Twanani Textiles and Batik Workshop</li> </ul>
Cultural/Community Tourism	<ul style="list-style-type: none"> <li>The Venda Cultural Meander leads to the villages and towns where the Venda people live, which also allows tourists to get to know the Venda culture and see fruits plantations and the subtropical landscape</li> </ul>
Fauna and Flora	<ul style="list-style-type: none"> <li>Bergplaat forest sanctuary, Ben Lavin Nature Reserve, Bluegumspoor meander, Buzzard Mountain Retreat, Fruit and Flower Meander, Hangklip forest, Kruger Park Meander, Nwanedi Park, Soutpansberg Meander, Witvlag Meander and several other game reserves</li> </ul>
History and Architecture	<ul style="list-style-type: none"> <li>Elim hospital Museum which commemorates the work of Swiss doctors and missionaries in South Africa</li> <li>The Grave of Joao Albasini who was an important trader in the Soutpansberg area during the latter part of the nineteenth century. His grave lies near the picnic site at Albasini Dam</li> </ul>
Natural Wonders	<ul style="list-style-type: none"> <li>Hanglip cliff- one of the highest points of the Soutpansberg Mountain Range where one can get to see the spectacular views of the mountains and valleys</li> <li>Breathing stone on Tswime Mountain</li> </ul>

## Nzhelele Nature Reserve

The Nzhelele Nature Reserve is situated approximately 140 km north-east of Polokwane and 138km south of Beitbridge. The nature reserve forms a key component of the protected area system due to:

- The water catchment located in the reserve (i.e. the Nzhelele Dam and reservoir)
- The reserve's proximity to the Nwanedi Nature Reserve, Honnet Nature Reserve and privately owned Greater Kuduland Conservancy
- The reserve's potential to act as an important catalyst in the economic and social development of the local community



The Limpopo Department of Economic Development, Environment & Tourism (LEDET), has identified a number of key development opportunities for Nzhelele nature Reserve which entail:

- A huge potential to initiate eco-tourism operations, including the development of guest accommodation, boat cruises, fishing and other aquatic activities, facilities for day visitors, a cultural village and cultural experiences, a golf course, caravan park, etc.
- An opportunity for aquatic, terrestrial, cultural and paleontological research opportunities, and a large scope for environmental education
- The location of the reserve will allow incorporation into the Vhembe District Municipality Integrated Development Plan (VDMIDP), the Makhado Local Municipality Integrated Development Plan (MLMIDP) and the Greater Mapungubwe Trans-frontier Park

### 3.4.5. Sectoral Profile Summary

This section provides a summary of the information presented above regarding the economic sectors in Makhado Local Municipality. Table 38 provides a summary of the industries in the Municipality focusing on the GVA size, contribution and growth rate. The table also provides the location quotients (LQs relative to National) for the respective industries, making use of conditional formatting to indicate the comparative advantage where the colour scale ranges from red (lowest LQ) to green (highest LQ) for each industry.

The table shows that Makhado Local Municipality had a comparative advantage in the following industries with an LQ above 1,0 (in descending order for the LQ):

- General government had an LQ of 1,88 in 2018 and contributed the most to the economy of Makhado, growing at about 1,23% annually from 2011 to 2018.



- Agricultural activities in the Municipality contributed about 4,2% to total GVA in 2018 but had the highest growth among the industries in the Municipality. Makhado had a comparative advantage in the industry, with an LQ of 1,62 relative to National.
- The wholesale and retail trade industry had the second-highest contribution to GVA in 2018, contributing almost 22% with an output of about R2 982 million in 2018. It should be noted that the industry had seen relatively slow growth of 0,67% annually over the 2011 to 2018 period.
- Community services in Makhado had a steady growth of about 1,5% over the 2011 to 2018 period, resulting in an output of about R855 million in 2018 that translated to a 6,25% contribution to total GVA. It had a comparative advantage given the LQ of 1,05 relative to National.
- The utilities industry had a slight comparative advantage given an LQ of 1,05 in 2018. However, the output from the industry is relatively low given the 2,42% contribution in 2018. The industry had seen a significant decline of -1,44% annually over the 2011 to 2018 period.
- Construction in the Municipality also saw a decline over the 2011 to 2018 period, declining by about -1,14% annually over the period. However, the industry contributed almost 4% in 2018 given the output of about R518 million and an LQ of 1,01.

Table 38: Summary of Industry Analysis

Industry	GVA 2018 (R mil 2010 prices)	GVA Contribution 2018	AGR (2011 - 2018)	LQ*
Agriculture, Forestry and Fishing	R 574,14	4,20%	1,98%	1,62
Mining and Quarrying	R 76,83	0,56%	-3,11%	0,07
Manufacturing	R 383,89	2,81%	0,76%	0,21
Electricity, Gas and Water	R 331,22	2,42%	-1,44%	1,05
Construction	R 518,59	3,79%	-1,14%	1,01
Wholesale and Retail Trade, Catering and Accommodation	R 2 982,11	21,81%	0,67%	1,44
Transport, Storage and Communication	R 802,34	5,87%	0,90%	0,61
Finance, Insurance, Real Estate and Business Services	R 2 842,80	20,79%	1,66%	0,93
General Government	R 4 308,27	31,50%	1,23%	1,88
Community, Social and Personal Services	R 855,09	6,25%	1,50%	1,05

SOURCE: (Quantec, 2019)

\*CONDITIONAL FORMATTING TO EMPHASIZE INDUSTRY COMPETITIVENESS

Tourism is an essential pillar in Makhado and has a significant role to play towards development in the Municipality. Makhado must develop the forward and backward linkages between the various tourism products, and between tourism products and supporting services to create a sustainable tourism economy. Furthermore, the Municipality still needs to develop opportunities and market tourism icons and attractions.



## 4. Potential Analysis

This section provides a brief overview of the Municipality's capacity to plan and implement local economic development in their respective areas. The section will investigate the spatial analysis of the municipality's growth points, development corridors and the SEZ which establishes local economic development in the Municipality.

### 4.1. Growth Points

The growth points identified in Makhado describe individual settlements or areas which feature strong economic, social and institutional activities. Furthermore, it is expected that the specific growth points which have been identified within the study will be essential towards the formulation of the strategy. Table 39 provides an overview of the growth points within Makhado.

Table 39: Growth Points in Makhado

Hierarchy and order of settlements	Type	Cluster name	Settlement within cluster
<b>1<sup>st</sup> Order Settlement (Growth Points)</b>	PGP	Makhado Provincial Growth Point	Louis Trichardt Town including Tshikota
	DGP	Elim/Waterval District	Elim/Waterval rural
<b>2<sup>nd</sup> Order Settlement (Population Concentration Points)</b>	MGP	Growth Point Madombidza Municipal Growth Point	Mpheni & Waterval urban Depot Village Dzumbathoho Madombidza Zone 1 Madombidza Madombidza Zone 2 Madombidza Zone 3 & Rathidili
<b>2<sup>nd</sup> Order Settlement (Population Concentration Points)</b>	PCP	Ravele Tshino Tshakhuma Maebane	
<b>3<sup>rd</sup> Order Settlements (Local Service Points)</b>	LSP	Buysdorp Thalane Amancisini Valdezia Vleifontein Waterpoort	N/A

SOURCE: (SDF, 2011)

Growth points are the core of economic development and as highlighted earlier, growth points stimulate economic activity through establishing a multiplier effect that aims to improve and creation of jobs. The growth points identified in Table 39 seek to create an enabling environment which will identify economic opportunities that address the issues of poverty faced by the community.

In addition, the municipality is currently facing the challenge of migration as people tend to migrate from smaller settlements to larger settlements in the district or to neighbouring districts and even to other provinces due to lack of economic activities (IDP, 2019). In this regard, population sizes together with local economic development in the identified growth points will

result in the natural growth of the settlements, thereby forming the basis for sustainable growth and development.

The vision for the Municipality is to become an “A dynamic hub for socio-economic development by 2050” which will be achieved through the effective use of economic resources to address socio-economic imperatives. The strategic development areas within Makhado that have been identified to have great economic potential include the mining, agriculture and tourism sectors.

#### 4.2. Development Corridors

Makhado is strategically located to key development corridors that are potential could unlock investment and trade opportunities for the Municipality. Development corridors are transport routes that develop over time so as to facilitate a series of social and economic development activities in a geographical area (Hope & Cox, 2015). According to the Makhado SDF (2011). Development corridors are defined as 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.

Development corridors often extend to support wider social development and economic growth of a subnational region or cross-border region. The strategic sitting of Makhado enables the Municipality to have a comparative advantage in relation to its competitors in terms of the investment outlook and trade services.

According to the Limpopo Growth and Development Strategy (2004), directives and objectives applicable to Makahdo in terms of specific economic clusters that are expected to have an impact on the economy and assist in job creation include:

- Fruit and vegetable (horticulture) cluster in Vhembe District
- Red and white meat cluster on all the corridors
- Tourism cluster on all the corridors
- Forestry cluster in Vhembe District

The Makhado SDF (2011) identifies Trans-Limpopo Corridor, Elim Vuwani Development Corridor and Maebane-Hlanganani as development corridors for the Municipality. However, in Limpopo, provincial development corridors include the Phalaborwa Corridor, the Dilokong Corridor, the East-West Corridor and the Trans-Limpopo Corridor. The trans-Limpopo Corridor proceeds through the N1-National Road from Polokwane in the south through Makhado into Musina and Zimbabwe in the north (SDF, 2011). **Error! Reference source not found.** provides a spatial analysis of the development corridors along Makhado.

Table 40: Provincial routes through Makhado linking with other areas

Province Route No.	Description	Route and Significance
R 523	Alldays – N1 - Thohoyandou	<ul style="list-style-type: none"> <li>Linking from R 521 from Vivo/Alldays (Blouberg municipality) in the west and into an eastern direction to the N1 north of the Soutpansberg and proceeds east towards Sibasa and Thohoyandou (Thulamela Municipality) and finally towards the Kruger National Park.</li> </ul>
R 522	Vivo - Makhado	<ul style="list-style-type: none"> <li>Linking from R521 from Vivo in the west into an eastern direction south of the Soutpansberg into Makhado town (Louis Trichardt) and the N1</li> </ul>
R 524	Makhado - Thohoyandou	<ul style="list-style-type: none"> <li>From Makhado town (Louis Trichardt) and the N1, it proceeds south of the Soutpansberg into an eastward's direction to Thohoyandou (Thulamela Municipality) and the Kruger National Park.</li> </ul>
R 578	Makhado - Giyani	<ul style="list-style-type: none"> <li>From Makhado town (Louis Trichardt) it proceeds into a south-eastern direction towards Giyani (Greater Giyani Municipality)</li> </ul>

SOURCE: (MAKHADO SDF, 2018)

### 4.3. Musina-Makhado SEZ

An SEZ is conceived as a one-stop world-class integrated zone for providing products and related services addressing the entire range of Mining Input Supplies, Mineral beneficiation, general manufacturing and energy production. Moreover, an SEZ is a geographical area which is set aside for the development of economic activities (the dti, 2019). The aim of an SEZ is to advance the government's strategic objective of Industrialisation in a region for stimulating investment and job creation.

In the South African policy framework, the National Industrial Policy Framework and the New Growth Plan, as well as BRICS promote the SEZ program. In other words, the SEZ is a national priority that is used to stimulate investment.

The Musina-Makhado SEZ is an essential national assignment that seeks to create economic growth in the District and the Province at large. The Musina-Makhado SEZ is strategically located along the N1 route, close to the border between South Africa and Zimbabwe. Furthermore, the SEZ forms part of the Trans-Limpopo Spatial Development Initiative ("SDI") whose mandate is to unlock investment, economic growth, the development of skills and employment.

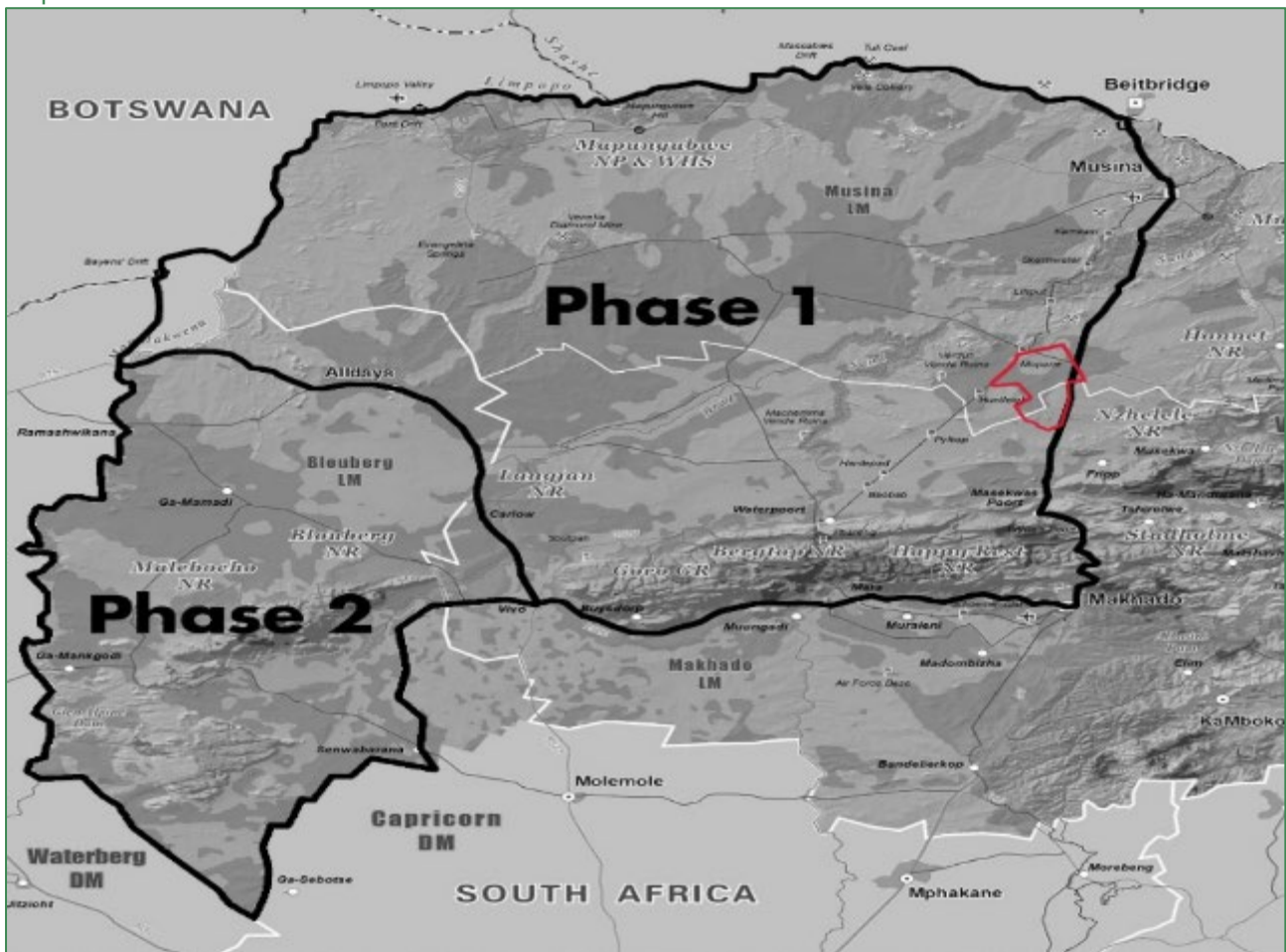
The proposed SEZ clusters will be divided into 3 categories namely, Light industries (Primarily logistics), Medium and heavy industries (Manufacturing/Beneficiation) and Energy. The capacity to attract foreign and local investment with the propensity to grow the economy, create massive jobs, be export-led, be sustainable and create business opportunities for local entrepreneurs in SADC. The number of jobs to be created through the implementation of SEZ will be +-19000 work opportunity (the dti, 2017).

The purpose of the SEZ program is to:

- Promote industry agglomeration through expanding the strategic industrialisation focus to cover diverse regional development needs and context
- Provide a clear, predictable and systemic planning framework for the development of a wider array of SEZ's to support industrial policy objectives, the IPAP and the NGP
- Enable the required industrial infrastructure through clarification and strengthening governance arrangements, expanding the range and quality of support measure beyond the provision of infrastructure
- Enables efficiency through the deployment of other necessary development tools
- Provide a framework for a predictable financing framework to enable long-term planning

Map 11 provides an illustration of the Musina-Makhado SEZ. The strategic location of the SEZ will make enable for mineral beneficiation, agro-processing and petrochemical industries considering the close proximity to the mainland-based route into SADC and the African continent, together with supporting incentives and a good logistics backbone (the dti, 2019).

Map 11: Musina-Makhado SEZ



SOURCE: (Urban-Econ, 2019)

Map 11 provides the location of the Makhado-Musina SEZ. It should be noted that the SEZ is supported by the newly built infrastructure that enables full utilisation of the area’s unique combination of mineral endowments and supports industries in the end-to-end value chains of mineral beneficiation, agro-processing and light industrial manufacturing (the dti, 2019). In addition, the site in Musina targets the light industrial and agro-processing clusters, while the Makhado site is a metallurgical/mineral beneficiation complex and a third site has been identified to target the petrochemical industries. Table 41 provides the spatial dynamics of SEZ.

