

2013

AGANANG LOCAL MUNICIPALITY

LOCAL ECONOMIC DEVELOPMENT STRATEGY -FINAL- December 2013



PREPARED BY:



Kayamandi Development Services (Pty) Ltd
P.O. Box 13359, Hatfield, 0028
russell@kayamandi.com

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Acronyms

ABET	Adult Basic Education and Training
ALM	Aganang Local Municipality
ARC	Agricultural Research Council
ARDC	Agricultural Rural Development Corporation
BBBEE	Broad Based Black Economic Empowerment
BEE	Black Economic Empowerment
CASP	Comprehensive Agricultural Support Programme
CDM	Capricorn District Municipality
CRDP	Comprehensive Rural Development Programme
CS	Carvalho Scale
CSDP	Competitive Supplier Development Programme
CSIR	Centre for Scientific and Industrial Research
DM	District Municipality
DMR	Department of Mineral Resources
DoA	Department of Agriculture
DS	Differential Share
DWA	Department of Water Affairs
EMP	Environmental Management Programme
EPWP	Extended Public Works Programme
GDP	Gross Domestic Product
GDPR	Gross Domestic Product Regional
GDS	Growth and Development Strategy
GVA	Gross Value Added
HDI	Historically Disadvantaged Individuals
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IPAP	Industrial Policy Action Plan
ISDPC	Integrated Strategy on the Development and Promotion of Co-operatives
ISRDP	Integrated Sustainable Rural Development Programme
IM	Industrial Mix
LADS	Limpopo Agricultural Development Strategy
LASCELI	Limpopo Accelerated Strategic Capital Expenditure and Localisation Initiative
LDA	Limpopo Department of Agriculture
LED	Local Economic Development
LEDA	Limpopo Economic Development Agency
LEDET	Limpopo Department of Economic Development, Environment and Tourism
LEGDP	Limpopo Employment, Growth and Development Plan
LFPR	Labour Force Participation Rate
LIBSA	Limpopo Business Support Agency
LM	Local Municipality
LQ	Location Quotient
LRAD	Land Redistribution for Agricultural Development
LSU	Large Stock Unit

MPRDA	Mineral and Petroleum Resources Development Act
MSA	Municipal Systems Act
MTSF	Medium Term Strategic Framework
NAFCOC	National African Federated Chamber of Commerce and Industry
NDP	National Development Plan
NEPAD	New Partnership for Africa’s Development
NFLED	National Framework for Local Economic Development
NIPF	National Industrial Policy, Framework and Actions Plan
NSBA	National Spatial Biodiversity Assessment
NSDP	National Spatial Development Perspective
OAU	Organisation of African Unity
PEA	Potentially Economically Active
PGDS	Provincial Growth and Development Strategy
PPP	Public Private Partnerships
PPPF	Preferential Procurement Policy Framework Act
RESIS	Revitalisation of Smallholder Irrigation Schemes
RIDS	Regional Industrial Development Strategy
RLCC	Regional Land Claims Commissioner
RS	Regional Shift
SADC	Southern African Development Community
SDF	Spatial Development Framework
SDI	Spatial Development Initiative
SEDA	Small Enterprise Development Agency
SETA	Sector Education and Training Authority
SIC	Standard Industrial Classification
SMMEs	Small, Micro and Medium Enterprises
SQAM	Standards, Quality Assurance, Accreditation and Metrology measures
SRTL	Status of Rural Trade in Limpopo
SS	Shift Share Analysis
SWOT	Strengths, Weaknesses, Opportunities and Threats
TGS	Tourism Growth Strategy

Foreword: Mayor

<<TO BE INSERTED>>

Preface: Municipal Manager

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Executive Summary

The Aganang Local Municipality appointed Kayamandi Development Services (Pty) Ltd to review the existing LED Strategy of the Municipality. The LED strategy forms part of the Municipality's overall strategic planning, as outlined in the Integrated Development Planning Process (IDP), in seeking to promote viable local economic activities that benefit the local population, through the creation of direct and indirect employment.

The LED strategy is to be utilised and implemented by the Aganang Local Municipality and will assist in ensuring that the available local resources are used in a committed and effective manner to promote local economic development proactively and dynamically. The strategy is based on the underlying principle that there is a gap between the existing levels of development in the Aganang Local Municipality and the potential level of development.

The LED strategy is aimed at ensuring that the Aganang Local Municipality can effectively and efficiently facilitate the creation of an appropriate enabling environment that is conducive to economic development and investment. In addition also to compare all local economic information and to investigate the possible options and opportunities available locally in order to broaden the economic base of the Local Municipality.

The above can only be achieved, however, by clearly understanding the current development situation of the Local Municipality. A Social, Spatial and Demographic Profile (Section 3) of the Local Municipality was therefore created in order to provide a baseline from which to assess the characteristics and trends of the area and to highlight the main challenges and obstacles faced by the area.

In addition, to ensure that a credible LED Strategy is developed, it needs to align with policy directives and guidelines within the context of the national, provincial, district and local policy environment. Therefore, a review of all the relevant policies and strategies (Section 2) provides the guidelines and targets required to direct the Local Municipality's LED framework.

Following the Policy Review and Social, Spatial and Demographic Profile, an Opportunity Analysis (Section 4) was conducted to identify areas of development potential as well as the strengths and weaknesses of the local economy. The identified development opportunities were used as a point of departure in developing specific LED programmes and projects that will exploit the competitive advantages of the local economy and address its identified weaknesses.

Based on the Opportunity Analysis and preceding research, focused development thrusts, programmes, projects and development facilitation actions were created as part of the Development Framework (Section 5). These project and development facilitation actions were then prioritised based on the level of importance. Stakeholder consultations and further internal deliberations finalised a list of projects and actions that tackle the most pressing needs in the Municipality, and that will have the largest impact within the local economy and which thus need to be implemented first (within the 5-year timeframe of the LED Strategy). The prioritised projects in order of priority are as follows:

- Compile and Maintain a Aganang Gateway 2 Opportunity Database
- Rejuvenation of the Sisal Project

- Central Mentorship Programme for Emerging Farmers
- Youth Drop-in and Development Centre
- Vegetable Production Cooperatives
- Walk-in-25 Recycling Cooperative
- Essential Oils Production Project
- Establishment of ICT-related SMMEs
- Development of the Matlou-Matlala Nature Reserve

The Development Framework is followed by Implementation Guidelines (Section 6), which serves as a manual for the implementation of the LED Strategy by the LED Unit of the Aganang Local Municipality. The following general guidelines were discussed with regards to LED implementation:

- Obtain ongoing funding
- Appoint an implementer
- Finalise ownership
- Develop detailed business plan
- Location and facilities (if need arises)
- Management Team
- Staffing
- Human Resource Development
- Financial & Accounting Systems

The final chapter (Section 7) provides a Strategic Framework for the implementation of the LED Strategy. The chapter includes aspects such as institutional requirements, the relationship of LED to other regional, provincial and government structures, factors of development facilitation, marketing, integrated programming and performance monitoring.

The Aganang Local Municipality's LED Strategy aims *“to improve and promote economic growth and quality of life.”*

Section 1: Introduction

This report has been prepared by Kayamandi Development Services (Pty) Ltd as part of the Local Economic Development (LED) strategy which is being reviewed for Aganang Local Municipality. This Section sets out the background and purpose of the LED and provides a common understanding of the LED concept in South Africa. This Section also provides the methodology that was followed; describes the study area, and sets out the structure of the remainder of the report.