Table 41: Spatial Dynamics of SEZ

Core Target	Description	Impact on Growth
Productivity Growth	A generic SEZ offering economic advantages that improve the productivity of those based in the zone and, through this, the general productivity of the economy.	Growth through increased competitiveness
Export Growth	SEZs offering productivity policies and export-oriented policies (such as dedicated customs facilities), that helps firms reach new foreign markets	Growth through improved market access and expanded exports
Industrial Diversification	SEZs that target specific types of economic activities, most commonly industrialisation, in an attempt to change the mix of sectors that make up the economy	Growth through developing sectors with large multipliers
Geographic Diversification	SEZs that aim to develop marginal economic areas, attracting investment to locations that do not naturally attract investment	Growth through greater equality and the revitalisation of second- or minor- cities
Sectoral Targets	SEZs that aims to focus on a specific sector or to develop off a specific sector (such as through beneficiation of a given product)	Growth through the expansion of a select sector
Firm Targets	Incubator-like SEZs that help specific firm types, usually SMMEs, develop and grow.	Growth through improved firm inclusion

SOURCE: (TIPS, 2018)

#### 4.4. SWOT Analysis

The SWOT analysis focuses on the strengths, weaknesses, opportunities and threats that Makhado faces. The analysis provided in Table 42 was research led by secondary sources and primary research conducted through stakeholder engagements.

Table 42: SWOT Analysis for MLM

Strengths	Weaknesses
<ul style="list-style-type: none"> <li>• Favourable climatic conditions for Agriculture and also tourism</li> <li>• Special Economic Zone designated area</li> <li>• The availability of a rail network to rail network connecting the area with local and African markets</li> <li>• The municipality area has a variety of mineral resources</li> <li>• Amongst its competitors, Makhado is ranked 2<sup>nd</sup> with in relation to the number of clinics in the municipality</li> <li>• Amongst its competitors, Makhado is ranked 2<sup>nd</sup> with the greatest number of adults with tertiary education</li> <li>• Makhado is strategically located to the Trans-Limpopo corridor</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of integrated human settlements               <ul style="list-style-type: none"> <li>○ development in town</li> </ul> </li> <li>• The demarcation of sites by traditional               <ul style="list-style-type: none"> <li>○ authorities create service backlogs</li> </ul> </li> <li>• Tribal land has a significant impact on               <ul style="list-style-type: none"> <li>○ Development</li> </ul> </li> <li>• Availability of land for urban development</li> <li>• Tourism is not developed to its full potential</li> <li>• The SMME sector lacks institutional arrangements and structure</li> <li>• Increasing population levels and a variety of land uses</li> <li>• Poor road networks</li> <li>• Poor telecommunication infrastructure</li> <li>• Insufficient provision of refuse removal in the area</li> <li>• Inadequate skills level</li> <li>• MLM is ranked 6<sup>th</sup> amongst its competitors in terms of diversification</li> <li>• High poverty levels amongst the population in the municipality area</li> </ul>
Opportunities	Threats
<ul style="list-style-type: none"> <li>• Aquaculture production</li> <li>• Establishment of abattoirs in the municipal area</li> <li>• Meat and dairy processing</li> <li>• Fruit processing (achaar)</li> <li>• Fresh produce market</li> <li>• Wood for the construction industry</li> <li>• Furniture manufacturing</li> <li>• There is potential for industrial activity growth (light manufacturing)</li> <li>• Development of the Airfield/Airport</li> </ul>	<ul style="list-style-type: none"> <li>• Slow development of entrepreneurship</li> <li>• Weak forward and backward linkages between the various economic activities such as linkages between tourism and trade</li> <li>• Most rural villages do not have access to water per household stand</li> <li>• Illegal mining activities</li> <li>• Amongst its competitors, Makhado is ranked 4<sup>th</sup> in terms of the number of crimes reported</li> </ul>



- Potential to engage in various markets such as game farming and bee farming
- The municipality host the SEZ with Musina, likely an economic game-changer
- Availability of vacant land for development



## 5. Municipal Sustainability

Municipal sustainability speaks to the long-term sustainability of a municipality through the effective use of resources to steer growth and development, with considerations on social, economic and environmental impacts on the municipality that are supported by infrastructure development as well as good governance principles. Growth within the municipality hinges on a holistic development approach that is synchronised with the outcomes of the NDP as well as aligned with the UN Sustainable Development Goals 2030.

Urban-Econ was appointed by the Municipal Demarcation Board to conduct a study to determine if municipalities in South Africa complied with the demarcation objectives in Section 24 of the Municipal Demarcation Act, which provided four broad themes:



Section 25 of the Municipal Demarcation Act states the ‘factors to be considered’ that are essential for achieving the demarcation objectives set out in Section 24. These objectives and factors show similarities to the objects of local government outlined in Section 152 of the Constitution of South Africa, which broadly addresses governance, service delivery, social and economic development as well as the financial and administrative capacity of a municipality.

The study identified several indicators that have the most influence on the ability of a municipality to comply with the demarcation objectives. The key indicators that affect municipal sustainability included:

- **Own Revenue Generated:** Municipalities that generate their own revenue (through the collection of rates and taxes) can fulfil their constitutional obligations with better efficiency, thereby allowing the municipalities to provide better service levels and improve its infrastructure considerations in a sustainable manner. The ability to generate revenue, as a municipality, is crucial as it affects the operations of the municipality.
- **Education:** Education is highly correlated with employment and affects production within the local economy through skills levels of the personnel, suggestive of the importance of education. A highly educated labour force of varying skills levels has the potential to drive economic changes and stimulate the economy to achieve the desired growth.
- **Agriculture and Agro-Processing:** Primary sector industries are economic enablers that play a vital role in the economy as the providers of raw material. The size of the agriculture industry, in particular, has a direct influence on several variables such as labour absorption and the GVA within the secondary and tertiary sectors respectively.

- **Connectivity and Access to Transport:** Connectivity plays a critical role in economic development as it provides access to economic opportunities and allows for the flow of goods via multimodal transportation, including road and railway. Transport infrastructure improvements are expected to create better connectivity and boost local economic activities.
- **Geography Type:** Municipalities with a high proportion of people in urban or farm areas were more likely to comply with demarcation objectives as revenue can be generated through the collection of rates and taxes, thereby enabling the municipalities to improve infrastructure conditions and provide better services to their respective communities. The core issue with municipalities with predominantly rural areas is that there is generally a small tax base from which the municipalities can generate revenue, which significantly impacts on service delivery and the sustainability of the municipalities.

The indicators are vital in the sustainability of Makhado Local Municipality and play a critical role in steering economic growth for the Municipality. Although several indicators discussed do not form a direct part of the LED Strategy, they serve as pivotal factors to consider in the long-term planning of the Municipality that will directly impact on the local economic environment.

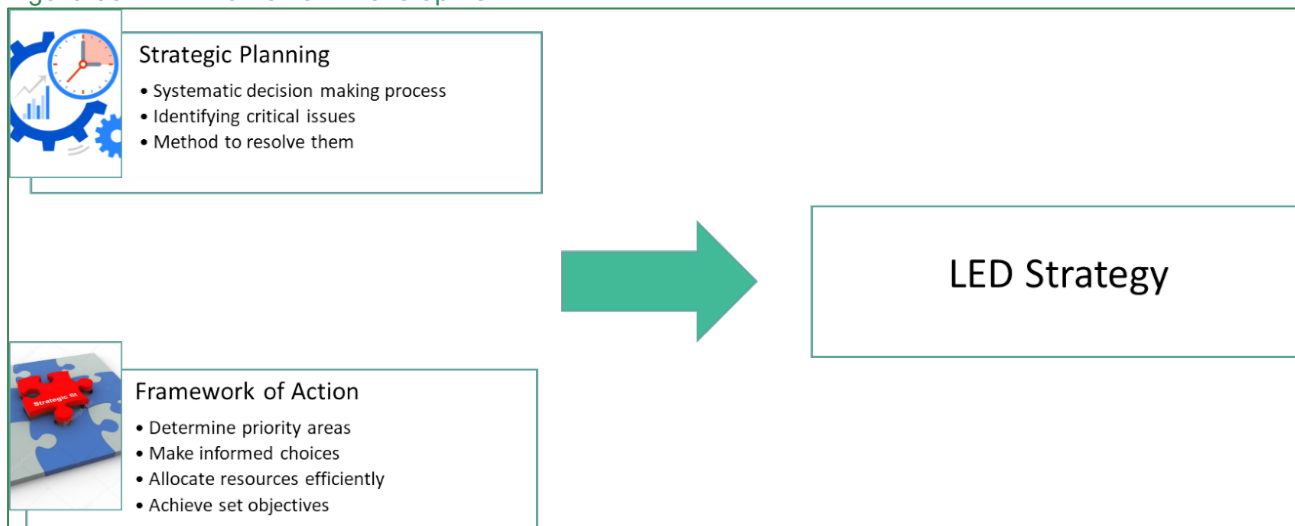
## 6. Development of the Strategic Framework



A strategic framework is a structured method used to define the extent to which a project or initiative supports the key objectives of stakeholders. In this regard, developing a strategic framework will provide guidance towards the economic blueprint that Makhado Local Municipality must embark to foster economic development. Moreover, the strategic framework will provide the Municipality with the essential strategic interventions towards sustainable development as prescribed by the UN SDGs Development Goals 2030.

The previous sections assessed the policy framework in Makhado in relation to economic growth and development. The potential analysis in the previous chapter provided an overview as well as an in-depth analysis of the socio-economic environment in the municipal area. Preceding the potential analysis is the discussion on municipal sustainability, which addresses the importance of several key variables to consider that affect sustainability. In addition, municipal sustainability is critical in supporting economic development within a municipality as it enables the identification of economic enablers that will assist in achieving the objectives of a municipality as set out in Section 155(6)(a) and 155(7) of the Constitution of South Africa as well as Schedule 4b and Schedule 5b. The strategic framework requires strategic planning and a framework of action as illustrated in Figure 50.

Figure 50: LED Framework Development



SOURCE: (Urban-Econ, 2019)

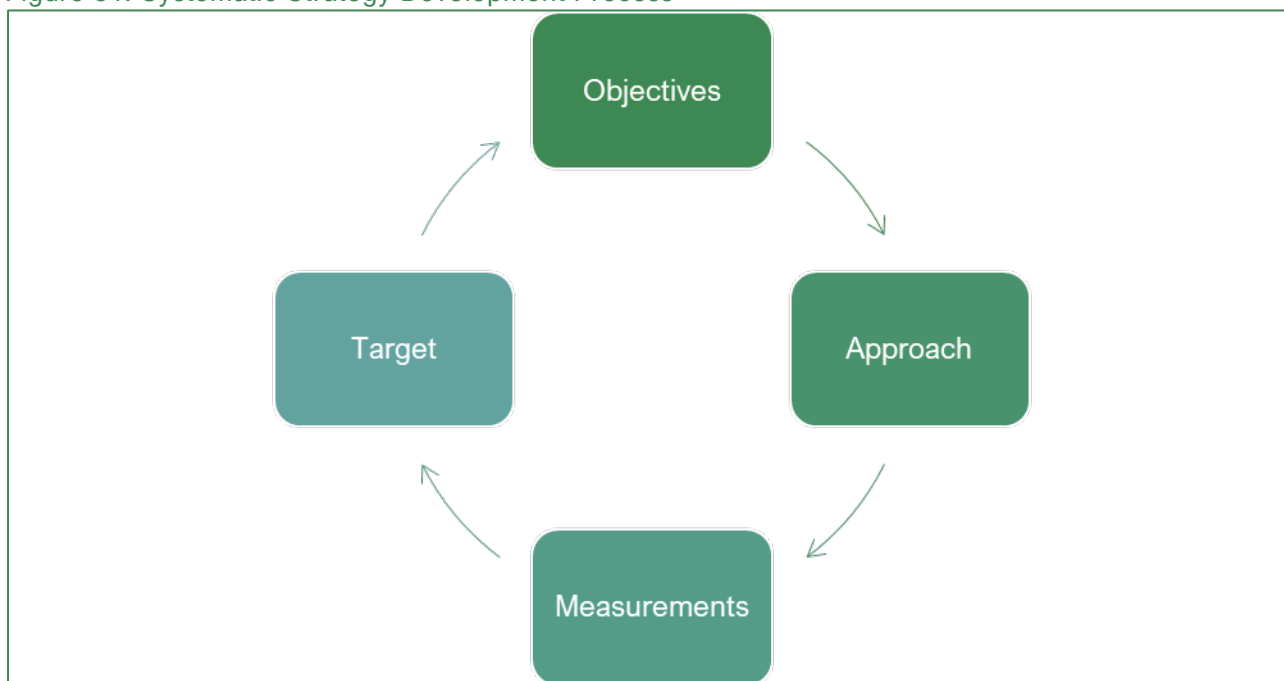
The figure shows the components of the LED Framework, which entails strategic planning and a framework of action. The strategic planning component comprises the establishment of a systematic decision-making process that identifies critical issues within the Municipality that must be addressed. Furthermore, strategic planning also incorporates the Theory of Change

(ToC) approach, which provides a comprehensive description and an illustration of how and why the desired change is expected to happen in a particular context.

Moreover, the approach explains outcomes that the strategy seeks to achieve and the essential activities required in achieving these outcomes. The Theory of Change can be expressed as a series of “if-then” statements. In South Africa, the government’s application of the ToC typically includes the following components: assumptions, inputs, activities, outputs, outcomes, impacts (long-term outcomes).

The framework of action determines the priority areas where economic development should take place. This phase of the framework requires informed decisions to ensure efficient resource allocations, thereby ensuring that the development objectives of the strategy are achieved in an effective manner. Figure 51 provides an overview of a systematic strategy development process that is essential towards achieving economic development.

Figure 51: Systematic Strategy Development Process



SOURCE: (Doug , 2018)

The systematic strategy development process comprises of essential economic questions that are further elaborated in Table 43.

Table 43: Components of a Strategy Development Process

Component	Question
Objectives	What will the project or initiative achieve?
Approach	How will that achievement be realised?
Measurement	How will achievement be measured and reported?
Target	What is the forecasted improvement that will define success?

SOURCE: (Doug , 2018)

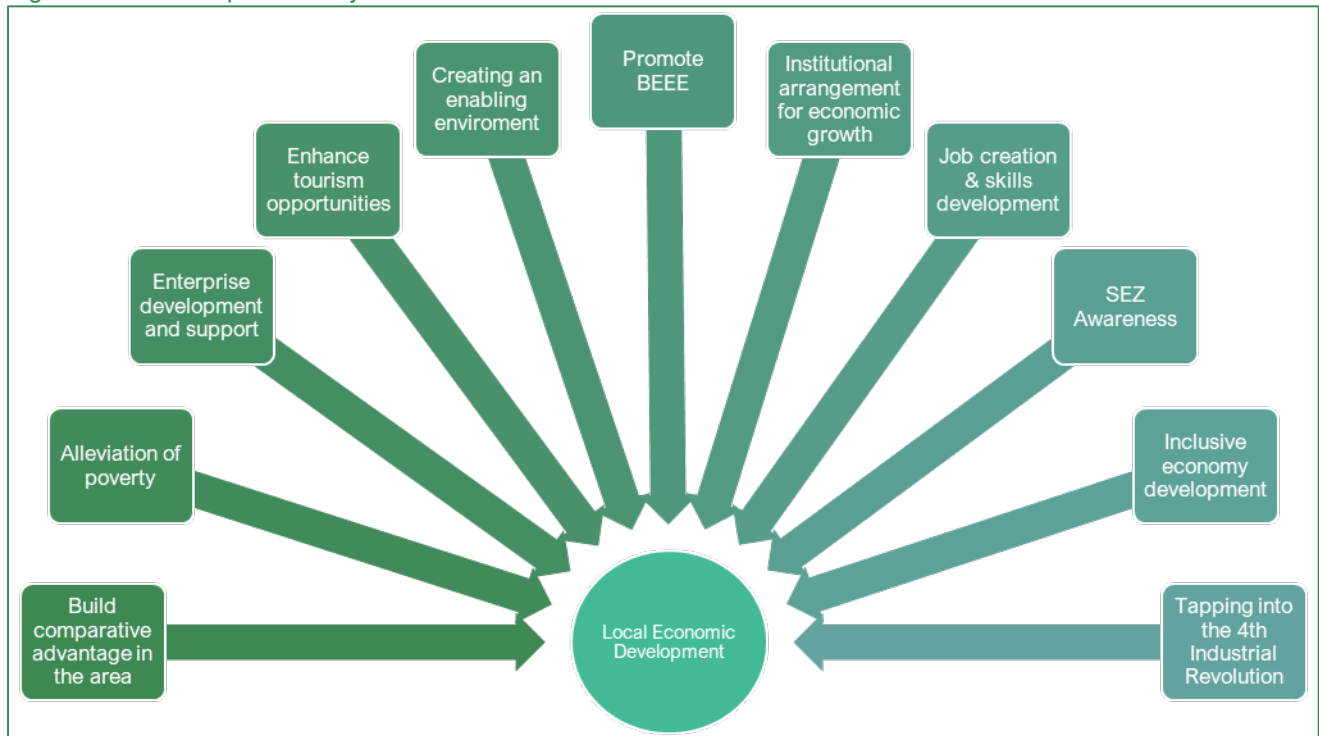
### 6.1. Vision, Mission & LED Development Objectives

The LED Strategy is guided by the Municipality’s goal of becoming “a dynamic hub for socio-economic development” by 2050. Towards achieving this vision, the Municipality’s mission is “to ensure effective utilisation of economic resources to address socio-economic imperatives through mining, agriculture and tourism”. In this regard, the LED Strategy for Makhado seeks to identify projects that are credible, implementable and catalytic in nature and that bring a multiplier effect within the economy of Makhado. The components of the strategy development process shown in Table 43 which provides a foundation for local economic development to occur. The LED Strategy seeks to improve on key performance areas for local economic development, which entail:

- Basic services and infrastructure development,
- Community empowerment
- Economic development
- Institutional transformation.

. provides a set of development objectives for the strategy that has been formulated based on the vision for the Municipality. The development objectives shown below provide a departure point where the strategy will be formulated so as to meet the socio and economic needs for Makhado Local Municipality.

Figure 52: Development Objectives



SOURCE: (Urban-Econ, 2019)

## 6.2. Strategic Intervention

The strategic interventions for Makhado Local Municipality were derived from the development objectives for local economic development associated with the strategic framework discussed. The previous LED Strategy that was developed in 2013 identified the following as the strategic thrust for the development in Makhado which include:

- SMME & Business Development
- Infrastructure Development
- Agriculture and Forestry Development
- Investment Attraction
- Tourism Development
- Manufacturing Development
- Mining Development
- Human Resources Development

The analysis from the situational analysis and stakeholder engagements resulted in the development of new thrust areas which have been termed strategic interventions in this study. The suggested interventions play a critical role in establishing the appropriate linkages between programmes and projects that enable an integrated approach to the formulation of the strategy, alluding to efficient implementation and effective economic development for the Municipality. Moreover, the National Framework for Local Economic Development in South Africa seeks to build a shared understanding of good LED practice that motivates more effective implementation. The LED strategy for Makhado will align with the national imperatives which provide an economic blueprint and departure point for strategic interventions for the LED Strategy in Makhado.

A holistic view of the LED Strategy is presented in Figure 53, which illustrates the proposed strategic interventions that are essential in the roadmap towards economic development in

Makhado. These interventions are supported by the implementation as well as monitoring and evaluation practices that will be discussed in subsequent sections.

Figure 53: Strategic Interventions for Makhado LED Strategy



SOURCE: (URBAN-ECON, 2019)

The respective strategic interventions will be discussed to broaden the understanding of the intervention in the context of economic development for Makhado. The discussion includes the identification of programmes and projects pertaining to the respective interventions that are essential in shaping the economy of Makhado leading to 2025.

### 6.2.1. Strategic Intervention 1: Unlocking the Economic Environment

#### 6.2.1.1. Objective

The objective of this strategic intervention is to create and develop systems that will attract investment and promote growth in Makhado thereby transitioning into an innovative and knowledge economy. Furthermore, unlocking the economic environment also requires a legal framework thus a panoply of national and international policies, measures and institutions in the economic, social, legal and political domains that influence or affect the growth and development prospects of a country. In other words, this involves a system that aims to achieve a sustainable balance between the social, economic and environmental needs (GWP, 2018).





### 6.2.1.2. Introduction

Sustainable management of the environment and natural resources is vital for economic growth and human wellbeing. Moreover, unlocking the economic environment results in an economic transformation which involves a rapid and fundamental change in the systems that governs the economy. Unlocking the economic environment will create economic opportunities for the people of Makhado to live productive, prosperous, and dignified lives. There is a range of factors that hinder greater participation in the economy of Makhado that include infrastructure services (water, sanitation, road and rail networks), skills development to support economic growth, inadequate information of the Makhado-Musina SEZ etc.

The fourth industrial revolution also plays a major role in unclanking the economic environment and also enables Africa to catch up with the rest of the world considering the wide skills gap in the continent. According to the World Economic Forum (2019), the Fourth Industrial Revolution will bring the development of new techniques and business models which will fundamentally transform production process, government decisions, industry and the society at large. Furthermore, digital technology offers countries the potential to rapidly advance their micro and macro-economic objectives, thereby providing an investment-ready environment. The programmes that will support this intervention are discussed below:

### 6.2.1.3. Programme 1: Create an Enabling Environment

The mandate of this programme is to create an environment that supports the development of catalytic projects to unlock the economic environment. It should be noted that unlocking the economic environment provides the building blocks that form the foundation for local economic development.

#### Projects

Project	Rationale
Improving Access to Basic Services	The aim of this project is to improve access to basic services in Makhado particularly (water, sanitation, refuse removal and electricity access). The Municipality seeks to invest in mega infrastructural development projects to escalate measures to empower rural communities by giving them greater access to basic amenities and at key project sites.
SEZ Workshops	The aim of this project is for the Municipality to conduct annual SEZ Workshops to inform various stakeholders on the progress of the SEZ and economic opportunities that are available. The end result of this initiative is to establish awareness of the SEZ amongst the people of Makhado.
Reduce Red Tape	The aim of this project is to create a friendly economic environment retains investment growth. This entails reducing the bottlenecks that will restrict investment growth such as land rezoning, implementation of bulk services, liquor and food license applications, etc. and

Project	Rationale
	streamline processes by the utilization of ICT such as CRM systems.
Develop “One-Stop” Shops	The aim of this project is to establish “one-stop shops” where investors can engage with various stakeholders, the Municipality and other relevant Provincial Departments. The end result is establishing a market/space where investors can interact freely and be encouraged to invest in an area.

#### 6.2.1.4. Programme 2: Information and Communications (ICT)

The aim of this programme is to introduce ICT initiatives within the Municipality that enable economic activity to take place. It is important to note that ICT is one of the key assets for a Municipality and a major investment in ICT is expected to deliver and enhance value addition in all industries. The projects that will support this programme are discussed below:

##### Projects

Project	Rationale
Establishment of ICT Infrastructure	The mandate of this project entails seeing the Municipality establishing adequate infrastructure facilities that will enable people, institutions, and businesses to access ICT services with ease.
E-Learning at Schools	The aim of this project is to incorporate E-Leavening at childhood level through developing smart classrooms with access to computers and to ensure that school have broadband internet at schools.

#### 6.2.1.5. Programme 3: Skills Development and Enhancement

The mandate of this programme would be to source the essential skills were the Municipality lacks on and also to enhance the skills level already within the area. Skills development is essential in terms of development, and for people to become competent and more capable in accomplishing tasks efficiently. According to Cloete, Eigelaar-Meets, Fortuin, & Sewell (2016) skills development in South African municipalities is in potential crisis and therefore can affect economic development. In his regard, this suggests the need for skills development and enhancement in the Municipality which could be essential for local economic development.

Projects

Project	Rationale
Establishment of a FET	This project aims to facilitate a skills development support which seeks to establish a FET College that would be essential for key industries such as agriculture, tourism etc.
Co-operate with Academic Institutions to Develop Digital Skills	The aim of this project is to develop partnerships with academic institutions to develop the essential skills that will be suitable for the digital environment.
Strengthen Market Value Chains Through Youth Development	This project seeks to strengthen market value chains through the identification of high-potential youths, particularly young female students from academic institutions in the Makhado. The project aims to incubate and upskill graduates.

6.2.1.6. Programme 4: Improve Road Connectivity

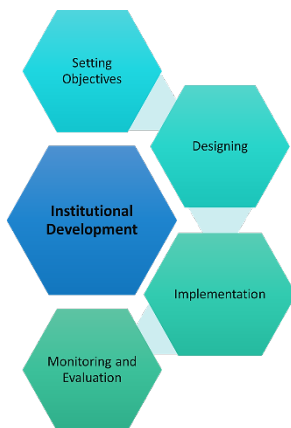
The mandate of this programme is to improve and enhance connectivity in Makhado. Improving road connectivity will enable access and mobility to economic and social linkages which ultimately promote economic development, stimulate exports and grow tourism visitations to the area.

Projects

Project	Rationale
The Revitalisation of The Railway Line	The aim of this project is to revitalise the railway line in Makhado, thereby resulting in the railway station being operational.
Improve Road Infrastructure	The mandate of this project is to improve road infrastructure in Makhado. This includes cultural routes that could potentially draw more tourists in the area.
Airport/Airbase Development	The aim of this project is to see the development of the airport/airbase to an advanced airport. The airport development is also expected to have tourism products (conference centres, hotels, and attraction areas etc.). The outcome would be to see the airport site being developed into a city where economic activity can take place.

## 6.2.2. Strategic Intervention 2: Institutional Development

### 6.2.2.1. Objective



The objective of this intervention is to strengthen the institutional considerations of the Municipality through setting appropriate objectives, designing strategies and plans aligned to the objectives, the implementation of the respective plans and strategies as well as the assessment thereof to measure the impact of the outcomes. Planning and implementation become vital in creating an enabling environment that considers long-term growth and development to achieve the desired social and economic transformation through the guided support of the Municipality through good governance practices that will assist with long-term sustainability.

### 6.2.2.2. Introduction

Local municipalities play a crucial role in spearheading social and economic development as they are multi-purpose institutions that are responsible for providing a vast set of services to their respective constituents. These institutions are guided by several national policies, such as the Constitution and the NDP, and must perform their specified functions as well as exercise the powers vested in the municipalities. The capacity within local municipalities becomes vital in operationalising the set powers and functions as good governance is crucial in supporting social and economic development.

Development within the municipal area occurs through proper planning that is centred around the objectives set by the municipality that must align with the vision and mission of the municipality. The plans and strategies derived from strategic planning must also incorporate policies stemming from other spheres of government and must align with these policies. These plans and strategies must be implemented through the efficient use of available resources and strategic partnerships with key stakeholders.

The programmes that will assist Makhado with its institutional development include:

- **Capacity Building** – focusing on upskilling the officers in the Municipality with the required skills and knowledge to perform their respective functions.
- **Effective Planning** – focusing on activities required in achieving the objectives of the LED from an internal perspective.
- **Efficient Implementation** – focusing on key activities that support and assist with the implementation of plans and strategies.

### 6.2.2.3. Programme 1: Capacity Building

The programme aims to address the capacity of the Municipality to perform its constitutional obligations. The programme focuses on the internal aspects of the Municipality, with a focus on building the capacity of the respective personnel with respect to local economic development.

#### Projects

Project	Rationale
Staff Capacity	The aim of this project is to source qualified personnel that will take up the vacant positions within the department, thereby strengthening the unit. This is crucial in completing the number of officers to carry out tasks and to meet targets more efficiently.
Skills Training for Officers	The aim of this project is to assist with building the skills and competencies of the personnel involved with economic development. Capacity building plays a critical part in ensuring the unit's success in performing its duties and sustainability of the unit. It is also important to consistently capacitate the officers, considering new information and methods that may assist with improving internal efficiency and processes.

### 6.2.2.4. Programme 2: Effective Planning

The aim of the programme is to assist with effective planning by identifying the tasks and resources required to achieve the objectives of the LED. The planning process also assists in identifying the stakeholders that must be engaged, the engagement mechanisms as well as the role of the respective stakeholders in achieving the objectives of the LED.

#### Projects

Project	Rationale
Update Key Municipal Policies, Strategies, Plans and Bylaws	The project aims to update municipal documents on an annual basis as it is important to update the information relating to the activities of the Municipality. This information is crucial as it affects planning for long-term plans and strategies. It also assists the Municipality in allocating its resources efficiently as well as identifying key areas to target for further development.
Develop Coordination Mechanisms for Engaging Key Stakeholders	The aim of the project is to develop mechanisms that allow effective communication and administration among the respective institutions, departments and stakeholders through informal/formal forums, focus groups as well as workshops. The mechanisms assist with the flow of information, coordinating plans and approaches to efficiently implement projects.

Project	Rationale
Engagement with Traditional Authorities	Engaging with traditional authorities presents an opportunity for the Municipality to unlock latent economic potential for the municipality through the development of the rural areas of the Makhado. The engagement with traditional authorities is important as they are key stakeholders in the affairs of the local authority who can assist in affecting change throughout the municipal area.

#### 6.2.2.5. Programme 3: Efficient Implementation

The programme addresses aspects that aid with the efficient implementation of projects that will have an impact on the development of the economy. Key considerations for the programme include the engagement of the appropriate stakeholders, the identification of funds that can be tapped into as well as red-tape reduction to attract investment into the Municipality.

#### Projects

Project	Rationale
Establish Partnerships with Key Stakeholders	The project aims to establish strategic relationships with other stakeholders for support in the implementation of projects. These stakeholders include both public and private institutions that will serve important roles in a variety of projects that will enable social and economic development as well as assist in the sustainability of the Municipality.
Operationalise Strategies and Plans	The aim of the project is the operationalisation of strategies and municipal plans for efficient implementation. The project includes the relevant stakeholders that will assist with strategy formulation and the implementation of various plans for the continued growth of the economy.
Red-tape Reduction	The project seeks to assist with the reduction of certain regulations that may hinder economic growth within the Municipality. It may refer to the amendment of certain bylaws or processes (such as business registration and start-up) to assist with attracting investment into the economy.



### 6.2.3. Strategic Intervention 3: Enhancing Agriculture and Agro-Processing

#### 6.2.3.1. Objective

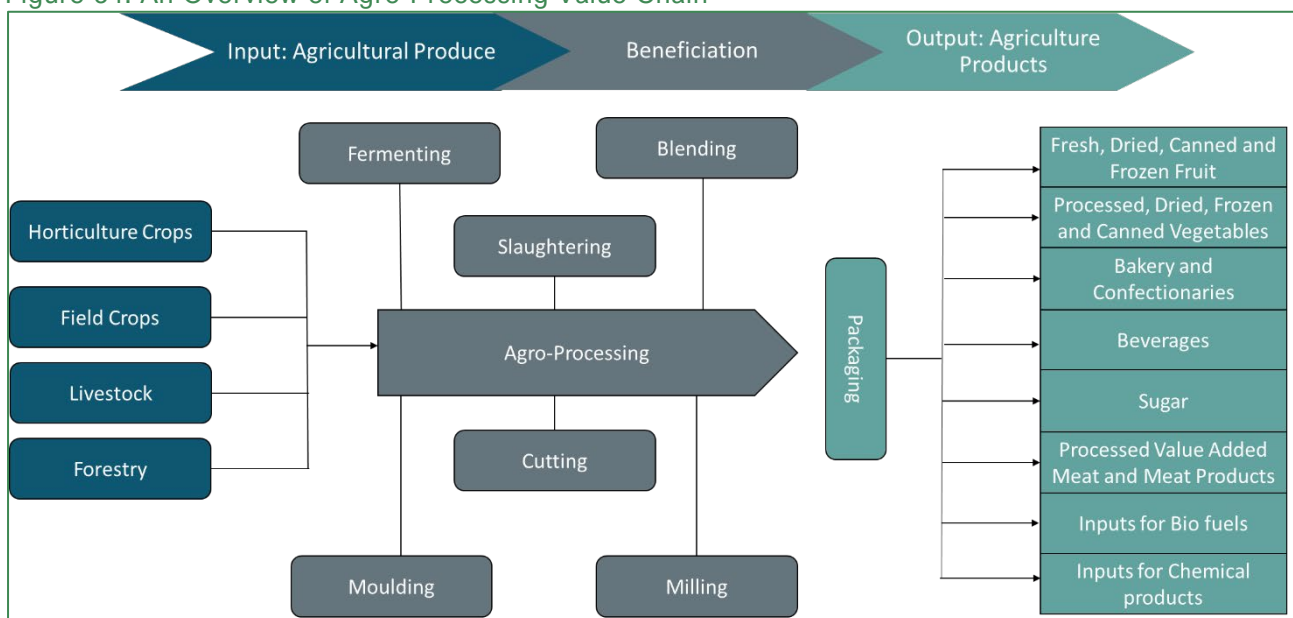
The objective of this strategic intervention is to add value and enhance agriculture and agro-processing production in the Municipality, through expanding the scope of agro-processing.

#### 6.2.3.2. Introduction

Agro-processing involves the transformation of raw materials from primary agriculture into finished or semi-finished products ready for use by the end-user or immediate user. The Municipality has potential to expand agro-processing activities which are expected to create more jobs and spur up economic growth. Moreover, for agriculture and agro-processing to be enhanced in the Municipality there is the need for skills development amongst emerging farming's and for any employee in the agriculture industry. It should be noted that a lack of training and skills, both for emerging farmers can be a barrier to achieving innovation. Innovation is a key driver in the global economy and playing an essential role in terms of economic growth.



Figure 54: An Overview of Agro-Processing Value Chain



SOURCE: (Thabazimbi Agriculture Strategy, 2018)

The figure above provides the value chain for agro-processing. The concept of value chain analysis was introduced by Michael Porter in his book 'The Competitive Advantage' of value chain analysis in 1985. Porter (1998), suggests that activities within an organisation add value to the service and products that the organisation produces, and all these activities should be



run at optimum level if the organisation is to gain any real competitive advantage. The identified value chain is a good preview and analysis on the opportunities that can be derived from enhancing agro-processing in the Municipality. The programmes that will support this intervention are discussed below:

### 6.2.3.3. Programme 1: Value Chain Linkages

Value chain linkages are defined as relationships between the way one value activity is performed and the cost or performance of another. In other terms, value chain linkages entail a set of linked activities that add value to a product, it consists of actors and actions that improve a product while linking commodity producers to processors and markets (Borysowich, 2007). The value chain linkages programme aims to link commodity producers to processors and markets and develop strategic agro-processing sub-industries essential to the Municipality’s development and poverty alleviation which is a critical challenge for the government. Moreover, value chain linkages enable spillover effects which create more job opportunities and enhance economic growth.