This section is comprised of the following sub-sections:

- Background and purpose
- Defining a common understanding of LED
- Methodology
- Study area
- Structure of remainder of report

1.1 Background and Purpose

Kayamandi Development Services (Pty) LTD was appointed by the Aganang Local Municipality to review their LED Plan. The LED plan forms part of the Municipality's overall strategic plan, as outlined in the Integrated Development Planning Process (IDP), in seeking to promote viable local economic activities that benefit the local population, through the creation of direct and indirect employment.

Local government has a constitutional obligation to participate in development. In terms of section 152 of the constitution (1996: 84) local government should “promote social and economic development of communities.” It defines this role as a “central responsibility (for municipalities) to work together with local communities to find sustainable ways to meet their needs and improve the quality of their lives. This has been crafted into a national framework for LED in South Africa. The framework acknowledges that “the majority of South Africans were kept out of the mainstream of the economy through inferior education, restrictions on movement and trade, no access to finance and resources, and deliberate state action that forced people into poverty and distress”.

The purpose of the LED plan is to investigate the options and opportunities available to broaden the local economic base of the area in order to address the creation of employment opportunities and the resultant positive spin-off effects throughout the local economy.

Numerous elements in a local economy can contribute to increased unemployment levels providing an unhealthy environment for investment, which in turns leads to a stagnating local economy. This in turn can place further strains on an already over extended local resource base, reinforcing the need for an innovative and effective broadening of the local economic base. This entails introducing new activities, offering incentives, applying new technologies, development of SMMEs, broadening ownership, etc.

This LED strategy is to be utilised and implemented by the Aganang Local Municipality and will assist in ensuring that the available local resources are used in a committed and effective manner to promote local economic development proactively and dynamically. The strategy is based on the underlying principle that a gap exists between the existing levels of development in the local municipality and the

potential level of development. In order to bridge this gap the LED Strategy, therefore, provides the Municipality with the following:

- A strategically focused local economic development profile
- Identification of the development potential of Municipality
- Identification of opportunities for SMME development in Municipality
- Methods to enhance co-ordination, integration and participation in local economic development
- Learning tool/s for the sharing of lessons learnt from the project
- A local economic development plan
- Sustainable and commercially viable business opportunities appropriately packaged for investment
- An institutional analysis
- A implementation and monitoring and evaluation plan

The LED strategy is therefore based on the basic needs, opportunities and comparative and competitive advantages of the Aganang Local Municipality and provides the municipality with guidelines to create and facilitate economic development in order to realise the underlying development potential and in order to encourage both private and public sector investment and local job creation.

1.2 Defining a common understanding of LED

1.2.1 What LED is not

Local Economic Development is not about municipalities or other public bodies financing small local projects from the public purse. Nor it is about Mayors, Councillors or municipal officials trying to run or manage these or even larger projects. All too frequently these have been initiated without real business plans or any serious notion of sustainability, and they only last and provide temporary employment for as long as the public grant, which created them, lasts.

However, even when this is not so, and the projects are actually or potentially viable and sustainable, they should be run by the direct stakeholders as real businesses, as follows: Whenever possible all projects should be run by the direct stakeholders as real businesses, and be registered companies - for or not for profit - or co-operatives. A new mindset is needed: LED is about developing robust & inclusive municipal economies, not small unsustainable projects.

Defining LED is not an easy task, as it is an integrated strategy that incorporates a number of important elements. One way of trying to better understand LED is by saying what it is not:

- LED is not industrial policy and therefore it is also not the same as SMME promotion (though the latter may be part of LED);
- LED is not community development. Community development is about commonality. It is about self-help groups, mutual assistance and voluntary work to help the disadvantaged and solve health, education, housing and other problems. LED is about competitiveness – it is about companies thriving in competitive markets and locations thriving in a competitive, globalised world; and
- LED is not poverty eradication. However, LED is concerned, inter alia, with the creation of sustainable jobs that indirectly results in a reduction in poverty.

Local Economic Development is not about “quick fixes” or generating “wish lists.” It requires a practical understanding of what the local area does well and what it has to offer; where its weaknesses and gaps lie, what outside threats and opportunities exist; and, what the local area wants and needs.

1.2.2 What is LED?

Local Economic Development is a term which can be used to denote both local and broader actions which seek to build, strengthen and further capacitate local markets vis-à-vis business and employment developments.

LED actions are market based and are more often than not geared towards a business unit, namely small, medium & micro-enterprises (SMMEs) or larger enterprises. Any number of actors and facilitators including national, provincial and local governments and parastatal and development agencies can take up LED initiatives. Accordingly, whereas community development and community economic development initiatives will come to be identified as inherently localised practices, LED actions can span both large geographic areas (e.g. province or nation) in addition to more regional and local areas (e.g. district / local municipality or community areas).

LED actions are therefore those which:

- Focus on creating sustainable economic growth.
- Are market-orientated (vis-à-vis business and commercial development).
- Are multi-sectoral involving the diversification of the economic and employment base within the economy
- Are participatory involving multiple stakeholders inclusive of both the public and private sector
- Beneficiary is at the individual level through private ownership of the businesses being support and facilitated.
- And, are those which are focused in supporting businesses which are located in the first (e.g. mainstream) economy.

The purpose of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and nongovernmental sector partners work collectively to create better conditions for economic growth and employment generation.

Local economic development (LED) offers local government, the private and not-for-profit sectors, and local communities the opportunity to work together to improve the local economy. It focuses on enhancing competitiveness, increasing sustainable growth and ensuring that growth is inclusive.

LED encompasses a range of disciplines including physical planning, economics and marketing. It also incorporates many local government and private sector functions including environmental planning, business development, infrastructure provision, real estate development and finance.

Practicing local economic development means working directly to build up the economic capacity of a local area to improve its economic future. Prioritising the local economy and increasing the productive capacity of local firms, entrepreneurs and workers is crucial if communities are to succeed in the fast changing world. The ability of communities to improve the lives of their members today depends upon them being able to adapt to the fast changing and increasingly competitive market environment.

Each community has unique local conditions that can help or hinder its economic development. These local attributes will form the basis for designing and implementing a local economic development strategy. To build a strong local economy, each community can undertake a collaborative process to understand and act on its own strengths, weaknesses, opportunities and threats. It will then make its local area more attractive to business, workers, and supporting institutions.

Strategic planning for local economic development is a process to secure greater local control over business enterprise, labour, capital and other resources. By undertaking a strategic planning process, scarce resources and key partnerships are targeted to achieve local priorities. Because of the limited success of more traditional economic development that focused almost entirely on outside investment (e.g., attracting foreign capital, “picking the big winner,” “smokestack chasing”), and economic development survival strategies of focusing primarily on micro-business and micro-credit, a modern LED approach is more holistic and comprehensive.