The projects that will support this programme are discussed below.

#### Projects

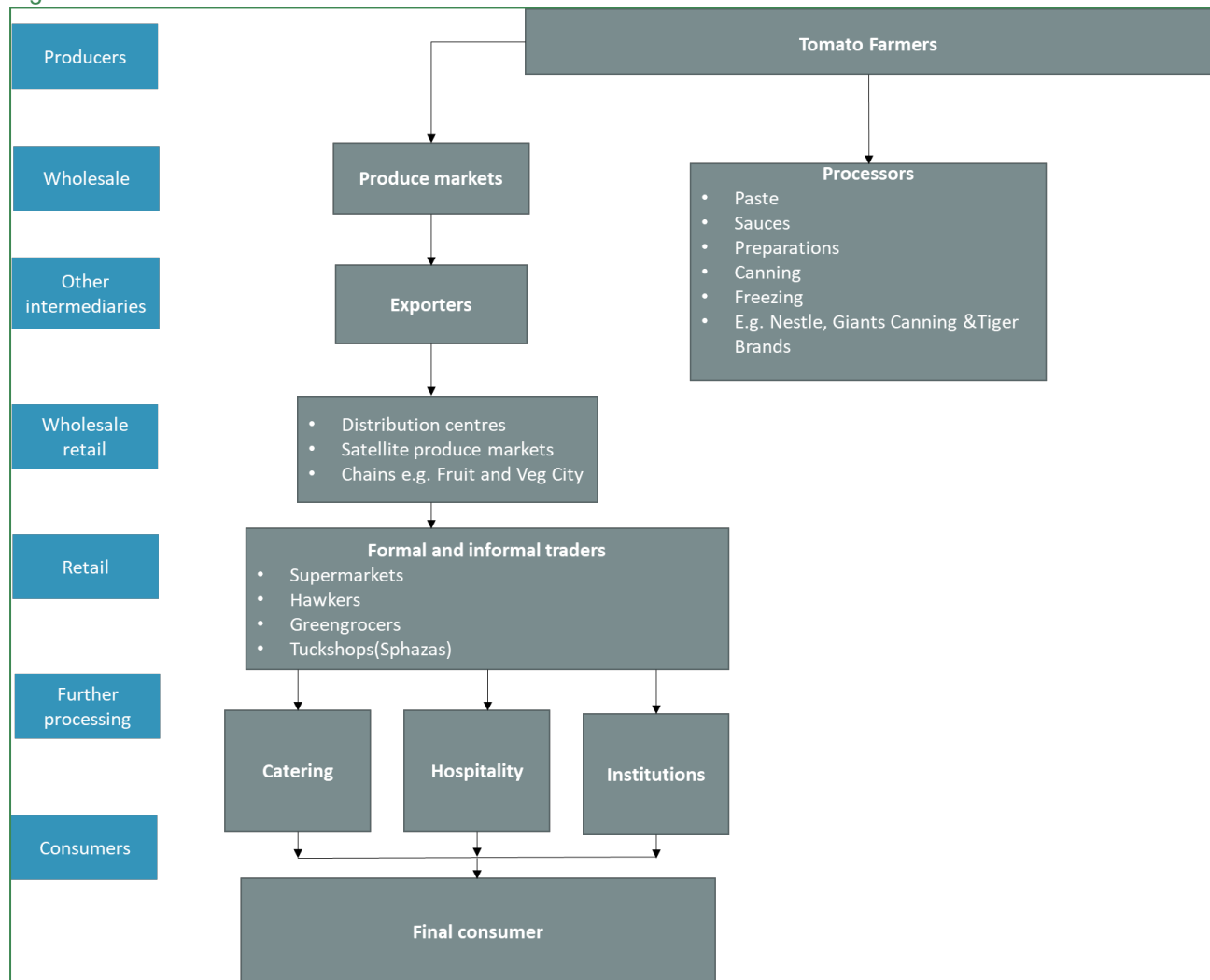
Project	Rationale
Market Linkages	This project aims to develop incentive schemes with the end goal of linking markets through forward and backward linkages.
Establish a Food/Farmer’s Market	This project aims to establish a food/farmer’s market which will be located along the N1 with a variety of products for the customers to choose from.
Develop and Market the Agricultural Exhibition Centre	This project aims to develop and establish partnerships with agricultural and exhibitions trade fair locally, regionally and across the border so as to market agriculture products thereby creating a story for Makhado as the ideal investment destination zone.
Develop Incentive Schemes for Local Producers and Processors to Encourage Linkages	The mandate of this project is to see the establishments of partnerships or market linkages between local producers and retail owners through the development of incentives schemes or discounts that will strengthen linkages (forward and backward) between the farmer and the retailer.
Improving Access to Financing for Farmers	The mandate of this initiative is to improve access to financing for farmers which will enable value chain linkages and expansion scope of farming equipment, infrastructure and production. This may require the Municipality in collaboration with the Department of Agriculture to assist farmers with sourcing private and public sources.

#### 6.2.3.4. Programme 2: Production of Tomatoes

Makhado produces a wide variety of horticultural products such as includes tomatoes. The production of tomatoes is favourable in the Municipality considering the high year-round temperatures and dry climate. Furthermore, it is believed that the largest tomato farm in South Africa lies between Tzaneen and Makhado, with also the extensive forestry plantations also found within the Municipality.

Tomatoes are part of the top five most important vegetable commodity in South Africa, mainly produced for the local market. It should be noted that tomatoes are used in a variety of ways which include puree, paste, powder, ketchup (tomato sauce), sauce and soup or canned as whole fruit. Furthermore, extraction of tomatoes has been used to treat various diseases with traditional medicines in Japan, Greece Peru and Guatemala. Figure 55 provides the tomato chain value chain.

Figure 55: Tomato Value Chain



Source: (DAAF, 2016)

Tomatoes are the primary vegetable grown in the municipal area and grown on subsistence, small-scale and commercial level in the Makhado. The tomato value chain shows significant players which producers, wholesale retail, retail, further processing and consumers. In the value chain, it can also be noted that packaging can also play an important role in ensuring the safe and efficient transport of a product. Opportunities in the tourism value chain include the following:

- Puree
- Paste
- Powder
- Ketchup (tomato sauce),
- Sauce and soup
- Canned as whole fruits
- Juice
- Medical purposes

#### Projects

Project	Rationale
Establishment of a Factory for Tomato Production	The aim of this project is to establish a factory for tomato production in the Municipality. The factory establishment is expected to assist in addressing the increased demand for tomato paste in South Africa while ensuring business for farmers.
Production of Tomato Sauce	The project seeks to see Makhado producing its locally branded tomato sauce.
Canned Whole Fruits Production	The aim of this project is to produce locally canned whole fruits for domestic, regionally and international markets.
Production & Supply of Soup and Spices	The project seeks to produce and supply soup and spice to the market.
Establishment of a Fruit and Vegetable City	The project aims to establish a fruit and veg city in the Municipality that aims to sell fresh produce from agriculture.
Wholesale and Retail Shops Establishment	The aim of this project is to see the establishment of wholesale and retail shops in Makhado that will play the key role of being the intermediary between the producer and the final consumer.

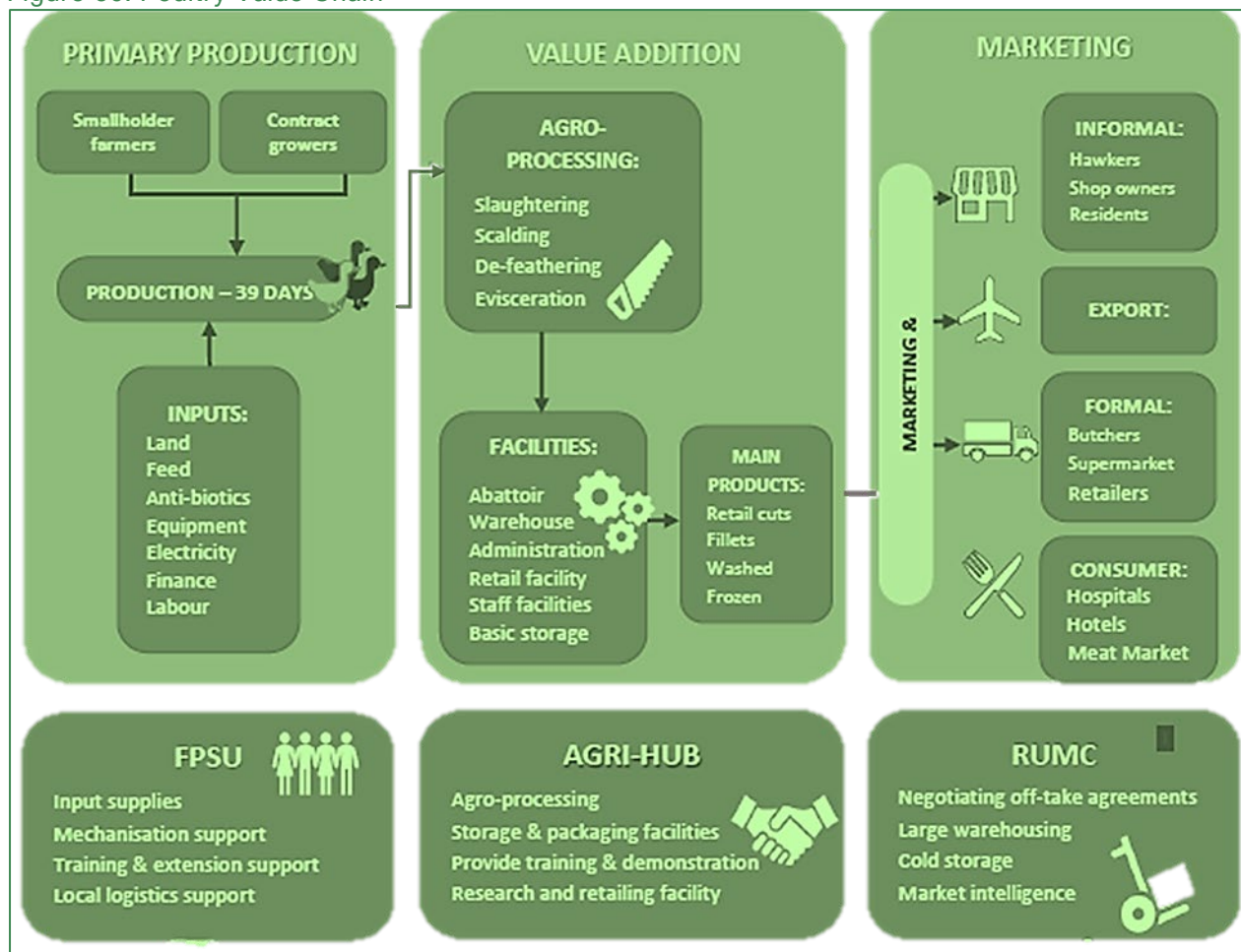
#### 6.2.3.5. Programme 3: Poultry Production

Poultry production in South Africa plays a major role in food security and its contribution to the nation at large. The poultry industry provides employment, directly and indirectly, for nearly 108 000 people throughout its value chain and related industries (the dti, 2017). The industry is influenced by several factors regardless of consumer preference which includes:

- Pricing against competitive, alternative sources of protein
- Income groups
- Availability of chicken meat and products, and
- Dietary preferences etc

Figure 56 illustrates the poultry value chain and the processes under the poultry value chain include slaughtering, scalding, evisceration, washing, chilling and draining, grading, weighing and packing and chilling and freezing. The production of poultry takes place within Farmer Production Support Unit (FPSU) FPSU, where farmers, breeders, and feed companies are the main roles players. In addition, the process of poultry production takes approximately 514 days, in which chickens are produced. The chickens have a cycle of 39 days where they are then sent to an abattoir.

Figure 56: Poultry Value Chain



SOURCE: (Urban-Econ, 2019)

The poultry value chain showed above is an important aspect of enhancing agro-processing activities within Makhado. Agro-processing opportunities under poultry production are shown in Table 44.

Table 44: Poultry Agro-Processing Opportunities

Primary Product	Process	Processing Activity	Final Product	Facility and Equipment
Poultry	Abattoir	Slaughter Scalding Defeathering Evisceration Washing Chilling and draining Grading, weighing and packing Chilling and freezing	Chicken Cuts Frozen Chicken Fresh Chicken	Abattoir Table Apron Wash Cabinet Bins Containers Crate Wash Stand Drip Cooling Tray Drum Plucker Eviscerating Fork Eviscerating Trough Feather Catcher Plucking Finger Portion Cutter Scalding Tank Sterilizer Poultry Stunners Tilting Bowl Plucker

SOURCE: (Urban-Econ, 2019)

The key projects that will support poultry production are shown below:

#### Projects

Project	Rationale
Establish a Poultry Abattoir Facility	The mandate of this project is to establish a poultry abattoir facility in the Municipality.
Expansion of Broiler Breeding Facilities	The mandate of this project is to see the expansion of broiler breeding facilities to meet the continent's hatching egg requirements.
Develop a Comprehensive Exporter Development Programme	The mandate of this project is to develop an exporter development programme for poultry as large production bases provide an opportunity for the local poultry industry to develop exports to neighbouring countries.
Production of Cushions	The mandate of this project is to produce cushions/pillows from chicken feathers that will be supplied locally, regionally and internationally.
Deboning of Chicken	This project aims to establish a centre that focuses on deboning chickens.

### 6.2.3.6. Programme 4: Skills Development in Agriculture

The mandate of this programme is to upskill and develop the level of skills in the agriculture industry in Makhado. Agriculture, as a key driver of economic growth and development on the continent, needs to continuously reinvent itself to remain agile, sustainable and competitive in order to fulfil this responsibility. The projects that support this programme are discussed below.

#### Projects

Project	Rationale
Establishment of Vocational Collages Within the Village	The aim of this project is to see the establishments of vocational colleges whose mandate is to upskill and develop skills in the agriculture industry.
Establishment of a Research Development Centre	The mandate of this project is to establish a research and development centre that will focus on research and development for agro-processing and development and upscaling of skills that will enhance agro-processing.
Establish Partnerships with The University and FET Colleges	This project seeks to see the establishment of partnerships between the Municipality, Industry role players and University/FET Colleges for the purpose of ensuring that the key skills and research required by industry role players is undertaken from the early stages within Universities and FET Colleges.
Access to Land for Young Farmers	The aim of this project is to for the Municipality to engage with traditional leaders to enable the release of land for development purposes such as the youth having access to land.

### 6.2.4. Strategic Intervention 4: Develop an Inclusive Economy

#### 6.2.4.1. Objective

The objective of this strategic intervention is to create jobs, reduce inequality and poverty through enabling an effective economy and the promotion of partnerships that will result in investment and finance for infrastructure development.

#### 6.2.4.2. Introduction

An inclusive economy is referred to a growing economy where the benefits of growth are shared broadly. In other words, economic growth must be accompanied by a reduction in inequality. However, the starting point should be an economy that grows. A deterioration in investor confidence, compounded by political and policy uncertainty, institutional weaknesses, and unresolved regulatory conflicts have contributed to a low-growth environment in South Africa (National Treasury, 2017).

Literature suggests that there is a growing recognition that patterns of local economic development need to be socially inclusive if they are to be sustainable. Furthermore, institutionalists have been rightly criticized for their lack of attention to the uneven relations of



power within the social and economic networks. The questions of who benefits from economic development, and whose interests dominate within partnerships and networks are asked far too infrequently and are significant issues within the South African context. The inclusivity of the economy in Makhado seeks to see the revitalisation of the township economies and the industrial parks which play a significant impact on economic development in the Municipal area. The projects and programmes under this strategic intervention are discussed below.

### 6.2.4.3. Programme 1: CBD and Township Revitalisation

The mandate of this project is to enable inner-city growth to levels that of national and international recognition with the end goal of creating economic opportunities in Makhado. The town of Makhado has experienced a decline in economic activity in the townships and the CBD area which has affected the growth of the economy. Township economic revitalisation has been identified as a crucial remedy for the spatial economic disparities in a number of government policy documents from the spatial approach of investing in Townships contained in the National Spatial Development Perspective. In this regard, projects that have been identified in this section aim to revitalise the growth thereby establishing pathways to economic prosperity.



#### Projects

Project	Rationale
Establishment of an Entertainment Hub	<p>The mandate of this project is to create an entertainment hub in Makhado that aims to provide entertainment and night-time activity with the aim of propelling economic activities. The entertainment hub to establish aims to provide indoor and outdoor activities which include:</p> <ul style="list-style-type: none"> <li>• Outdoor gym</li> <li>• Jungle gym for kids</li> <li>• Arcade at the mall</li> <li>• Cinemas at the mall etc.</li> </ul>
Develop Niche Business Activities	<p>The aim of this project is to create opportunities for small business to rent space and sell products around the entertainment hub area and mall. The end result of this initiative is for the entertainment zone areas to be supported by niche business activities that stimulate economic activity in the Municipality.</p>
Establish a Cycling and Skateboard Park	<p>The mandate of this initiative is to establish a cycling park area which will be supported by a skateboard facility and business around the area.</p>



Project	Rationale
Improving Street Lighting in Makhado	The aim of this project is to improve lighting in Makhado which would enable comfort and safety for night-time economic initiatives to take place. This includes improving lighting in areas such as parking lots, shopping malls, University campuses, hospitals, or other public and private facilities.