The idea driving today’s LED strategy is that economic activity can be used to improve the quality of life for all members of the community. Today, a LED should go beyond addressing just the economic aspects (growth in jobs, income, business activity) but also consider development (need for structural change, integration between informal and formal sectors, quality of development) and the local community (poverty reduction, increased self-reliance, satisfying basic human needs, mutual commitment, integrated social and environmental objectives). This view recognises that LED cannot succeed if it is seen as an exercise in choosing a winning project. This is doing economic development planning backwards. Doing LED the right way requires first having a clear local economic development strategy that comprehends the reality of the marketplace, helps create a positive environment for economic activity, and reflects the values of its citizens. LED strategies may be initiated as a result of a broader strategic planning process, or may be a reaction to fundamental problems in the community, like the need for poverty reduction or job creation. In any case, LED will need to be integrated with other plans and processes. In short, strategic planning is a decision-making process that focuses attention on important issues and on how to resolve them with scarce resources. Strategic planning provides a general framework for action – one that can be modified as needs require.

1.2.3 Why plan for LED

Globalisation, rapid urbanisation, and market liberalisation present new development challenges, particularly at the local level. Very few municipalities or communities are going to become the next “Silicon Valley” or attract “the big winner” (e.g., a car factory) that will cure the local economic ills. In fact, these “big winners” often come with their own set of problems: pollution, instability, dislocation, exhaustion of natural capital, and over-dependence on one employer. They may actually be disadvantageous for the local community over the long term. With small businesses typically generating most of the job growth worldwide, economic development, as a general rule, should start by thinking small and working to develop existing businesses. Almost always the economic development process for each unique community is more fundamental: understanding what the community is good at and what it has to offer; where the community’s weakness and gaps are, what outside threats and opportunities exist, and what the community wants and needs. Success in LED depends on creating markets that operate efficiently, but appropriately, within the local context.

A variety of benefits and challenges of planning as best identified by Un-Habitat and EcoPlan International, (2003) are presented hereafter.

Benefits of Strategic Planning for LED:

- Creates more, better quality local jobs and local wealth
- Enables communities to better manage change and shape the future
- Provides shared understanding on priorities, and direction on local economic issues and on what needs to get done
- Serves as a bridge between the local authority and the larger community
- Improves leadership and opens communication
- Provides opportunities for cooperation and partnerships
- Opportunity for community participation that can generate broad agreement on strategic directions
- Can mobilise a diverse and broad range of organisations and interests
- Provides a high level of credibility and community buy-in
- Develops results-oriented action plans with targets, timelines, roles, responsibilities and budgets
- Allows for monitoring, evaluation, and adjustment to changing conditions
- Promotes a strategy that reflects community interests and economic realities

Challenges of Strategic Planning for LED:

- Getting the process started (this requires leadership, vision and motivation)
- Keeping the process going once it is started (this requires strong skills in group facilitation, communication, information management)
- Constraints on timing, budget, skills and capacity to develop the plan
- Changing governments, staff and members of the stakeholder groups (this requires institutionalisation that does not rely on individuals and personalities)
- Bringing the diversity of community interests together and addressing cultural limitations
- Difficulty of setting realistic objectives, common priorities and achievable actions
- Integration of economic planning objectives with other community objectives
- Issues of jurisdiction: exerting local control over resources or policies may be difficult
- Capitalising on opportunities for inter-community cooperation and competition
- Moving from a state of constant crisis management to long-term strategic planning
- Getting commitment and resources to follow through and implement the plan
- Building partnerships takes time.
- Getting people who currently benefit from the status quo to accept possible changes in the power structure and new beneficiaries
- Involving poor and marginalised people takes time and money and accessibility needs to be assured

It is also important to understand that LED is difficult to undertake. The meso-partner in www.mesopartner.com reveals that LED initiatives in developing countries suffer from four typical inherent problems:

- A strategy- and planning-driven approach to LED, driven by local authorities whose capacities are already overstretched.
- Confusion between community development and LED. Any successful LED initiative is based on the involvement of the local community. But LED is about creating favourable conditions for

business and alleviating local market failure, whereas community development is about health, housing, education, crime and support for the disadvantaged.

- An unclear theoretical and conceptual background for LED, and a confusion between business and LED. LED initiatives ought to enable private business. They must not substitute for it.
- A profound confusion about good practice in terms of governance of LED: Should there be a dedicated agency? What is the respective role of the public and the private sector? How should they co-ordinate their efforts?

1.2.4 LED in relation to IDP

Integrated Development Planning is a process by which municipalities prepare 5-year strategic plans that are reviewed annually in consultation with communities and stakeholders. These plans adopt an implementation approach and seek to promote integration by balancing social, economic and ecological pillars of sustainability without compromising the institutional capacity required in the implementation, and by coordinating actions across sectors and spheres of government.

LEDs must be developed within the context of the provincial Integrated Development Plans (IDP), as described in Section 25 of the Municipal Structures Act.

Integrated Development Planning is a process, through which a municipality prepares a strategic development plan. It draws together all the development objectives of a municipality including Local Economic Development, and formulates strategies to realise those objectives in an integrated manner. This means that everyone is working towards the same goal.

The IDP is a comprehensive plan for the development of the local area. It includes a long-term vision, an assessment of the existing level of social and economic development, the setting of development priorities and objectives, spatial framework and land development objectives, operational strategies, municipal budgeting and other resource allocation.

By drawing together the development objectives, priorities, strategies and budgets in this way, the IDP helps to ensure co-ordination between LED and other initiatives of government. The IDP is now the basic unit of planning for government as a whole.

It is important to note that the IDP process is the single, inclusive planning process within which other processes must be located. LED must be fully integrated within the IDP.

1.2.5 Principles of LED

LED is based upon the following economic principles and should be practiced within the context of the economic principles, referred to in Table 1.1.

TABLE 1.1: LED PRINCIPLES

Economic Principle	Description	Relevance to LED
Broaden economic base/ diversification	<p>An important development principle underlying LED is to broaden the economic base, through the integration of diverse economic initiatives. This principle encompasses a number of the issues including:</p> <ul style="list-style-type: none"> • Introducing new activities, which are not currently operational in the area • Development of SMMEs to have a broader representation base on the size of establishments; and • Ownership should be broadened to include all members of the community 	<ul style="list-style-type: none"> • Diversification and production of new products and services must be considered when identifying programmes and possible projects. • Promote SMMEs, women, youth, disabled individuals and BEE ownership of new and existing companies.
Capacity building	<p>This principle encompasses the building of capacity of the municipalities and associated public sector role players with respect to LED</p>	<ul style="list-style-type: none"> • Stakeholder participation at Economic Indabas in LED • LED training (theory and practice) for public officials • Business start-up, management and financial training for private sector
Comparative & competitive advantage	<p>Comparative advantage indicates relatively more competitive production functions for a product or service in a specific local economy than on the aggregate economy (provincial or national). It therefore measures whether a specific economy produces a product more efficiently.</p>	<ul style="list-style-type: none"> • All comparative advantages in the local area must be identified in a SWOT analysis and built up on when identifying programmes and potential projects, thereby exploiting the existing strengths and opportunities in the local area
Creation of favourable locational factors	<p>The environment in which businesses operate must be conducive to conducting business. This includes:</p> <ul style="list-style-type: none"> • Reducing the establishment and operating costs of businesses • Improving infrastructure, and • Facilitating the provision of trained labour 	<ul style="list-style-type: none"> • A locational analysis will reveal what locational factors need to be improved up on to promote the local area as a desirable location to conduct business
Enabling environment	<p>Creating favourable conditions for the growth and development of business enterprises by reducing risk and making it more calculable by:</p> <ul style="list-style-type: none"> • Creating a stable business environment (discussed above) • Increase confidence levels of the public and private sector investors; and • Unlocking under-utilised resources 	<ul style="list-style-type: none"> • One of the roles of the local municipality is to create an environment that promotes both existing and new business in the local area. The LED process can be used to facilitate this process.
Historically disadvantaged individuals (HDIs)	<p>LED should target HDIs, marginalised communities and geographic regions, BEE companies and SMMEs to allow them to participate fully in the economy.</p>	<ul style="list-style-type: none"> • This principle must be incorporated during the visioning and setting of LED objectives and may be implemented through specific LED projects

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Economic Principle	Description	Relevance to LED
Income generating potential	The sustainable income generation potential is a way to measure market potential (i.e. commercial viability) and is used to inform the prioritisation of projects	<ul style="list-style-type: none"> • The income generating potential of a specific project must be considered when prioritising potential projects
Integrated/ holistic approach	An integrated and holistic approach to development planning process is of paramount importance. This implies that the interrelationships between economic activities and other development dimensions such as the social, demographic, institutional, infrastructural, financial and environmental aspects have been carefully considered.	<ul style="list-style-type: none"> • The situational analysis of the local area will identify social, demographic, infrastructural, financial and environmental strengths and opportunities that must be considered and included in potential LED programmes and projects
Linkages	<p>Linkages refer to the flow of goods and services between at least two agents. Linkages with neighbouring economies refer to:</p> <ul style="list-style-type: none"> • Leakages (the net outflow of buying power), i.e. households residing within the study area but purchasing goods and services outside the local area; and • Injections (the net inflow of buying power), i.e. businesses located outside they study area but purchasing products inside the study area 	<ul style="list-style-type: none"> • It is important to encourage circular flow of capital within the community. • One LED objective is to reduce leakages and increase injections through programmes and projects
Local markets	LED aims at creating places and opportunities to match supply and demand as well as to discover, propagate and promote new business opportunities	<ul style="list-style-type: none"> • Current strengths and opportunities for expansion and new ventures will be identified during the SWOT analysis of the area
Local ownership	LED promotes local ownership, community involvement, local leadership and joint decision-making	<ul style="list-style-type: none"> • The identification and involvement of key stakeholders will ensure that local leadership and the local economy are involved in the LED process • Specific LED projects may be aimed at increasing the number of locally owned enterprises
Public Private Partnerships (PPP)	LED involves local, national and international partnerships (e.g. twinning) between communities, businesses and governments to solve problems, create joint business ventures and build up local areas	<ul style="list-style-type: none"> • The establishment of PPPs should be explored in the implementation of projects
Promoting business	This can be the promotion of existing business, start-ups or external companies coming into a location	<ul style="list-style-type: none"> • Local municipalities are responsible for creating an enabling business environment that encourages the expansion of existing business and the emergence of new business ventures

Economic Principle	Description	Relevance to LED
Maximise the use of existing resources	LED aims at making better use of locally available resources and skills and maximises opportunities for development of resources	<ul style="list-style-type: none"> Local skills and resources of the local area must be identified during the situational analysis and ideally must be utilised during the implementation of projects, as extensively as possible
Promoting SMMEs	It is important to involve and uplift the SMME sector through enhancing the capacity of local entrepreneurs by establishing support measures and incentives to promote participation. This suggests that appropriate technology transfer needs to place in an environment conducive for the successful establishment of SMMEs	<ul style="list-style-type: none"> An enabling environment in which SMMEs can be established and maintained must be created, and SMMEs can be promoted through specific projects

In conclusion, the LED strategy is a tool for sustainable economic growth and development, job creation and improvement of the quality of life for every community member. LED should be a combined effort from local government, businesses, companies and individuals, and should remove bureaucratic barriers, lower transaction costs, address market failures, strengthen competitiveness and create a unique advantage for local enterprises.

1.3 Methodology

The review of the LED for Aganang Local Municipality comprised the following elements (also represented by Figure 1.1):

- Organising the effort
- Local Economic and Investment Assessment
- Local Economic Strategy
- LED Strategy Implementation

STEP 1: ORGANISING THE EFFORT:

The first step in reviewing the LED Strategy for the Aganang Local Municipality was used for orientation purposes and entailed addressing the following aspects:

- Undertaking an inaugural meeting with the client to finalise the project goal, objectives, process deliverables and programme
- Finalise the contractual aspects
- Defining a common understanding of LED
- Establishing contact with knowledgeable individuals and institutions relevant to the study
- Identification and sourcing of required background information relevant to the study
- Developing an actions plan with cost and time breakdown
- Collecting data and undertaking fieldwork

FIGURE 1.1: METHODOLOGY



STEP 2: LOCAL ECONOMY AND INVESTMENT ENVIRONMENT ASSESSMENT

The second step in the process involved an analysis of what exists within the Aganang Local Municipality and entailed the following aspects:

- Review of national, provincial, district and local strategies, frameworks, policies and plans, e.g. IDP, SDF, GDS, LED, sector plans, etc. The purpose of this step was to analyse all primary and secondary data obtained in order to create an understanding of the area and to establish development opportunities
- Economic and socio-economic status quo analysis to identify the critical areas for LED both within the larger region as well as with the local region
- Overview of interrelationships between economic activities and other development dimensions such as the social, demographic, financial, institutional, infrastructural and environmental aspects

In this step workshops were held with key stakeholders and roleplayers within the study area. The workshops focused on:

- The status quo of the local economy
- The status of LED projects and programmes
- The interpretation and collation of opportunities in terms of economic thrusts
- The identification and verification of economic opportunities
- The incorporation, involvement and commitment of key stakeholders and communities to the economic development of the area.

STEP 3: LOCAL ECONOMIC DEVELOPMENT STRATEGY

The purpose of the third step was to develop a strategic framework in terms of key thrusts, programmes and projects, based on the opportunities that have been identified in the preceding steps.

This step entailed the following:

- Finalisation of the status quo information
- Review and formulation of the LED vision and a set of objectives
- Identification of key sectoral thrusts, programmes and projects

STEP 4: LED STRATEGY IMPLEMENTATION

In the final step, the following aspects were addressed:

- Project prioritisation
- Developing various action plans
 - Priority projects action plans
 - 5-year action plan
 - Finance plan
- Developing investment sheets

In this step, focus was not only placed on creating a general higher level of output, but also on broadening the local economic base. The sectoral programmes and associated projects were interpreted in terms of strategic targets, and are focused on unlocking the inherent development potential, exploiting comparative and competitive advantages in specific sectors of the economy, as well as intensifying sub-regional specialisation.

1.4 Study area

Aganang Local Municipality is situated in the centre of the Limpopo Province, within the central region of the Capricorn District Municipality. The Capricorn District consists of five local municipalities namely: Aganang, Blouberg, Molemole, Polokwane and Lepelle-Nkumpi Local Municipalities (see table below for further details). Aganang LM borders onto Blouberg LM to the north, Molemole LM to the east, Polokwane LM to the south and the Waterberg District to the west.