#### 6.2.4.4. Programme 2: Improve Private Sector Opportunities

Private sector support for achieving critical development goals is an essential factor that contributes to sustainable economic development. The aim of this programme is to improve private sector opportunities in the Municipality, thereby creating jobs, alleviating poverty and improving economic growth. Projects that are expected to improve private sector opportunities in Makhado are discussed below.

#### Projects

Project	Rationale
Pursuing Private Sector Participation to Increase Investment	This project aims to attract private sector investment through the reduction of red tape and creating incentive investment schemes that will encourage private sector participation's
Revitalisation of Industrial Parks in Makhado	The aim of this project is to revitalise industrial parks and promote manufacturing and productive activities at the industrial park sites through the identification of investors/partners that will play an essential role tow revitalising industrial parks in the municipal area.
Create Niche Investment Opportunities to Support the Development of The Makhado-Musina SEZ	The aim of this project is to establish and create a cocktail of investment opportunities that will result in the development of SMME supporting industry or input suppliers at the Makhado-Musina SEZ.

## 6.2.5. Strategic Intervention 5: Tourism Enhancement

### 6.2.5.1. Objective

The objective for this strategic intervention is to enable the tourism levers in the Municipality that will enhance development in the tourism industry, value addition and promotion of local resources and activities. The end result of this objective seeks to see Makhado being the preferred destination point for tourism due to its ideal location.

### 6.2.5.2. Introduction



Tourism is one of the major contributors and low hanging fruits that has the economic potential to transform the economic wellbeing of Makhado and the surrounding areas. Literature does not provide a universal definition for tourism as this concept tends to differ from person to person and varies from source by source. According to the UNWTO (2019), tourism is defined as the collection of activities, services and industries which deliver a travel experience comprising transportation, accommodation, eating and drinking establishments, retail shops, entertainment businesses and other hospitality services provided for individuals or groups travelling away from home.

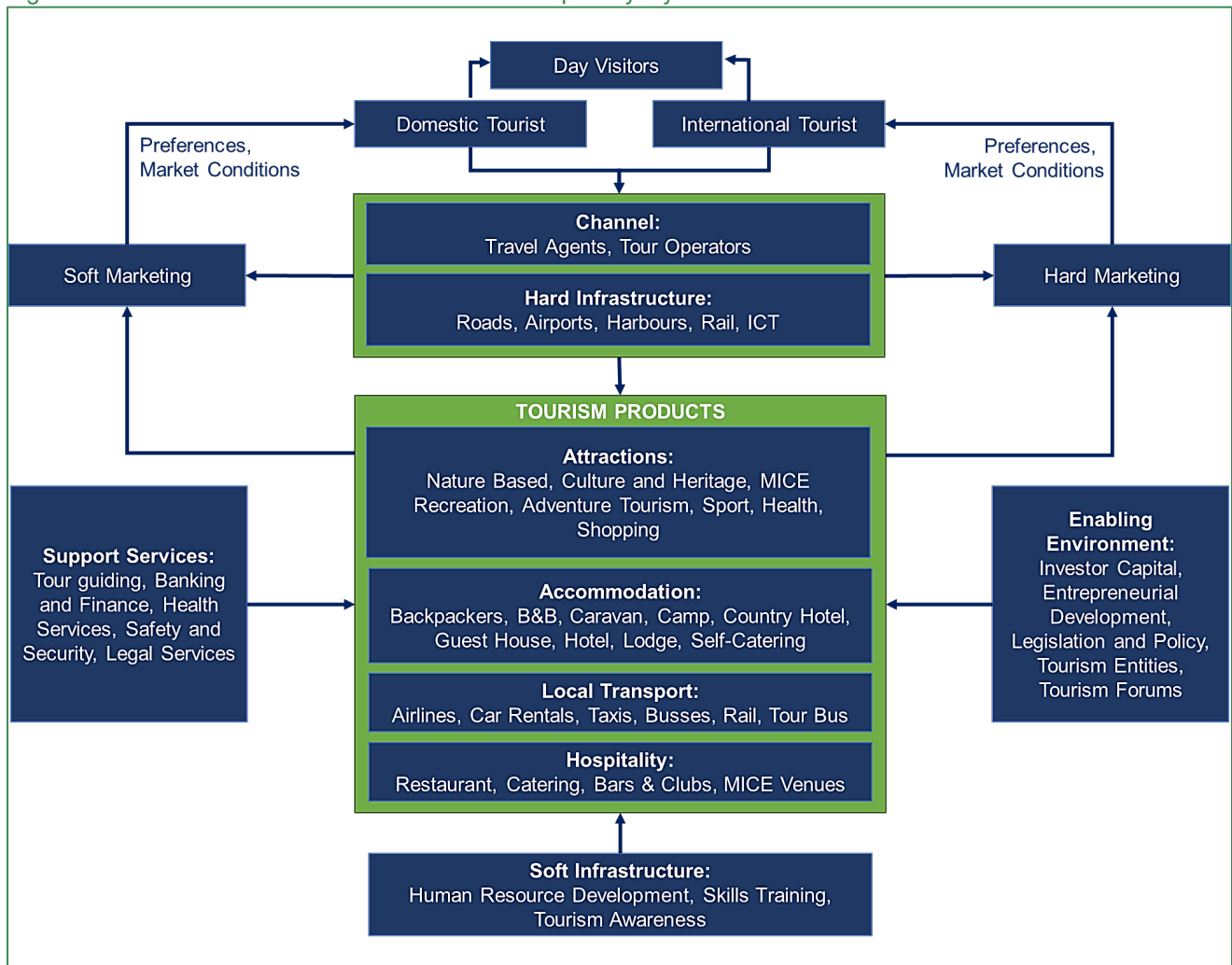
Makhado is ideally situated considering its proximity to national and provincial movement corridors which is of prime advantage to the Municipality. Furthermore, the geographical space, warm climatic conditions are in perfect harmony with the spectacular scenery which enables Makhado to be the preferred destination for international tourists. For instance, South Africa has been able to successfully capitalise on its post-liberation status and steady growth in the international market to a total of 9,5 million tourists in 2014 (SA Tourism, 2019). This suggests that the market for tourism in South Africa has the potential to even grow further also taking cognisance of cross-border arrivals from Southern African Development Community (SADC) countries, that represent an enormous inflow of tourists into South Africa.

The National Department of Tourism's 2015/16 – 2019/20 Strategic Plan states that national tourism's overall strategy has three pillars, namely:

- The supply-side perspective which looks into enhancing the South African tourism destination through creating an environment that strategically positions infrastructure at tourism magnets, developing skills, instilling a culture of service excellence and ensuring the quality of offerings.
- The demand side which incorporates the marketing and promotion of tourism in South Africa.
- The third pillar looks into inter-governmental coordination and collaboration, where the Department of Tourism seeks to address barriers to travelling and connectivity so as to develop South Africa's tourism asset base.

The strategic intervention for tourism enhancement aims to incorporate the three pillars from the National Tourism’s overall strategy. Tourism potential in Makhado has not been fully utilised considering the information centre that needs to be revitalised and the drop in the number of tourists visiting the Municipality. In order to enable the levers for tourism, key programmes need to be formulated to support the strategic intervention for tourism. Cities that drive Tourism and Hospitality as a core economic function enjoy significant progress, signifying tourism’s role as an essential tool for socio-economic development, prosperity and well-being of a region. Figure 57 provides a holistic overview of the tourism and hospitality system.

Figure 57: Holistic View of the Tourism and Hospitality System



SOURCE: (Urban-Econ, 2019)

Tourism is one of the fastest-growing sectors of the world economy. International tourism has shown almost uninterrupted growth since the 1950s and has almost doubled over the past decade. Tourism shows particular promise for developing countries. Moreover, promotion of tourism and hospitality. The programmes that will support the intervention are discussed below:

### 6.2.5.3. Programme 1: Change of Focus: From Physical to Virtual Tourism

The aim of the programme is to assist the tourism industry to adapt to the evolving global economic environment which is being championed by the Fourth Industrial Revolution. In addition, a change from physical to virtual tourism reality would be a game-changer which create amazing.

#### Projects

Project	Rationale
Website Development	The mandate of this project is to envision the municipality developing and making use of the website to market tourism products in Makhado. Furthermore, the website could show tourism activities in Makhado, food outlets, accommodation facilities etc.
Creation of Virtual Reality Tours	This project seeks to see the incorporation of virtual reality tours through the use of VR goggles which will be located at the information centre. The virtual reality tours will provide tourism with a real-life experience thereby enabling the tourist to access information and tourism sites remotely.
Tourism App Development	This aim of this project is to see an App development that provides information about tourism products offered within the Makhado that can be accessed remotely.
Tourism portal development	This project seeks to develop a portal for tourism which aims to provide live chats pertaining the preferable access tourism routes, lodges, potential tourism sites to visit etc.
Rent a Digital Camera	This project envisions tourist being in a position to hire a digital camera which enables them the chance to take amazing action shots and close-ups of our famous inhabitants. The digital camera can be located at the information centre in Makhado

### 6.2.5.4. Programme 2: Cultural and Heritage Tourism

The main objective of this programme is to foster the development of cultural and heritage tourism in Makhado. According to Karabağ, Yavuz, & Berggren (2011), cultural and heritage tourism has been viewed to have a key role in marketing and developing a corporate brand for a city. In this regard, the development of cultural and heritage tourism for Makhado will be essential to creating a blueprint for economic growth and activity in the Municipality area.



## Projects

Project	Rationale
Establish a Flea Market Centre for Arts and Cultural Products	This project aims to establish a flea market that can be located at the information centre close to the N1. The expectation of the flea market would be the sale of arts and cultural products which would be an income source for the information centre.
Revitalisation & Revamp of Cultural and Festivals	This project aims to revitalise & revamp cultural festivals such as the Makhado Show. The end result of this project is to see Makhado being promoted in terms of the rich culture and history the Municipality possesses. It is important for new events to be identified that are also innovative and bring life into the town of Makhado.
Revitalisation of Historical Museum in the Municipality	This project seeks to revive the group museums in the municipality such as (Dzata – hi-tech museum, Lenama, Elim Hospital Museums etc.). The essence of revitalising the group of museums in the Municipality is to get them operation so that they can be a source of income and tourist attractions in the Makhado that will provide diversity in terms of tourism offerings. Furthermore, the end result is to get them operational and have them declared officially.
Establish the Makhado Heritage Site	This project aims to establish a Heritage site which is located in the mountains in Makhado. It is believed that there are ruins on top of the mountains and caves which played a key role during the time of war. Furthermore, this establishment evolves to an old city formation which would be a game-changer for tourism in Makhado.

### 6.2.5.5. Programme 3: Leisure and Business Tourism

This programme aims to create an income stream for Makhado through the establishment of leisure and business activities that will pave a way for economic activity for the Municipality. Key projects to be considered under this programme include:

## Projects

Project	Rationale
Development of a Caravan Park	The aim of the project is to develop a caravan park where caravans may be parked and used for holidays resort points. Caravan parks can be a good source of an income stream for the economy in Makhado.
Identify Investment Ready land for construction of tourism facilities	The aim of the project is to identify investment-ready land within the Municipality that can be used for the development of tourism facilities such as lodges, swimming etc.
Refurbishment of the Information Centre	This project seeks to enhance and expand the current information centre to make it bigger and the better central point for tourism in terms of various activities etc. Moreover, other activities that can be included in the tourism centre entail display of brochures, digital visuals for tourism sites and activities that can be done within the Municipality.
Route Development	This aim of the project is to improve access to tourism sites through route developments (getting roads graded and operational).

### 6.2.5.6. Programme 4: Tourism Promotion and Marketing

The aim of this programme is to promote Makhado as a preferred tourism destination resort area. Moreover, stimulating and promoting tourism will be done through the growth and promotion of local resources and activities.

Key projects that can be developed through this programme include:

## Projects

Project	Rationale
Establishment of a Tourism Map for Makhado	This aim of this project is to develop a tourism map that provides information's about tourism activities, lodges and restaurants within the Municipality.
Review the Makhado Tourism Strategy	This project aims to review the tourism strategy that provides the preamble for tourism in Makhado. The developed Strategy is expected to be the gateway for tourism growth and promotion within the Municipality.
Partnerships with the Malls to Enhance Tourism in Makhado	The aim of this project is to see the municipality partnering with malls for events/ tourism activities which will also boost tourism growth in the area.



Project	Rationale
Makhado Tourism Expo	The aim of this project is to present a marketing platform which is expected to boost tourism in the Makhado.

## 6.2.6. Strategic Intervention 6: Intensify Enterprise Support

### 6.2.6.1. Objective

The objective of intensifying enterprise support is to assist with the development of business support structures to stimulate enterprise development in the Municipality. The outcome of the strategic intervention is to ensure an environment conducive for business specifically for small to medium enterprises, with the appropriate support structures that will assist these enterprises in creating activities that will unlock the economic potential within the Municipality.

### 6.2.6.2. Introduction

Enterprise development is essential for the Municipality's economy as it has the potential to diversify business activities within the region, thereby serving as an important component to the economic growth potential and job-creating prospects. The enterprises require support structures that provide the necessary resources and information to assist in their respective development to achieve better economic inclusivity and sustainability.

### 6.2.6.3. Programme 1: Informal Market Revitalisation

The informal market plays a vital role in the Municipality as it assists with the reduction of unemployment through business activities performed by small to medium enterprises. The revitalisation of the market allows for increased business activity within the region, mainly through business in retail, non-industrial manufacturing (crafts, beadwork, etc.) as well as personal services. Several businesses within the informal market operate on an ad hoc basis, lacking in physical infrastructure (such as stalls) to assist with weather conditions that may affect their products, as well as adequate storage facilities for their products.

## Projects

Project	Rationale
Land Zoning for Informal Markets	The project seeks to make land parcels available for development, with the intended use of the land for informal businesses. The zoning of land for the informal business assists with providing an area where business can set up shop and sell their respective goods, creating a business district for the informal market.
Design and Installation of Market Stalls	The project aims at assisting businesses with physical infrastructure for their business activities. The stalls must provide sufficient cover and consider the weather conditions of the region so as to protect the produce sold by businesses in the informal market.



Project	Rationale
Construction of Storage Units	The project seeks to assist informal businesses with storage units for their produce, thereby also assisting with the ease of doing business for the enterprises.
Public Amenities for Enterprises	The project aims to develop public amenities (such as sanitation facilities) near areas with informal markets. Access to the amenities is important as it assists entrepreneurs with the better operation of their respective businesses.

#### 6.2.6.4. Programme 2: Developing Enterprise Support

The purpose of the programme is to develop support structures for existing enterprises as well as information for potential new entrants into the market. These structures are important for local economic growth from an enterprise perspective as they assist with market access, business attraction and the retention of existing businesses.

#### Projects

Project	Rationale
Development of a Business Information Centre	The project aims to develop an information centre for enterprises that will provide information related to market research, information to assist with the value chain and product development, funding opportunities as well as methods/technologies that may assist enterprises. The centre can also be used as a common space for information sharing among entrepreneurs.
Development of a Business Database	The project seeks to identify and capture informal businesses in a database for Makhado. This is crucial as it will assist the Municipality with information about the types of businesses as well as the type of support to provide to the respective businesses.
Development of Incubation Centres	The project aims at the development of business incubation centres that assist entrepreneurs with basic functions to guide the respective enterprises. The centres will play a crucial role in the initial phases of businesses and will assist with speeding growth for the businesses as well as the Municipality. Specific focus should also be made to women in business at the centres to empower women to become entrepreneurs.
Development of Dzanani Traders Market	The project seeks to develop the Dzanani Traders Market to assist enterprise with access to markets to sell their produce as well as provide job opportunities within the region.

Project	Rationale
Development of Tshakhuma Community Fruit Market	The project seeks to develop the Tshakhuma Community Fruit Market to provide market access to enterprises within the Municipality.
Monthly Flea Market	The project aims to provide better market access to enterprises through the establishment of a monthly flea market in Makhado.

## 6.2.7. Strategic Intervention 7: Marketing and Promotion

### 6.2.7.1. Objective

The objective of this strategic intervention is to promote investment opportunities that are available within the Makhado thereby improving economic growth, job creation and alleviation of poverty.

### 6.2.7.2. Introduction

The strategic intervention for marketing and promotion will play an essential role to strategically position the municipality for investment purposes. Moreover, this strategic intervention will stimulate key industries in Makhado such as tourism, which provide the impetus for growth in the economy of Makhado.

According to the America Marketing Association (2013), marketing is defined as a set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large". In this regard, marketing and promotion would enable economic activity to take place within this intervention, thereby achievement the key objective for local economic development. Marketing and promotion in Makhado could entail the development of local marketing promotion campaigns and zoning of billboards and advertisement in essential places that would steer investment and activity in the municipality area.

This strategic intervention for marketing and promotion requires resources to be efficiently managed through the selection of profitable markets in reaction to the changes in the business environment.