TABLE 1.2: LOCAL MUNICIPALITIES' AREA AS A PERCENTAGE OF CAPRICORN DM'S AREA

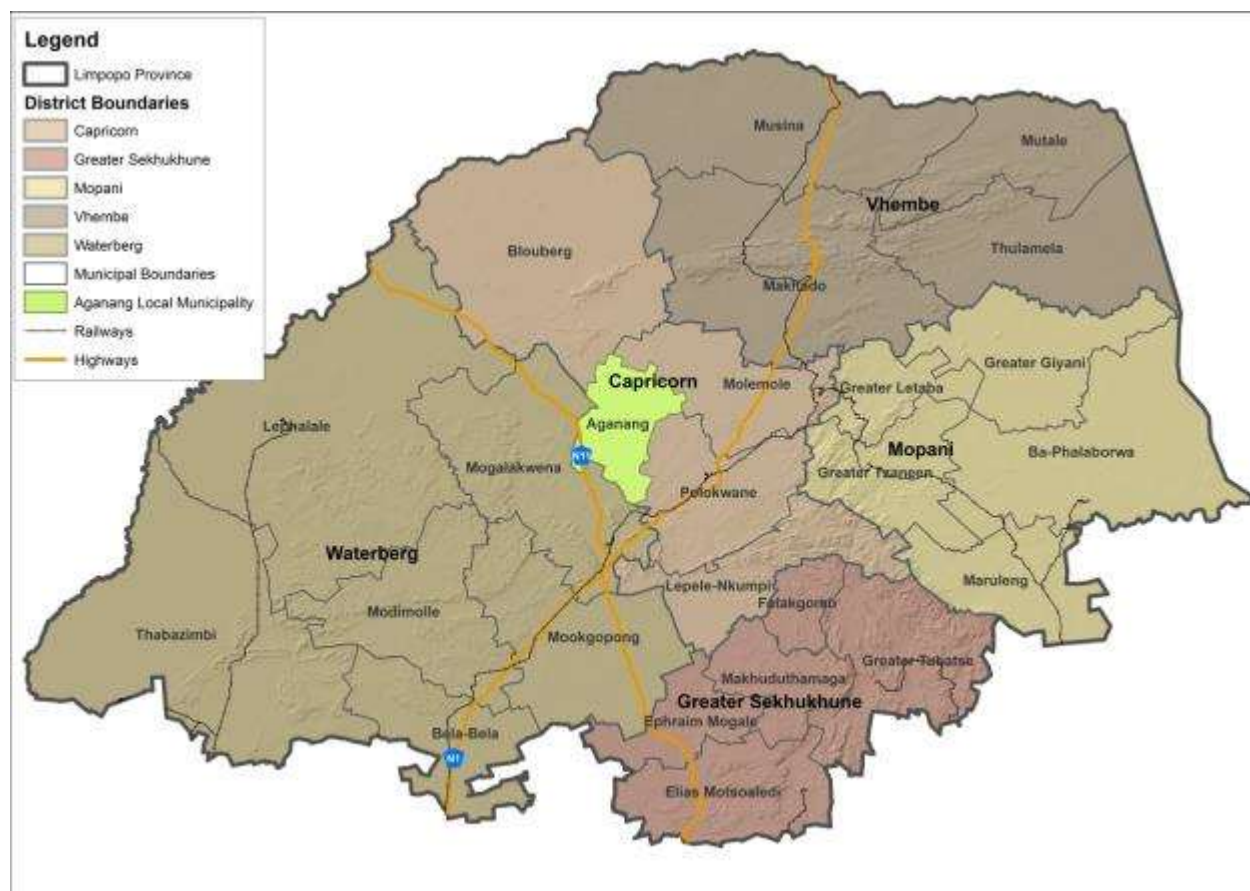
Local Municipality	Size of Location	% of CDM
Aganang LM	1 880.57	8.7%
Blouberg LM	9 248.12	42.6%
Lepelle-Nkumpi LM	3 463.45	16.0%
Molemole LM	3 347.33	15.4%
Polokwane LM	3 765.98	17.4%
Capricorn DM	21 705.45	100.0%

Source: Demarcation Board, 2011

The Limpopo Province covers an area of 125 755km², representing 10% of the total area of South Africa. Aganang Local Municipality covers an area of approximately 1 900km² and comprises approximately 9% of the total CDM area. The municipality is divided into 19 wards which comprises a total of 110

settlements. The map below illustrates the location of Aganang Local Municipality within the Capricorn District Municipality and the Limpopo Province.

FIGURE 1.2: LOCATION OF AGANANG LM WITHIN LIMPOPO PROVINCE & CAPRICORN DM



Source: Kayamandi, 2013 based on Statistics South Africa, Census 2011 boundaries

Large areas of land in the municipality form part of the former Lebowa homeland and are now held in trust for traditional and community authorities. These traditional authorities play a very important role in terms of their traditional culture and therefore have a major influence in the manner in which land is made available to individuals for settlement, as well as the use thereof for economic purposes (e.g. agriculture, tourism, etc.). Most of these decisions are made on an ad hoc basis and usually without any consideration of the impact it may have on the spatial pattern and the rendering of cost effective and efficient services to communities.

The majority of the land in the local municipality is under Traditional Authority and protocols for development therefore requires close collaboration and planning between all interested stakeholders.

1.5 Structure of the Remainder of the Report

The remainder of the report is structured as follows:

- **Section 2: Policy and Legislative directives**
This section sets out the National, Provincial and Local government policies, programmes and initiatives to which the LED Strategy needs to align and/or take into consideration.
- **Section 3: Macro Situational Analysis**

This section sets out the socio-economic context with regards to demographics, environmental and infrastructure context as well as the economic context in relation to the District, Provincial and National context in order to create the background against which an appropriate development path can be determined.

- **Section 4: Opportunity Analysis**

This Section sets out a detailed analysis of the contribution of the economic sectors to the economy of the Municipality at a local level and includes the identification of sectoral gaps and opportunities. The analysis assists in creating an understanding with regard to the sectoral advantages of the local economy and is used to determine the development potential within the Local Municipality and to identify specific projects that could contribute towards the development of each sector and the economy of the municipality holistically.

- **Section 5: Local Economic Development Framework**

This Section is aimed at providing the local economic framework that will guide local economic development within the Aganang Local Municipality. This section sets out the shared strategic direction, which enables the Municipality to facilitate development in a coordinated and structured manner. The framework thus enables local communities, business and private sector partners, local government and non-governmental organisations the opportunity to work together towards a shared vision and strategy for local economic development, allowing economic growth and job creation and enabling the achievement of set targets.

Furthermore, it sets out the priority projects and development facilitation focus areas that have been highlighted through stakeholder consultation and project prioritisation required for the 5-year implementation period of the strategy, along with action plans, timeframes, resource requirements, a financial plan and a spatial plan.

- **Section 6: Implementation Guidelines**

In order for the LED Unit of Aganang Local Municipality to effectively plan and implement this LED Strategy, the purpose of this section is to provide implementation guidelines for the highest priority projects that need to be executed in the immediate to short term.

- **Section 7: Strategic Framework**

This section reviews the institutional structure and framework, sets out the proposed institutional structure and proposes possible solutions for specific issues. It further provides indicators for the monitoring and evaluation of the implementation of the LED Strategy and its associated thrusts

Section 2: Policy and Legislative directives

Municipalities operate within a complex legislative and policy context. Various Acts of Parliament and policies inform the actions of municipalities. This section provides an overview of the policies, plans and strategies at National, Provincial, District and Local level that have an impact on the Aganang Local Municipality's LED.

2.1 National Policies & Strategies

The following national policies and legislation have been consulted to ensure alignment with the LED strategy for Aganang Local Municipality:

- The Constitution of the Republic of South Africa (Act 108 of 1996)
- New Growth Path for South Africa, 2010
- National Development Plan 2030
- Medium Term Strategic Framework, 2006 to 2009
- Integrated Sustainable Rural Development Programme, 2000
- Comprehensive Rural Development Programme, 2009
- Broad Based Black Economic Empowerment Strategy, 2003
- Broad Based Black Economic Empowerment Act (Act 53 of 2003)
- National Industrial Policy, Framework and Action Plan, 2007
- New Partnership for Africa's Development
- National Spatial Development Perspective, 2006
- Regional Industrial Development Strategy
- Co-operatives Act (Act 14 of 2005)
- White Paper on Agriculture, 1995
- Land Redistribution for Agricultural Development, 2009
- Small Enterprise Development Agency
- Municipal Systems Act (Act 32 of 2000)
- National Framework for Local Economic Development, 2006-2011
- Tourism Growth Strategy, 2008-2010
- Integrated Strategy on the Development and Promotion of Co-operatives, 2010-2020
- Industrial Policy Action Plan, 2011/12-2013/14
- Outcome 9

The Constitution of the Republic of South Africa (Act 108 of 1996):

The cornerstone for all legislation and policy-making in South Africa is the Constitution (Act 108 of 1996). Chapter 7 of the Act defines the role of local government in its community, and five objectives of local government are outlined in section 152:

1. To provide democratic and accountable government for local communities
2. To ensure the provision of services to communities in a sustainable manner
3. To promote social and economic development
4. To promote a safe and healthy environment
5. To encourage the involvement of communities and community organisations in the matter of local government

Furthermore, section 153 stipulates the following developmental duties of all municipalities:

- a. A municipality must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote social and economic development
- b. A municipality must participate in national and provincial development programmes

Key implication for the Aganang Local Municipality:

All provinces and municipalities located within South Africa are legally bound to promote social and economic development within its community. This implies that public investment should largely focus on developing the municipal area in terms of local economic development and providing for the basic needs of the community.

The New Growth Path for South Africa:

The South African Government has determined that a growing consensus exists in that to create decent work, reducing inequality and defeating poverty a new growth path has to be established through the restructuring of the South African economy to improve its performance in terms of labour absorption as well as the composition and rate of growth. The new growth path has been developed to be a new alignment of economic objectives and growth initiatives building on the previous growth initiatives GEAR and AsgiSA which sought to half poverty by 2014 and create economic recovery by raising economic growth to 6%.

The new growth path is based on determining:

- Where employment opportunity creation is possible, both within economic sectors as conventionally defined and in cross-cutting activities and,
- Analysis of the policies and institutional developments required to take advantage of these opportunities.

The new growth path further aims to target limited capital and capacity that maximise the creation of decent work opportunities within the context of macro and micro economic policies to create a favourable economic climate and to support the development of labour-absorbing activities.

In order to achieve the new growth path proposed, key trade-offs have been identified which must be addressed in order to achieve the desired long term future economic development goals. These trade-offs have been identified as:

- Between present consumption and future growth, since that requires higher investment and saving in the present,
- Between the needs of different industries for infrastructure, skills and other interventions
- Between policies that promise high benefits but also entails substantial risks, and policies that are less transformative and dynamic but are also less likely to have unintended consequences,
- Between competitive currency that supports growth in production, employment and exports and a stronger rand that makes imports of capital and consumer goods cheaper and,
- Between present costs and future benefits of a green economy.

The strategy seeks to introduce changes in the wider economic systems by means of considering changes in the structure of savings, investments and production through constantly pursuing key policies and programmes. In support of the previously mentioned, the focus would be to encourage an

effective social dialogue to help establish deliberation and consensus on long term policies, trade-offs and sacrifices. The approach further focuses on the re-industrialisation on the back of opportunities identified in the growth path. This essentially focuses on the expansion and development of value adding in the economy to produce final products and not only provide raw materials to international markets. This focuses on deepening the local and regional markets of South Africa as well as to widen the market through diversified products and goods.

In relation to the previous discussion, the strategy has identified main indicators of success. These indicators are listed below as:

- Jobs (the number and quality of jobs created),
- Growth (the rate, labour intensity and composition of economic growth),
- Equity (lower income inequality and poverty) and,
- Environmental outcomes

Key implications for the Aganang Local Municipality:

The LED Strategy for Aganang must focus on industries which would be able to provide large amounts of labour/employment while continued focus should also be placed on existing advanced industries crucial to sustained growth. This means that existing core industries should be encouraged to provide continued growth and development whilst, industries which provide labour intensive or large amounts of jobs should be facilitated to grow to provide a wider base of employment. The LED must also encourage the investment by private and public sectors into proposed economic opportunities to enable the growth in employment-creating activities. The Strategy should further focus production/provision of products and services based on meeting local needs. This would essentially be aimed towards identifying possible regional products which can be exported throughout the South African domestic market, as well as servicing local communities in products necessary to advocate the basic needs to maintain sustainable livelihoods. Lastly the strategy should seek to provide a basis from which local SMME's and entrepreneurs can forge new businesses and opportunities as well as to facilitate the growth and development of skills and knowledge.

The National Development Plan 2030 (NDP 2030):

The National Development Plan 2030 is geared towards charting a new path for South Africa which includes eliminate poverty and reduce inequality to ensure that every individual has access to opportunities which have been hampered in the past by the apartheid legacy.

According to the NDP 2030, the above can only be achieved through ensuring that each person has access to or comprise over:

- Education and skills
- Proper housing
- Proper nutrition
- Safe communities
- Social security
- Efficient transport
- Job opportunities

In order to be able to achieve the goal of eliminating poverty and to ensure that everyone has access to these basic services mentioned above, the government must take on an approach which requires and

enables individuals to actively engage and mobilise their own development. This will require government to reassess their strategies to achieve the following:

- The active efforts and participation of all South Africans in their own development
- Redressing the injustices of the past effectively
- Faster economic growth and higher investment and employment
- Rising standards of education, a healthy population and effective social protection
- Strengthening the links between economic and social strategies
- An effective and capable government
- Collaboration between the private and the public sectors
- Leadership from all sectors in society

The plan identifies key priority areas that need to be focussed on to ensure that poverty is eliminated by 2030. These include creating an economy that will create more jobs, improve infrastructure, switch to a low-carbon economy, ensure an inclusive and integrated rural economy, reversing the spatial effects of apartheid, improving the quality of education, training and innovation, ensure quality health care for all, achieve social protection, build safer communities, reform the public service, fight corruption and unite the country.

Key implication for the Aganang Local Municipality:

The NDP 2030 sets out a number of objectives to eliminate poverty by 2030. This implies that the LED for Aganang Local Municipality needs to ensure that it aims to aid in eliminating poverty through implementing projects and programmes that will enable individuals to take charge of their own future through skills development and job creation.