Marketing strategy requires that an organisation manages its resources efficiently through the selection of profitable markets in reaction to the changing business environment. Furthermore, an important element of strategic marketing planning is the establishment of the product of an organisation. In addition, strengthening marketing will provide a good brand for Makhado, thereby retaining investment and reducing any form of economic leakages of the municipality. This strategic intervention is supported by the following programme below:

### 6.2.7.3. Development of Local Marketing Promotion Campaigns

The aim of this programme is to develop the brand of Makhado through the incorporation of promotional activities and campaign. The end goal of this programme is to see the brand of the Municipality making a significant impact on a local, provincial, national and global scale.

Key projects that can be developed through this programme include:

#### Projects

Project	Rationale
Create a Digital Footprint to Market Makhado	The mandate of this project is to develop a digital footprint for Makhado to develop marketing initiatives such as promotions, campaigns, a section on the website marketing the Municipality for investment purposes etc. Other initiatives entail bulk mailers, listing property-related investment on Property 24 and Private Property, utilising banner ads on mainstream websites and use of Apps to market the municipality.
Establish an Investment After Care Programme	The aim of the project is to develop an investment aftercare programme whose mandate would be to promote and retain investment that is injected into the Municipality. This project will also create a good working relationship between investors and the municipality, thereby identifying investment-related issues in the process to foster goodwill between all parties.
Develop Investment Incentive Schemes	The mandate of this project is to establish a stream of cocktail incentives that will result in growth and retention of investment within the Municipality.

## 7. Implementation Plan

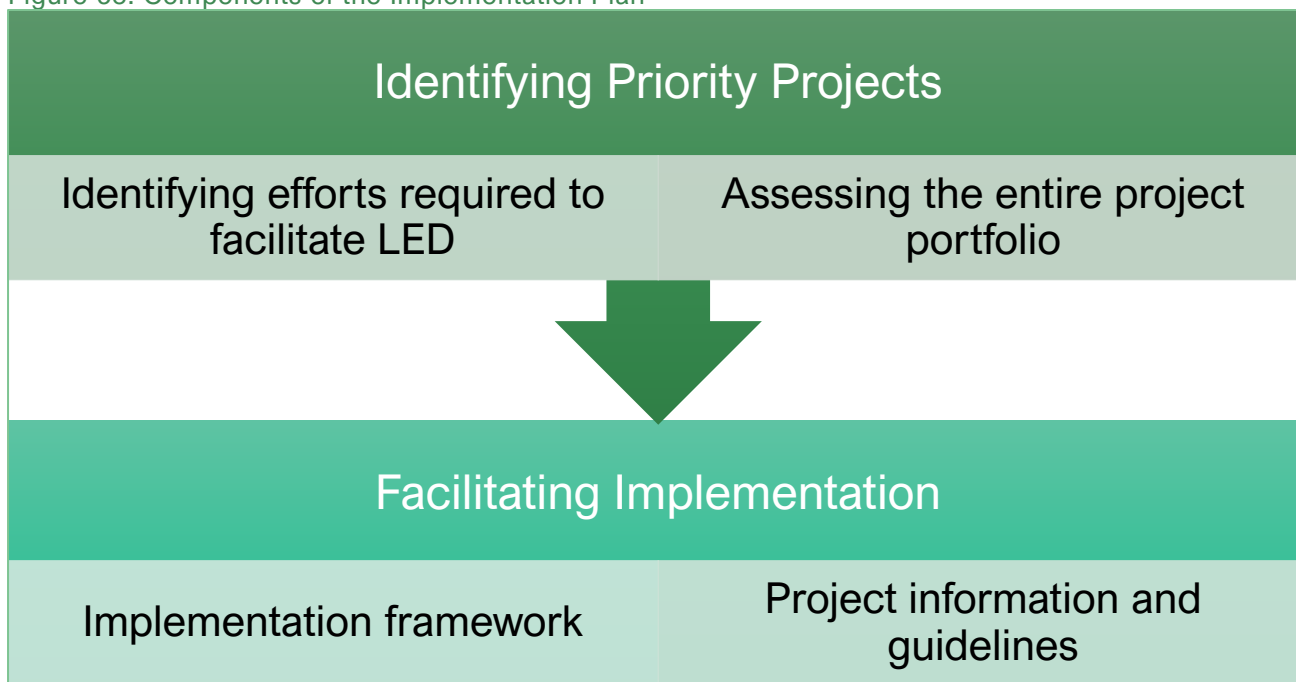
The section presents the implementation plan for the strategic interventions previously identified. The Implementation Plan is a key component of any development strategy. It ensures that the programmes, projects and recommendations made in the strategy are effectively planned and implemented according to defined budgets and timeframes while maximising the strategies socio-economic impact.

Implementation of the respective projects pivots on the ability for Makhado to create a business conducive environment that will assist with attracting investment into the municipality. This will require the implementation of selected turn-key projects as well as the provision of effective investment brokering activities to attract especially, private sector investment.

Investment facilitation plays a crucial role in the execution of projects and for potential spin-off projects that will assist with unlocking economic prospects in Makhado. Systematic targeting and negotiations with potential investors are usually left to the last phases of project implementation – resulting in less time spent on this exercise. For this reason, it is central that a framework through which investors could be attracted to be adopted.

The implementation plan will comprise of two key components highlighted in Figure 58.

Figure 58: Components of the Implementation Plan



## 7.1. Development Principles

Table 45 presents the primary principles according to which the implementation of programmes should be undertaken. These development principles must be followed throughout the entire implementation process as they are vitally important in light of overall community development and empowerment considerations.

Table 45: Development Principles

Development Principles	Description
<b>Sustainability</b>	Sustainability is important in terms of economic, social as well as environmental impacts. Accurate assessment of this dimension prior to the implementation of any LED initiative must be undertaken to limit the irresponsible application of resources and to manage resources efficiently.
<b>Broad-Based Black Economic Empowerment</b>	In light of the distribution of opportunities in terms of demographic characteristics, the development of the economy should be performed against the background of national BBBEE guidelines.
<b>Employment</b>	All development projects that are implemented must be guided by employment creation as the ultimate goal of the project. In other words, where applicable, labour-intensive methods should be employed.
<b>Income</b>	LED initiatives must aim to better the income profile of local households and communities. Steps should be taken to ensure an equitable distribution of income emanating from projects. Good results in this regard can be observed among cooperatives and joint ventures.
<b>Comparative advantage</b>	The development pillars have been identified based on the rationale of building on local comparative advantages. Local economic sectors with such advantages will be targeted for investment and expanded upon. Investment constraints should also be mitigated through development interventions (e.g. a lack of serviced business plots).
<b>Identified needs</b>	LED initiatives should be presented to targeted local communities and beneficiaries before implementation. The purpose of this engagement is to obtain buy-in and support as well as to identify additional community needs that the project can potentially address in a creative manner. These needs should be translated into development priorities for the implementation of projects.
<b>Investment</b>	Investment attraction from outside the Municipality is important as this implies that funds are injected into the economy. This also implies efforts to increase local levels of investment as well as the circulation of locally generated capital.

Development Principles	Description
Capacitation	A key element to the success of LED initiatives is the availability of skills and the competency of workers. Capacity-building should form part of all projects as it also assists with gaining insight into the specifics of the projects. It is recommended that this component be addressed in the feasibility study and business plans of projects to ensure proper budgeting practices. Contributing factors also include business mentoring and SMME Incubation.
Latent potential	Under-utilised resources and development opportunities are regarded as latent potential. Such resources and opportunities should be maximised in the implementation of LED projects (e.g. unused buildings such as workshops).
Linkages	Linkages in the economic development context refer to both the flow of economic goods and services as well as the communication of both government and non-government entities with each other.
Efficiency	Efficiency improvement can be regarded as the increase in the rate at which work is completed. This concept focuses on the outcomes that must be achieved. An overall improvement of efficiency is central to the implementation plan and applicable to all role players in the Municipality. This term is viewed as “ <i>doing things right</i> ”. The road to improved efficiency can be achieved through rethinking institutional mandates and organisational arrangements (such as task teams and institutional systems), as well as implementing LED projects in accordance with the most appropriate business models.
Effectiveness	Closely related to efficiency is effectiveness, which aims at the improvement of the relationship between the outputs and the energy or inputs required to perform a specific task. Therefore, the focus should be “ <i>doing things right with less</i> ”. This concept is central to LED as projects will always be faced with resource constraints. Effectiveness in economic development is achieved through a partnership between role players and creative thinking.
Poverty alleviation	Specific focus should be placed on poverty alleviation throughout the implementation process. Although market forces would determine the optimal location of investment, communities subject to poverty and hardship should always be considered during project planning. If market forces dictate that a project will not be feasible in such an area, the business plan must outline how the initiative will benefit those who are most disadvantaged in Makhado.

## 7.2. Implementation Guidelines

The following factors lead to the successful implementation of projects:

- Good planning practices
- Clear systems and procedures for business plan approvals
- Support for LED projects through the LED Unit
- Clear roles and responsibilities outlined throughout project implementation
- Excellent Performance Management Systems to track implementation
- Commitment from stakeholders, including political support for projects
- Effective communication among stakeholders and respective government departments

The following factors lead to the failure of implementing projects:

- Budget constraints and lack of efficient resource allocation
- Lack of support from role-players and stakeholders, including political support
- Excessive red tape delaying implementation of projects
- Change in the strategic direction of LED projects
- Lack of proper planning practices and administrative leadership
- Involvement of inappropriate stakeholders in projects

The following resources are listed as important resources regarding project implementation:

- Skilled staff and financial resources
- Strategic partners
- Realistic business and implementation plan
- Accredited training in LED and good intergovernmental coordination

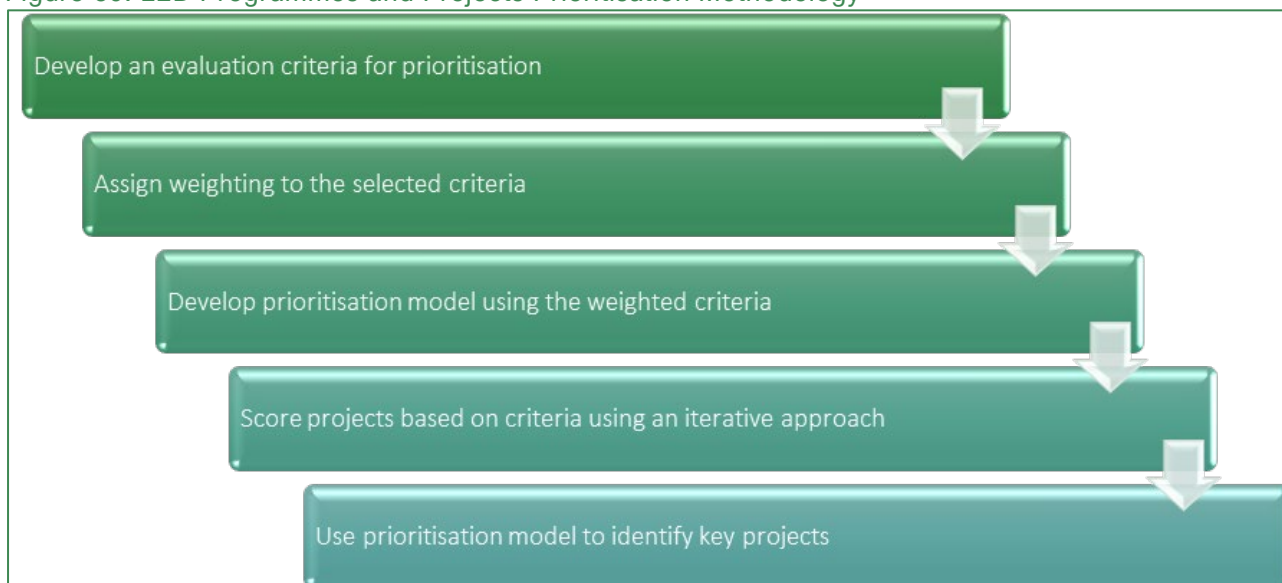
## 7.3. Project Prioritisation

Project prioritisation is conducted to identify key projects that yield a significant economic impact on Makhado thereby propelling local economic development. This approach is crucial to determine the potential analysis of key sectors in the economy. Makhado will be prioritised using an iterative approach to identify “the anchor projects” that need to be implemented to unlock opportunities in the economy.

Figure 59 provides the approach of the prioritisation model.



Figure 59: LED Programmes and Projects Prioritisation Methodology



SOURCE: (Urban-Econ, 2019)

The assessment of the identified projects for the LED Strategy is important in the selection process of strategic projects. A prioritisation model was implemented to assist in the assessment of the identified projects. The model utilises four criteria, with a number of variables for each criterion, to assess the overall impact of the project on the economy.

The criteria used for the assessment of the projects are shown in Table 46.

Table 46: Evaluation Criteria for Projects in Makhado

Criteria	Description
Strategic Importance	Strategic importance is based on the potential impact the project will have in the local economy. This evaluation criterion considers elements such as the project scale, the impact the project will have on the economy, and the comparative advantage the project has on the local economy.
Feasibility of the Project	This evaluation criterion evaluates the financial feasibility of the project and it is essential to these indicators in the assessment of the project. Aspects to be considering entail: <ul style="list-style-type: none"> <li>Existing research on the project topic</li> <li>Availability of resources, skills and technology</li> </ul>
Economic Impact	Economic impact criterion is used to assess the project in terms of socio-economic aspects. Economic impact refers to the sum of projects' influences on the local economy and includes the following aspects: <ul style="list-style-type: none"> <li>Increased income</li> <li>Growth in businesses and sales</li> </ul>

Criteria	Description
	<ul style="list-style-type: none"> <li>• Creation of jobs</li> <li>• Potential agglomeration effects and advantages</li> <li>• Foreign direct investment in the economy</li> </ul>
SMME Development Support	The criteria are based on aspects such as providing support and training to small, medium and micro-enterprises and supporting companies that actively promote development and skills transfer to its employees.
Ease of Implementation	The ease of implementation criteria considers if a project can be easily implemented and if it would yield a greater economic benefit in the economy.

SOURCE: (Urban-Econ, 2019)

From the prioritisation model (Annexure A) the following main Anchor Projects have been identified, as shown below:

Table 47: Anchor Projects Identified for Makhado Local Municipality

Strategic Intervention	Project
Unlocking the Economic Environment	<ul style="list-style-type: none"> <li>• SEZ Workshops</li> <li>• Establishment of ICT infrastructure</li> <li>• Co-operate with academic institutions to develop digital skills</li> <li>• Revitalisation of the railway line</li> </ul>
Institutional Development	<ul style="list-style-type: none"> <li>• Staff Capacity</li> <li>• Develop Coordination Mechanisms for Engaging Key Stakeholders</li> <li>• Engagement with Traditional Authorities</li> <li>• Operationalise Strategies and Plans</li> </ul>
Enhancing Agriculture and Agro-processing	<ul style="list-style-type: none"> <li>• Establish a food/farmer's market</li> <li>• Develop and market the agricultural exhibition centre</li> <li>• Develop a Comprehensive exporter development programme</li> <li>• Establishment of vocational colleges within the village</li> </ul>
Inclusive Economy	<ul style="list-style-type: none"> <li>• Establishment of an Entertainment Hub</li> <li>• Improving Street Lighting in Makhado</li> <li>• The revitalisation of Industrial Parks in Makhado</li> <li>• Create Niche Investment Opportunities to Support the Development of The Makhado-Musina SEZ</li> </ul>
Tourism Enhancement	<ul style="list-style-type: none"> <li>• Refurbishment of the Information Centre</li> <li>• Development of a Caravan Park</li> </ul>

Strategic Intervention	Project
	<ul style="list-style-type: none"> <li>• Establish a flea market centre for arts and cultural products</li> <li>• Establish the Makhado Heritage Site</li> </ul>
Intensify Enterprise Support	<ul style="list-style-type: none"> <li>• Land Zoning for Informal Markets</li> <li>• Development of a Business Information Centre</li> <li>• Development of Dzanani Traders Market</li> <li>• Development of Tshakhuma Community Fruit Market</li> </ul>
Marketing and Promotion	<ul style="list-style-type: none"> <li>• Create a Digital Footprint to market Makhado</li> <li>• Establish an Investment After Care Programme</li> <li>• Develop Investment Incentive Schemes</li> </ul>

#### 7.4. Key Strategic Interventions and Projects

This section provides the strategic interventions that received the highest rating in the project prioritisation model due to their strategic importance to Makhado, their potential to support entrepreneurs and small businesses, as well as the potential impact they are anticipated to have on employment creation. Please note the budget provided is an estimate and may vary according to economic conditions, extra requirements and unforeseen circumstances. The projects are prioritised in terms of strategic importance to the Municipality are shown below:

### 7.4.1. Unlock the Economic Environment

Table 48: Unlocking the Economic Environment

Name	Description	Key Actions	Development Partners	Project Time Frame	Estimated Budget
SEZ Workshops	The aim of this project is for the Municipality to conduct annual SEZ Workshops to inform various stakeholders on the progress of the SEZ and economic opportunities that are available. The end result of this initiative is to establish awareness of the SEZ amongst the people of Makhado.	<ul style="list-style-type: none"> <li>Educate locals through workshops about the SEZ development and opportunities available</li> <li>MLM should partner with Ledet to steer head this initiative</li> </ul>	<ul style="list-style-type: none"> <li>Provincial Government</li> <li>Ledet</li> <li>MLM</li> </ul>	Ongoing	R5 million
Establishment of ICT infrastructure	The mandate of this project entails seeing the Municipality establishing adequate infrastructure facilities that will enable people, institutions, and businesses to access ICT services with ease.	<ul style="list-style-type: none"> <li>Engage with Telecommunication s stakeholders for investment purposes in ICT in the area</li> </ul>	<ul style="list-style-type: none"> <li>Telkom &amp; relevant cell phone companies</li> <li>MLM</li> <li>Ledet</li> <li>Coghsta</li> </ul>	Ongoing	R 5 million
Co-operate with academic institutions to develop digital skills	The aim of this project is to develop partnerships with academic institutions to develop the essential skills that will be suitable for the digital environment.	<ul style="list-style-type: none"> <li>MLM should conduct Information and awareness campaigns on the importance of ICT development</li> </ul>	<ul style="list-style-type: none"> <li>Universities</li> <li>FET Colleges</li> <li>MLM</li> <li>VDM</li> </ul>	Short-term	R2 million
Revitalisation of the railway line	The aim of this project is to revitalise the railway line in Makhado, thereby resulting in the railway station being operational.	<ul style="list-style-type: none"> <li>Refurbishment of the railway line</li> </ul>	<ul style="list-style-type: none"> <li>MLM</li> <li>VDM</li> <li>Prasa</li> <li>Ledet</li> </ul>	Medium-term	R3 million

## 7.4.2. Institutional Development

Table 49: Institutional Development

Name	Description	Key Actions	Development Partners	Project Time Frame	Estimated Budget
Staff Capacity	The aim of this project is to source qualified personnel that will take up the vacant positions within the department, thereby strengthening the unit. This is crucial in completing the number of officers to carry out tasks and to meet targets more efficiently.	<ul style="list-style-type: none"> <li>Employ qualified staff members for vacant positions</li> <li>Provide training for newly appointed personnel</li> </ul>	<ul style="list-style-type: none"> <li>MLM</li> </ul>	Short term	R 1 million
Develop Coordination Mechanisms for Engaging Key Stakeholders	The aim of the project is to develop mechanisms that allow effective communication and administration among the respective institutions, departments and stakeholders through informal/formal forums, focus groups as well as workshops. The mechanisms assist with the flow of information, coordinating plans and approaches to efficiently implement projects.	<ul style="list-style-type: none"> <li>Standardisation of outcomes and work processes</li> <li>Establish forums and online platforms for communication</li> <li>Facilitate engagement workshops</li> </ul>	<ul style="list-style-type: none"> <li>MLM</li> <li>Coghsta</li> <li>Ledet</li> </ul>	Short to medium term	Lobbying
Engagement with Traditional Authorities	Engaging with traditional authorities presents an opportunity for the Municipality to unlock latent economic potential for the municipality through the development of the rural areas of the Makhado. The engagement with traditional authorities is important as they are key stakeholders in the affairs of the local authority who can assist in affecting change throughout the municipal area.	<ul style="list-style-type: none"> <li>Facilitate workshops designed for traditional authorities regarding economic activities in Makhado</li> <li>Establish communication mechanisms between traditional and local authorities</li> </ul>	<ul style="list-style-type: none"> <li>MLM</li> <li>Coghsta</li> <li>Ledet</li> <li>Traditional authorities</li> </ul>	On-going	Lobbying
Operationalise Strategies and Plans	The aim of the project is the operationalisation of strategies and municipal plans for efficient	<ul style="list-style-type: none"> <li>Engage with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>MLM</li> <li>Coghsta</li> <li>Ledet</li> </ul>	Medium-term	Lobbying

	<p>implementation. The project includes the relevant stakeholders that will assist with strategy formulation and the implementation of various plans for the continued growth of the economy.</p>	<p>regarding the planned implementation of plans</p> <ul style="list-style-type: none"> <li>• The formalisation of the implementation process as well as determining roles and responsibilities for stakeholders</li> <li>• Establish key performance indicators for plans</li> <li>• Begin implementation of key strategic plans</li> </ul>	<ul style="list-style-type: none"> <li>• Traditional authorities</li> <li>• Vhembe District Municipality</li> </ul>		
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### 7.4.3. Enhancing Agriculture and Agro-Processing

Table 50: Enhancing Agriculture and Agro-Processing

Name	Description	Key Actions	Development Partners	Project Time Frame	Estimated Budget
Establish a food/farmer's market	This project aims to establish a food/farmer's market which will be located along the N1 with a variety of products for the customers to choose from.	<ul style="list-style-type: none"> <li>• Identification of investment-ready land</li> <li>• Construct market facilities to support the development</li> </ul>	<ul style="list-style-type: none"> <li>• Traditional Authorities</li> <li>• AFGRI Milling (Philafrica foods)</li> <li>• Tiger Brands</li> <li>• MLM</li> </ul>	Medium-term	R2 million
Develop and market the agricultural exhibition centre	This project aims to develop and establish partnerships with agricultural and exhibitions trade fair locally, regionally and across the border so as to market agriculture products thereby creating a story for Makhado as the ideal investment destination zone.	<ul style="list-style-type: none"> <li>• Benchmark and identify key lessons learnt from other similar initiatives</li> </ul>	<ul style="list-style-type: none"> <li>• DAAF</li> <li>• DRDLR</li> <li>• MLM</li> </ul>	Short-term	R3 million
Develop a Comprehensive exporter development programme	The mandate of this project is to develop an exporter development programme for poultry as large production bases provide an opportunity for the local poultry industry to develop exports to neighbouring countries.	<ul style="list-style-type: none"> <li>• Reducing the red tape environment</li> <li>• Creating an investment-friendly climate</li> </ul>	<ul style="list-style-type: none"> <li>• DAAF</li> <li>• DRDLR</li> <li>• MLM</li> </ul>	Long-term	Lobbying
Establishment of vocational colleges within the village	The aim of this project is to see the establishments of vocational colleges whose mandate is to upskill and develop skills in the agriculture industry.	<ul style="list-style-type: none"> <li>• Identify suitable locations</li> <li>• Benchmark with technical schools from other areas</li> </ul>	<ul style="list-style-type: none"> <li>• Private sector consultants</li> <li>• MLM</li> <li>• DAAF</li> </ul>	Medium-term	R3 million



#### 7.4.4. Inclusive Economy

Table 51: Inclusive Economy

Name	Description	Key Actions	Development Partners	Project Time Frame	Estimated Budget
Establishment of an Entertainment Hub	<p>The mandate of this project is to create an entertainment hub in Makhado that aims to provide entertainment and night-time activity with the aim of propelling economic activities. The entertainment hub to establish aims to provide indoor and outdoor activities which include:</p> <ul style="list-style-type: none"> <li>• Outdoor gym</li> <li>• Jungle gym for kids</li> <li>• Arcade at the mall</li> <li>• Cinemas at the mall</li> <li>• etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Land zoning for the entertainment hub</li> <li>• Zoning of small enterprises around the hub</li> <li>• Stakeholder consultation</li> <li>• Infrastructure development for a designated area</li> <li>• Construction of physical infrastructure for desired activities within the hub</li> </ul>	<ul style="list-style-type: none"> <li>• MLM</li> <li>• Vhembe District Municipality</li> <li>• Tourism organisations</li> <li>• Ledet</li> </ul>	Medium to long term	Lobbying
Improving Street Lighting in Makhado	<p>The aim of this project is to improve lighting in Makhado which would enable comfort and safety for night-time economic initiatives to take place. This includes improving lighting in areas such as parking lots, shopping malls, University campuses, hospitals, or other public and private facilities.</p>	<ul style="list-style-type: none"> <li>• The decision on the type of lights required in the respective areas (streetlights, Apollo/lamp post etc.) as well as the source of power (electricity, solar etc.)</li> <li>• Installation of physical</li> </ul>	<ul style="list-style-type: none"> <li>• MLM (various departments)</li> <li>• Development partners</li> </ul>	Short to medium term	R 1.5 million

		infrastructure for lighting			
Revitalisation of Industrial Parks in Makhado	The aim of this project is to revitalise industrial parks and promote manufacturing and productive activities at the industrial park sites through the identification of investors/partners that will play an essential role tow revitalising industrial parks in the municipal area.	<ul style="list-style-type: none"> <li>• Proper assessment of industrial parks</li> <li>• Investment attraction into the industrial parks</li> <li>• Refurbishment of the parks and maintenance of existing infrastructure</li> <li>• Infrastructure development for the industrial parks and upkeep thereof</li> </ul>	<ul style="list-style-type: none"> <li>• MLM</li> <li>• Ledet</li> <li>• IDC</li> <li>• Dti</li> </ul>	Long term	R 3 million
Create Niche Investment Opportunities to Support the Development of The Makhado-Musina SEZ	The aim of this project is to establish and create a cocktail of investment opportunities that will result in the development of SMME supporting industry or input suppliers at the Makhado-Musina SEZ.	<ul style="list-style-type: none"> <li>• Identify key role players to drive initiative</li> <li>• Develop investment incentives for potential investors</li> <li>• Identify potential linkages through value chains to the Makhado-Musina SEZ</li> </ul>	<ul style="list-style-type: none"> <li>• MLM</li> <li>• Ledet</li> <li>• IDC</li> <li>• Dti</li> </ul>	Long term	Lobbying

#### 7.4.5. Tourism Enhancement

Table 52: Tourism Enhancement

Name	Description	Key Actions	Development Partners	Project Time Frame	Estimated Budget
Refurbishment of the Information Centre	This project seeks to enhance and expand the current information centre to make it bigger and the better central point for tourism in terms of various activities etc. Moreover, other activities that can be included in the tourism centre entail display of brochures, digital visuals for tourism sites and activities that can be done within the Municipality.	<ul style="list-style-type: none"> <li>• Renovate the current structure</li> <li>• Source partnerships and investors</li> </ul>	<ul style="list-style-type: none"> <li>• Ledet</li> <li>• MLM</li> <li>• Tourism organisations etc.</li> </ul>	Short-term	R1,5 million
Development of a Caravan Park	The aim of the project is to develop a caravan park where caravans may be parked and used for holidays resort points. Caravan parks can be a good source of an income stream for the economy in Makhado.	<ul style="list-style-type: none"> <li>• Construct swimming pool, entertainment areas and kids playing area etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Ledet</li> <li>• MLM</li> <li>• Tourism organisations etc.</li> </ul>	Short-term	R1,5 million
Establish a flea market centre for arts and cultural products	This project aims to establish a flea market that can be located at the information centre close to the N1. The expectation of the flea market would be the sale of arts and cultural products which would be an income source for the information centre.	<ul style="list-style-type: none"> <li>• Zoning of the area to be developed</li> <li>• Develop facilities with supporting infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Private sector consultants</li> <li>• Ledet</li> <li>• MLM</li> <li>• Tourism organisations etc.</li> </ul>	Short-term	R1,5 million
Establish the Makhado Heritage Site	This project aims to establish a Heritage site which is located in the mountains in Makhado. It is believed that there are ruins on top of the mountains and caves which played a key role during the time of war. Furthermore, this establishment evolves to an old city formation which would be a game-changer for tourism in Makhado.	<ul style="list-style-type: none"> <li>• Identify key role players to drive the initiative</li> <li>• Construct facilities to support the development</li> </ul>	<ul style="list-style-type: none"> <li>• Private sector consultants</li> <li>• Ledet</li> <li>• MLM</li> <li>• Tourism organisations etc.</li> </ul>	Long-term	R5 million

#### 7.4.6. Intensify Enterprise Support

Table 53: Intensify Enterprise Support

Name	Description	Key Actions	Development Partners	Project Time Frame	Estimated Budget
Land Zoning for Informal Markets	The project seeks to make land parcels available for development, with the intended use of the land for informal businesses. The zoning of land for the informal business assists with providing an area where business can set up shop and sell their respective goods, creating a business district for the informal market.	<ul style="list-style-type: none"> <li>• Identification of land parcels suitable for informal markets</li> <li>• Zoning of identified land</li> <li>• Infrastructure development to assist informal market</li> </ul>	<ul style="list-style-type: none"> <li>• MLM</li> <li>• Vhembe District Municipality</li> <li>• Ledet</li> </ul>	Short to medium term	Lobbying
Development of a Business Information Centre	The project aims to develop an information centre for enterprises that will provide information related to market research, information to assist with the value chain and product development, funding opportunities as well as methods/technologies that may assist enterprises. The centre can also be used as a common space for information sharing among entrepreneurs.	<ul style="list-style-type: none"> <li>• Identification of ideal location for the business centre within Makhado town area</li> <li>• Establishment of business information centre as well as required infrastructure</li> <li>• Sourcing of business-related information to assist with enterprise development</li> </ul>	<ul style="list-style-type: none"> <li>• MLM</li> <li>• Vhembe District Municipality</li> <li>• SEDA and other development agencies</li> <li>• Universities and colleges</li> </ul>	Medium to long term	Lobbying

		<ul style="list-style-type: none"> <li>• Integration of ICT infrastructure</li> </ul>			
Development of Dzanani Traders Market	The project seeks to develop the Dzanani Traders Market to assist enterprise with access to markets to sell their produce as well as provide job opportunities within the region.	<ul style="list-style-type: none"> <li>• Upgrade stalls for hawkers</li> <li>• Install and maintain public infrastructure</li> <li>• Maintain a clean working environment for hawkers</li> </ul>	<ul style="list-style-type: none"> <li>• MLM</li> <li>• Vhembe DM</li> <li>• Ledet</li> </ul>	Medium-term	R 1 million
Development of Tshakhuma Community Fruit Market	The project seeks to develop the Tshakhuma Community Fruit Market to provide market access to enterprises within the Municipality.	<ul style="list-style-type: none"> <li>• Upgrade stalls for hawkers</li> <li>• Install and maintain public infrastructure</li> <li>• Maintain a clean working environment for hawkers</li> </ul>	<ul style="list-style-type: none"> <li>• MLM</li> <li>• Vhembe DM</li> <li>• Ledet</li> </ul>	Medium-term	R 5 million

#### 7.4.7. Marketing and Promotion

Table 54: Marketing and Promotion

Name	Description	Key Actions	Development Partners	Project Time Frame	Estimated Budget
Create a Digital Footprint to market Makhado	The project will develop a digital footprint for Makhado to develop marketing initiatives such as promotions, campaigns, a section on the website marketing the Municipality for investment purposes etc.	<ul style="list-style-type: none"> <li>• Make use of the website to market the municipality</li> <li>• Utilise banner ads</li> <li>• Website development</li> </ul>	<ul style="list-style-type: none"> <li>• Ledet</li> <li>• the dti</li> <li>• Coghsta</li> </ul>	Short-term	R1 million
Establish an Investment After Care Programme	The project aims to develop an investment aftercare programme whose mandate would be to promote and retain investment that is injected into the Municipality. This project will also create a good working relationship between investors and the municipality, thereby identifying investment-related issues in the process to foster goodwill between all parties.	<ul style="list-style-type: none"> <li>• Identify key role players</li> <li>• Improve the investment environment</li> <li>• Establish and investment steering committee</li> </ul>	<ul style="list-style-type: none"> <li>• Ledet</li> <li>• the dti</li> <li>• Coghsta</li> </ul>	Medium-term	R1,5 million
Develop Investment Incentive Schemes	This project envisions the establishment of a stream of cocktail incentives that will result in growth and retention of investment within the Municipality.	<ul style="list-style-type: none"> <li>• Develop a one-stop-shop</li> <li>• Reducing the red tape environment</li> </ul>	<ul style="list-style-type: none"> <li>• DBSA</li> <li>• The dti</li> <li>• IDC</li> </ul>	Medium-term	Lobbying

## 7.5. Identification of Location

Identification of project location is key towards a potential investor. Once the project to be implemented has been identified, the next step would be to identify where it will be located.

Aspects that investors consider when doing a site assessment include:

- Proximity and accessibility to transport routes and/or the target market.
- Proximity to inputs such as raw materials and labour.
- Communities that are forward-looking and exhibit a high standard of land management.
- Informed communities who understand the value of the development and have data on their own needs, strengths and weaknesses.
- Proper due diligence of the site has been conducted in terms of any rezoning or Environmental Impact Assessment planning procedures to be followed and the bulk and geotechnical capacity are appropriate for the development.

## 7.6. Pre-Feasibility and Detailed Feasibility Studies

Feasibility studies are conducted to determine the viability of a project within a specific area. In some cases, the project may require a pre-feasibility study which would serve as the precursor for the feasibility study. The pre-feasibility study ensures a solid basis for the feasibility study.