The Medium Term Strategic Framework (MTSF) (2006 to 2009):

The MTSF builds on the successes of democracy, and is a statement which identifying South Africa's development challenges and outlines the medium-term strategy for improvements in the conditions of life of the citizens of South Africa. The aim of the MTSF is focussed on sustaining higher GDP growth, job creation, investment and exports, as well as broadening economic participation and activity through Black Economic Empowerment and enterprise development. The MTSF provides:

- A translation of the electoral mandate
- Priorities for the next 5 years
- Focus on economic investment and growth
- An expansionary fiscal outlook

Planning and resource allocation across all the spheres of government should be guided by the MTSF. National and provincial departments in particular will need immediately to develop their five-year strategic plans and budget requirements taking into account the medium-term imperatives. Similarly, informed by the MTSF and their 2006 mandates, municipalities are expected to adapt their IDPs in line with the national medium-term priorities. The MTSF is informed by the electoral mandate. The national government's mandate underscores the need to create a nation united in diversity, working together to weave the threads that will result in the creation of a democratic, non-racial, non-sexist and prosperous society. The following objectives are identified:

- Halve poverty and unemployment by 2014
- Ensure a more equitable distribution of the benefits of economic growth and reduce inequality

- Improve the nation’s health profile and skills base and ensure universal access to basic services
- Improve the safety of citizens by reducing incidents of crime and corruption
- Build a nation free of all forms of racism, sexism, tribalism and xenophobia

The priority areas to give effect to the above strategic objectives are:

- More inclusive economic growth, decent work and sustainable livelihoods
- Economic and social infrastructure
- Rural development, food security and land reform
- Access to quality education
- Improved health care
- The fight against crime and corruption
- Cohesive and sustainable communities
- Creation of a better Africa and a better world
- Sustainable resource management and use
- A developmental state including improvement of public services

Key implication for the Aganang Local Municipality:

The LED strategy for Aganang Local Municipality should strive to focus on crosscutting issues that will drive the local economy. Economic backlogs in Aganang Local Municipality should be addressed by issues such as, amongst others, technological innovations, access to credit and infrastructure and human resources development. The LED strategy should strive to broaden the participation of local labour in the local economy through encouraging BEE and enterprise development. These elements will contribute to reducing poverty and inequality.

Integrated Sustainable Rural Development Programme (ISRDP):

The strategy is about coordinating existing initiatives and programmes to maximise the development of rural communities. Selected additional initiatives, specifically accelerated land reform and community-based income generating programmes, will complement this approach and mechanism. This vision is a radical one in that it envisages transformed rural economies, which move away from subsistence economic activities. Local government is the point of delivery and the implementation of the ISRDP.

The mechanism and the complementary support measures outlined in the ISRDP will ensure the realisation of the vision of the Integrated Sustainable Rural Development Strategy (ISRDS), namely to attain socially cohesive and stable rural communities with viable institutions, sustainable economies and universal access to social amenities, able to attract and retain skilled and knowledgeable people, who equipped to contribute to growth and development. To achieve this vision, the ISRDS proposes that government leads in the consolidation, formulation, implementation, monitoring and evaluation of well-coordinated programmes and projects, which will allow for participation of all spheres of government and civil society.

The vision of ISRDP is informed by four elements, which include:

- **Rural development:** going beyond just the poverty alleviation connotation, but focusing on changing rural environments to create enabling platforms for people to earn more and to invest in themselves and their communities. This emphasises that rural people must be the masters of their own destiny and to survive and improve their own economic packages within their environments

- **Sustainability:** sustainability evolves from increased local growth, with people enjoying own gains and maintaining available resources for future development
- **Integrated:** this calls for coherent coordination across traditional sectors in all spheres of government. It requires the Municipal five year plan (IDP) to establish coordination and maintain integration at the municipal sphere
- **Rural Safety net:** in responding to the continuous crisis facing rural people, social assistance has been extended to all rural people and the ISRDP is also consolidating that effort.

Key implications for the Aganang Local Municipality:

The LED strategy for Aganang Local Municipality has to be tailored towards creating an enabling environment for its people. The LED strategy must incorporate the local population, with rural youth and women working in developmental projects to increase their income and investments in order to gain ownership of local businesses. This will require coordination and interaction among both public and private organisations in Aganang Local Municipality.

Comprehensive Rural Development Programme (CRDP):

The CRDP is strategic priority number 3 of the National Government’s Medium Term Strategic Framework (MTSF) and takes a proactive participatory community-based planning approach towards rural development compared to the ‘traditional’ interventionist approach. The ultimate aim of the CRDP is to be an effective response against poverty and food insecurity, improve the standards of living and address skewed patterns of distribution and ownership of wealth and assets through:

- Maximising the use and management of natural resources
- Rectify past injustices through rights-based interventions

This will set the stage for the creation of vibrant, equitable and sustainable rural communities. The CRDP therefore aims to facilitate integrated development and social cohesion through participatory approaches in partnership with all sectors of society by implementing a three-point strategy. This strategy is based on the following:

- a coordinated and integrated broad-based agrarian transformation;
- strategically increasing rural development; and
- an improved land reform programme

This strategy entails a Rural Employment Creation and Skills Training Model aimed at creating ‘development specialists’ at ward level. These specialists will train and mentor a selection of unemployed community members who will be employed on a two-year basis on the Extended Public Works Programme (EPWP) principles. The CRDP further emphasise the involvement of various stakeholders and role-players, as well as the importance of clear-cut roles and responsibilities of the various stakeholders, as the CRDP involves all aspects of rural life which cannot be addressed by the alone by the National Department of Rural Development and Land Reform.

Key implications for the Aganang Local Municipality:

The LED strategy for Aganang has to align with the principles of the CRDP and strive towards creating a vibrant, equitable and sustainable community through agrarian transformation, skills development and job creation. The LED strategy should, just like the CRDP, involve all stakeholders and clearly define roles and responsibilities to ensure sustained economic growth and community wellbeing.

Broad Based Black Economic Empowerment (BBBEE) Strategy:

The South African Government defines BBBEE as ‘an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of black people that manage, own and control the country’s economy, as well as a significant decline in income inequalities’. The Strategy is underpinned by four key principles, which indicate that BBBEE is:

- An inclusive process
- Broad-based
- Part of the national growth strategy
- Associated with good governance

In addition to this, the Strategy calls for broader access to finance by SMMEs and cooperative enterprises. The Strategy states that companies, closed corporations, co-operatives, sole proprietorships and partnerships, will be assisted to acquire land and buildings, machinery, commercial vehicles and equipment for new projects or the expansion of existing projects related to manufacturing, high value agriculture, agro-processing, aquaculture, agro-processing, biotechnology, tourism, information and communication technology investment.

Key implications for the Aganang Local Municipality:

The Strategy proposes that local development strategies and social programmes be aligned with the BBBEE Strategy to create an environment in which marginalised groups can develop and flourish. The Aganang Local Municipality should furthermore establish a communication vehicle that will provide information regarding available incentives and programmes to these groups. The LED projects identified for Aganang Local Municipality should be geared towards business ownership by previously disadvantaged groups in the municipality. Certain measures are necessary to facilitate this, and skills development needs to be intensified in realising these efforts. The identified LED projects must also refrain from producing social projects without economic gains, and must create an enabling environment that will allow emerging black beneficiaries to develop enterprises and grow their businesses.

Broad Based Black Economic Empowerment Act

The aim of the Act is mainly to establish a legislative framework for the promotion of black economic empowerment. This Act was promulgated in order to promote the achievement of the constitutional right to equality, to increase broad-based and effective participation of black people in the economy and promote a higher growth rate, and to increase employment and more equitable income distribution. The Act was further promulgated to establish a national policy on broad-based black economic empowerment so as to promote the economic unity of the nation, protect the common market, and promote equal opportunity and equal access to government services.