**A pre-feasibility assessment entail:**

- Location Data
- Potential Project Limitations
- Potential Alternatives
- Preliminary Estimated Cost
- Detailed Information Required in Feasibility Study
- Potential Funding Sources
- Prepare Terms of Reference for the Feasibility study

**Feasibility assessments essentially comprise of:**

- Location Analysis
- An Initial Environmental Assessment
- Market research (demand and supply analysis)
- Identification and quantification of income streams and the identification of potential funding sources



The development concept is then refined, with concrete concept designing and planning is done. The feasibility study translates into information for the investor(s) on:

- Demonstrated the existence of a market that it is viable for a new entrant to gain a sufficient size of the market share
- The macro-economic environment is sufficiently stable to support and/or grow the current market
- Costs such as start-up capital, labour, supply chain logistics, utilities and taxation are investigated and accurately estimated
- Income streams are accurately calculated based on market research and the income will be sufficient to cover the cost and earn a Return on Investment (RoI)

### **7.7. Partnership Identification and Project Matchmaking**

The purpose of this section is to identify stakeholders, potential partners, funders and project leaders. A project leader is needed who will drive and coordinate the process from going forward. The person will be responsible for the steps that follow and, as such, should be provided with the necessary information, data and authority to successfully and timeously lead the project from this point to eventually hand it over to the developer/operator. This can be someone from within the LED Unit, the LED Forum or another suitable industry driver. Stakeholders may range from government departments that are required in the planning process, industry experts or representative bodies, communities/beneficiaries, landowners and so on. At this stage of the project preparation, it is necessary to ensure that all parties understand the project. The requirements of stakeholders, if any, are identified. This may include training requirements.

It is also possible at this stage to begin to engage investors and match them with existing or potential projects. Investors will require not only the feasibility studies but also a comprehensive business plan as described below. Depending on the attractiveness of the opportunity, some potential investors may develop their own business plans, while in other scenarios a business plan will be needed to draw investors to the project.

### **7.8. Potential Funders and Support Services**

This section presents potential funders to facilitate successful implementation, of the projects identified. Local Authorities and Regional Councils are responsible for mobilising as much funding as possible for LED initiatives locally within their respective stakeholder networks. For longer-term programmes that require regular funding, local and regional budgets must reflect these priorities and they should be motivated through the LED. The funding component includes funding sources for private sector investors and public sectors interventions. These can be explained below which entails:

- Funding sources for private sector investors: Various incentive schemes and other funding sources exist in the form of subsidies and loans to contribute to the start-up capital requirements of large development projects.
- Funding sources for public sector interventions: Various grants and other funding sources exist for municipalities working toward improving their readiness for investment by the private sector.

Potential Funders and Support Service agencies have a vital role to play in the development of a sustainable, dynamic, diverse for Lepelle-Nkumpi. Most residents, entrepreneurs, SMMEs and established businesses in the municipality do not have access to the services provided by support services agencies. Other potential funders that could be made use of are:

- The Department of Trade and Industry (dti)
- The Industrial Development Corporation (IDC)
- Trade and Investment South Africa (TISA)
- Small Enterprise Development Agency (SEDA)
- Development Bank of South Africa (DBSA)
- Agriculture Research Council & CSIR

## 8. Monitoring and Evaluation

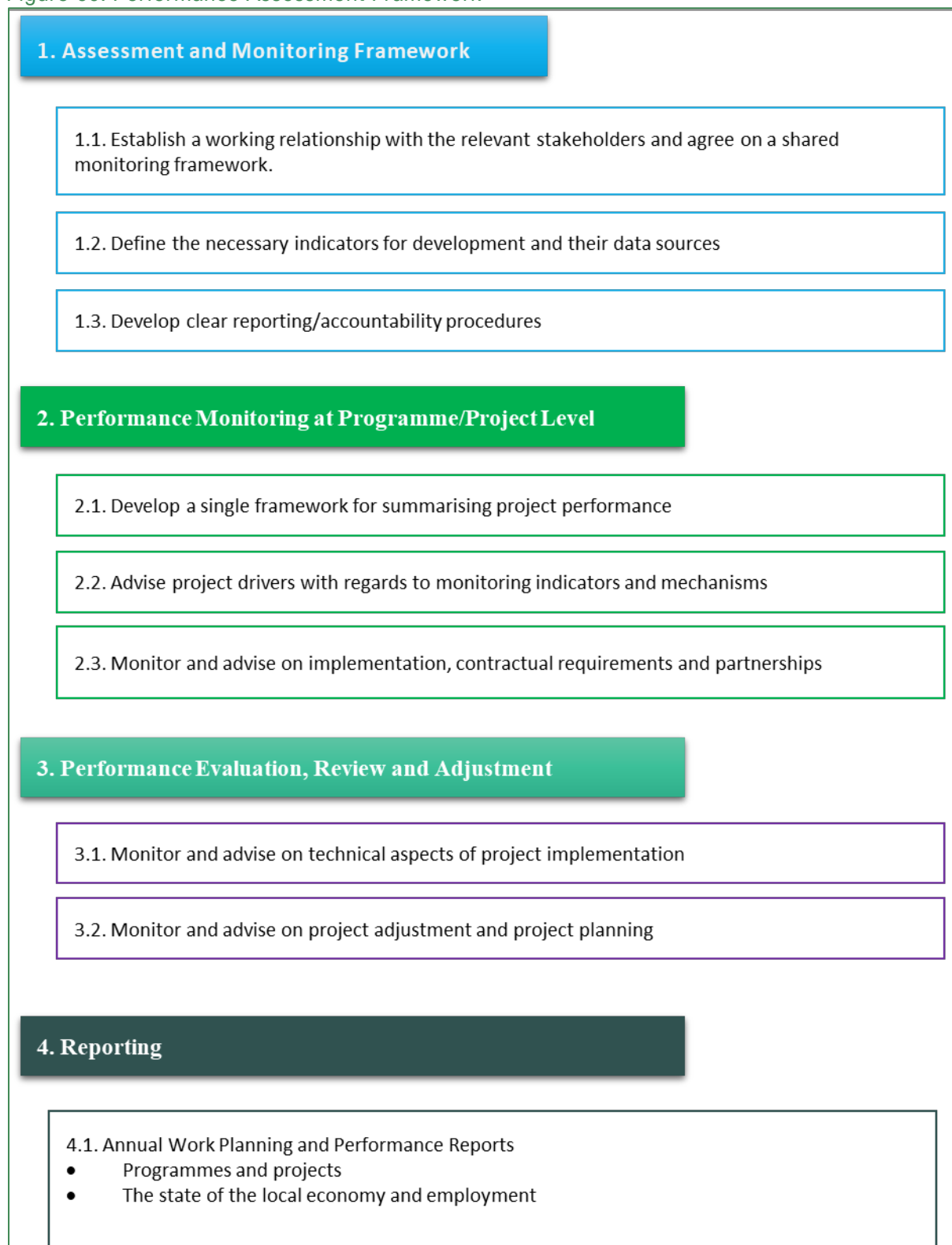
The implementation of an LED Strategy requires an instrument such as a monitoring and evaluation framework to assess the impact of the LED Strategy on the economy of Makhado. Monitoring and Evaluation are defined as a tool used to assess and enhance the efficiency and effectiveness of a plan or strategy. A monitoring and evaluation framework is generally is as one concept which is not the case. It is two different organisational activities which are related to one another, but not identical. The rationale for developing a monitoring and evaluation framework are listed below:

- To inform the sector department and development needs for the Municipality
- To include all stakeholders that are relevant in the development of planned projects
- To compare local economic development with the municipalities bordering Makhado
- To inform role players on the progress, challenges of project implementation
- To identify an area that needs intervention through progress and tracking reports
- To compare progress over numerous years
- To determine the effectiveness and contribution of each strategy as projects, thereby enabling KPI's to be linked to specific strategies (PGDS, LED & IDP)
- To make information on all projects to be available at one glance

### 8.1. Performance Assessment Framework

A performance assessment framework will be adopted in the study which is a set of recommendations that enable the effective monitoring and evaluation during the implementation of the strategy. A summary of the performance assessment framework is shown in Figure 60.

Figure 60: Performance Assessment Framework



To enhance the efficiency and effectiveness of the Strategy, continuous adjustments need to be based on market fluctuations and demand changes. This entails the following:

- An EconoMonitor that has been adopted for the study will include:
  - Quarterly evaluation and review
  - Bi-annual evaluation and review
  - Annual evaluation and review
- Annual report for publication
- Proactive communication
- To adjust according to market shifts

Table 55: Economonitor Adopted for Makhado

ECONOMONITOR
<p><b>Description</b></p> <p>The main aim of the EconoMonitor is to provide an assessment report on the state of the economy in Makhado. The equation listed below for the EconoMonitor has been adopted and modified to suit the study.</p> <p>Performance indicators to be considered under this framework include:</p> <ul style="list-style-type: none"> <li>• The standards of living in the economy</li> <li>• The growth of the economy</li> <li>• The performance of the different sectors in the economy</li> </ul> <p>The EconoMonitor will provide an assessment report for the economy which will include quarterly, bi-annual and an annual evaluation and review report.</p>
<p><b>Variables Adopted</b></p> <p>The variables adopted to assess the impact of the LED Strategy on the economy of Makhado will include:</p> <ul style="list-style-type: none"> <li>• GVA per-capita</li> <li>• GVA growth</li> <li>• Employment</li> <li>• Employment growth</li> <li>• The number of projects completed</li> </ul> <p>With the variables in mind the equation follows the format below:</p> $Ecm = \beta_0 + \beta_1 GVA \text{ per capita} + \beta_2 GVA \text{ Growth} + \beta_3 Empl y + \beta_4 Empl y \text{ Growth} + \beta_5 Project + \varepsilon$ <p>Where  <math>\beta_i = \text{coefficients for } i \in (0;5)</math></p>

*GVA per capita = a measure of an economic output that accounts for its number of people (the standards of living)*

*GVA Growth = is the measure of the value of goods and services produced in an area, industry or sector of an economy*

*Emply = The total number of people employed in the Municipality*

*Emply Growth = the growth of the employed over time*

*Project = The number of projects completed over a certain period*

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## Annexure A: Project Prioritisation

Table 56 presents the project prioritisation model for the projects identified in Makhado Local Municipality. The model is anchored on the following rating system:

- 1: Low scoring
- 2: Below average scoring
- 3: Average scoring
- 4: Above average scoring
- 5: High scoring

Table 56: Makhado Project Prioritisation Model

Projects/Programmes	PRIORITISATION					RATING	RANK
	Strategic Importance	Feasibility of the Project	Economic Impact	SMME Development Support	Ease of Implementation		
<b>WEIGHTING</b>	<b>30%</b>	<b>20%</b>	<b>25%</b>	<b>15%</b>	<b>10%</b>		
<b>Strategic Intervention 1: Unlocking the Economic Environment</b>							
<b>Programme 1: Create an Enabling Environment</b>							
Improving access to basic services	5	2	5	1	1	3,4	4
SEZ Workshops	5	4	4	4	3	4,2	1
Reduce Red Tape	4	3	4	5	3	3,85	3
Develop "One-Stop" shops	5	3	3	5	3	3,9	2
<b>Programme 2: Information and Communications (ICT)</b>							
Establishment of ICT infrastructure	5	3	5	2	1	3,75	1
E-Learning at schools	5	3	2	1	1	2,85	2
<b>Programme 3: Skills Development and Enhancement</b>							
Establishment of an FET	5	2	3	2	1	3,05	3
Co-operate with academic institutions to develop digital skills	5	3	3	4	2	3,65	1
Strengthen market value chains through youth development	4	3	4	4	2	3,6	2
<b>Programme 4: Improve Road Connectivity</b>							
Revitalisation of the railway line	5	4	5	2	2	4,05	1
Improve road infrastructure	5	4	5	1	1	3,8	2
Airport/airbase Development	4	2	4	3	2	3,25	3
<b>Strategic Intervention 2: Institutional Development</b>							
<b>Programme 1: Capacity Building</b>							
Staff Capacity	5	5	2	1	2	3,35	1
Skills Training for Officers	5	5	1	1	4	3,3	2
<b>Programme 2: Effective Planning</b>							
Update Key Municipal Policies, Strategies, Plans and Bylaws	5	5	3	1	2	3,6	3
Develop Coordination Mechanisms for Engaging Key Stakeholders	5	5	4	2	1	3,9	2

Engagement with traditional authorities	5	5	5	2	4	4,45	1
<b>Programme 3: Efficient Implementation</b>							
Establish Partnerships with Key Stakeholders	5	5	4	2	1	3,9	2
Operationalise Strategies and Plans	5	2	5	4	3	4,05	1
Red-tape reduction	5	2	4	3	3	3,65	3
<b>Strategic Intervention 3: Enhancing Agriculture and Agro-Processing</b>							
<b>Programme 1: Value Chain Linkages</b>							
Market linkages	4	3	3	4	2	3,35	5
Establish a food/farmer's market	5	5	5	4	4	4,75	1
Develop and market the agricultural exhibition centre	5	4	5	5	4	4,7	2
Develop incentive schemes for local producers and processors to encourage linkages	5	3	3	4	4	3,85	4
Improving access to financing for farmers	5	4	5	3	2	4,2	3
<b>Programme 2: Production of Tomatoes</b>							
Establishment of a factory for tomato production	5	4	4	4	3	4,2	3
Production of tomato sauce	3	2	3	3	2	2,7	6
Canned whole fruits production	3	2	3	4	2	2,85	4
Production & supply of soup and spices	3	2	3	4	1	2,75	5
Establishment of a fruit and vegetable city	5	4	5	5	3	4,6	1
Wholesale and retail shops establishment	5	4	5	3	3	4,3	2
<b>Programme 3: Poultry Production</b>							
Establish a poultry abattoir facility	5	4	5	4	3	4,45	2
Expansion of broiler breeding facilities	5	4	4	4	4	4,3	3
Develop a Comprehensive exporter development programme	5	5	5	2	4	4,45	1
Production of cushions	3	3	3	4	3	3,15	4
Deboning of chicken	3	3	4	3	1	3,05	5
<b>Programme 4: Skills Development in Agriculture</b>							
Establishment of vocational colleges within the village	4	4	5	3	3	4	1
Establishment of a research development centre	5	3	4	3	3	3,85	2
Establish partnerships with the University and FET Colleges	5	3	2	3	5	3,55	4
Access to land for young farmers	3	3	5	5	2	3,7	3
<b>Strategic Intervention 4: Develop an Inclusive Economy</b>							
<b>Programme 1: CBD and Township Revitalisation</b>							
Establishment of an entertainment hub	5	5	5	5	4	4,9	1
Develop niche business activities	4	3	4	4	2	3,6	3

Establish a cycling and skateboard park	3	2	3	3	1	2,6	4
Improving street lighting in Makhado	5	4	5	3	4	4,4	2
<b>Programme 2: Improve Private Sector Opportunities</b>							
Pursuing private sector participation to increase investment	5	3	4	4	2	3,9	3
Revitalisation of industrial parks in Makhado	5	4	5	5	4	4,7	1
Create niche investment opportunities that will support the development of the Makhado-Musina SEZ	4	3	5	4	4	4,05	2
<b>Strategic Intervention 5: Tourism Enhancement</b>							
<b>Programme 1: Change of Focus: From Physical to Virtual Tourism</b>							
Website Development	5	4	4	4	4	4,3	1
Creation of Virtual Reality Tours	5	2	3	2	3	3,25	4
Tourism App Development	5	3	3	1	2	3,2	5
Tourism portal development	5	3	3	2	3	3,45	3
Rent a digital camera	5	4	4	3	4	4,15	2
<b>Programme 2: Cultural and Heritage Tourism</b>							
Establish a flea market centre for arts and cultural products	5	4	4	5	3	4,35	1
Revitalisation & Revamp of Cultural and Festivals	5	2	3	2	2	3,15	4
Revitalisation of Historical Museum in the Municipality	5	2	3	3	1	3,2	3
Establish the Makhado Heritage Site	5	3	4	4	3	4	2
<b>Programme 3: Leisure and Business Tourism</b>							
Development of a Caravan Park	5	4	4	3	3	4,05	2
Identify Investment Ready land for construction of tourism facilities	5	3	2	2	2	3,1	3
Refurbishment of the Information Centre	5	4	4	4	4	4,3	1
Route Development	5	2	3	1	2	3	4
<b>Programme 4: Tourism Promotion and Marketing</b>							
Establishment of a tourism map for Makhado						0	1
Review the Makhado Tourism Strategy						0	1
Partnerships with the malls to enhance tourism in Makhado						0	1
Makhado Tourism Expo						0	1
<b>Strategic Intervention 6: Intensify Enterprise Support</b>							
<b>Programme 1: Informal Market Revitalisation</b>							
Land Zoning for Informal Markets	5	5	4	4	3	4,4	1
Design and Installation of Market Stalls	4	3	3	4	3	3,45	4
Construction of Storage Units	5	3	3	4	4	3,85	3
Public Amenities for Enterprises	4	2	2	3	2	2,75	5

Establish a Business Development Centre	5	3	4	4	3	4	2
<b>Programme 2: Developing Enterprise Support</b>							
Development of a Business Information Centre	5	3	3	2	2	3,35	5
Development of a Business Database	5	3	2	2	3	3,2	6
Development of Incubation Centres	5	4	3	3	2	3,7	4
Development of Dzanani Traders Market	5	4	4	4	4	4,3	2
Development of Tshakhuma Community Fruit Market	5	4	5	4	4	4,55	1
Monthly Flea Market	5	4	4	3	3	4,05	3
<b>Strategic Intervention 7: Marketing and Promotion</b>							
<b>Development of Local Marketing Promotion Campaigns</b>							
Create a Digital Footprint to market Makhado	5	3	4	3	2	3,75	1
Establish an Investment After Care Programme	5	3	3	1	3	3,3	2
Develop Investment Incentive Schemes	5	3	3	2	1	3,25	3