The objectives of this Act are to facilitate broad-based black economic empowerment by –

- a. Promoting economic transformation in order to enable meaningful participation of black people in the economy
- b. Achieving a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises

- c. Increasing the extent to which communities, workers, cooperatives and other collective enterprises own and manage existing and new enterprises and increasing their access to economic activities, infrastructure and skills training
- d. Increasing the extent to which black women own and manage existing and new enterprises, and increasing their access to economic activities, infrastructure and skills training
- e. Promoting investment programmes that lead to broad-based and meaningful participation in the economy by black people in order to achieve sustainable development and general prosperity
- f. Empowering rural and local communities by enabling access to economic activities, land, infrastructure, ownership and skills
- g. Promoting access to finance for black economic empowerment

Key implications for the Aganang Local Municipality:

Every local municipality in the Limpopo Province has to cooperate to facilitate transformation in the Province. Therefore, local plans, strategies and development programmes put in place by the Aganang Local Municipality must be compliant with the BBBEE legislation. This suggests that development projects and public infrastructure investment should focus on the upliftment of the previously disadvantaged community and ultimately increase their participation in the local economy

National Industrial Policy, Framework and Actions Plan (NIPF):

The NIPF sets out government's approach to industrialisation and its targets of halving unemployment and poverty through accelerated growth. The core objective of the NIPF is to outline government's approach to South Africa's industrialisation route in order to help align both private and public sector development efforts. Although the NIPF aims to improve growth and employment conditions across much of the economy generally, its primary focus is on the relatively low-medium skill intensity industries. The vision of the NIPF is:

- To facilitate diversification beyond our current reliance on traditional commodities and non-tradable services
- The long-term intensification of South Africa's industrialisation process and movement towards a knowledge economy
- The promotion of a more labour-absorbing industrialisation path with a particular emphasis on tradable labour-absorbing goods and services and economic linkages that catalyse employment creation
- The promotion of a broader-based industrialisation path characterised by greater levels of participation of historically disadvantaged people and marginalised regions in the mainstream of the industrial economy
- Contributing to industrial development on the African continent with a strong emphasis on building its productive capabilities

Key implications for the Aganang Local Municipality:

Development in the Aganang Local Municipality should be geared towards the diversification of the local economy to better absorb economic shocks. Skills development and transfer is of vital importance, and job creation should be one of the key focus areas in the municipality. Labour-based production methods should receive preference, as this will ensure employment in the local economy and will result in the upliftment of the local community.

New Partnership for Africa’s Development (NEPAD):

NEPAD is a vision and strategic framework for Africa’s renewal. The NEPAD strategic framework document arises from a mandate given to the five initiating Heads of State (Algeria, Egypt, Nigeria, Senegal, and South Africa) by the Organisation of African Unity (OAU) to develop an integrated socio-economic development framework for Africa. NEPAD is designed to address the current challenges facing the African continent, and issues such as the escalating poverty levels, underdevelopment and the continued marginalisation of Africa needed a new radical intervention.

The primary objectives of NEPAD are as follows:

- To eradicate poverty
- To place African countries, both individually and collectively, on a path of sustainable growth and development
- To halt the marginalisation of Africa in the globalisation process and enhance its full beneficial integration into the global economy
- To accelerated the empowerment of women

The NEPAD priorities are to establish the conditions for sustainable development by ensuring:

- Peace and security
- Democracy and good political, economic and corporate governance
- Regional co-operation and integration
- Capacity building

Key implications for the Aganang Local Municipality:

LED projects identified for Aganang Local Municipality should embark on eradicating poverty, promoting sustainable growth and developing and facilitating the empowerment of women and the poor and other previously disadvantaged groups. The LED strategy should furthermore promote agriculture, human development, infrastructure development and the diversification of exports. Skills development and capacity building is of extreme importance to ensure sustainable local economic growth. It is important to note that the above can only be achieved through regional co-operation and integration.

National Spatial Development Perspective (NSDP) 2006:

The NSDP provides a framework which outlines future developments of the national spatial economy in areas in need of certain economic activities and in areas of severe deprivation. The challenge facing South Africa is rooted in its failure to provide services to all communities. Another challenge is in the economic fraternity where the fruits or gains of the first economy are not shared in the second economy. These challenges have been compounded by the failure of the Constitutional principles of integrating, coordinating and aligning the actions of the three spheres of government. The purpose of the NSDP is to reconfigure apartheid spatial relations and implement spatial priorities that meet the Constitutional imperative of providing basic services to all and alleviating poverty and inequality. It provides a set of principles and mechanisms for guiding infrastructure investment and development decisions. The NSDP serves as a tool for identifying key areas of tension and/or priority in achieving positive spatial outcomes.

The NSDP, therefore, involves the following:

- A set of principles and mechanisms for guiding infrastructure investment and developmental decisions

- A shared understanding of the national space economy by describing the spatial manifestations of the main social, economic and environmental trends
- An interpretation of the spatial realities and the implications for government intervention

Given the objective to develop the economy, create jobs, address poverty and promote social cohesion, the NSDP assists government in confronting three fundamental planning questions, namely:

- Where should government direct its investment and development initiatives to ensure sustainable and maximum impact?
- What kinds of spatial reforms and arrangements are more conducive to the achievement of the objectives of democratic nation building and social and economic inclusion?
- How can government as a whole capitalise on complementarities and facilitate consistent decision making; and move beyond mere focus on integration and coordination procedures to establishing processes and mechanisms that would bring about strategic coordination, interaction and alignment?

The NSDP is also informed by the following principles:

- Rapid economic growth that is sustained and inclusive is a prerequisite for the achievement of other policy objectives, amongst which poverty alleviation is key
- Government has a constitutional obligation to provide basic services to all citizens, wherever they reside
- Beyond the constitutional obligation identified in Principle 2, government spending on fixed investment should be focused on localities of economic growth and/or economic potential in order to gear up private sector investment, stimulate sustainable economic activities and create long-term employment opportunities
- Efforts to address past and current inequalities should focus on people, not places.
- In order to overcome the spatial distortions of apartheid, future settlement and economic development opportunities should be channelled into activity corridors and nodes that are adjacent to or link the main growth centres.

NSDP has a critical role to play in reconstructing the historical spatial distortions of the past. It is very relevant in surfacing spatial dimensions of social exclusion and inequality in accessing economic and social development projects in communities. This will also accelerate the level of development and contribute to the broader growth and development policy objectives of government.

Key implications for the Aganang Local Municipality:

Sustainable investment and growth in Aganang Local Municipality can be ensured if the principles of the NSDP are applied. The economic and infrastructural development needs of Aganang Local Municipality have to be aligned within the LED strategy, and sectors of importance such as agriculture, wholesale and retail, and tourism have to be strengthened to ensure progressive economic development. Investment in these areas needs to be coordinated and integrated with the IDP of Aganang Local Municipality, and should form part of the LED programmes identified as part of the LED strategy.

Regional Industrial Development Strategy (RIDS):

The purpose of RIDS is to respond to issues of spatial differentiation in economic welfare levels. The key challenge is however to support lagging regions while assisting leading regions to capitalise on their inherent strengths and potential. RIDS recognises the dynamics of social transition, as it is natural for

people to migrate from poor regions to regions with greater economic opportunities. RIDS provides a regional targeted development strategy rather than merely an industrial policy framework. It recognises the role played by the service sectors, notably tourism, and therefore does not only focus on the manufacturing industry. RIDS recognises that it is impossible to achieve a spatially uniform distribution of economic activity, and that the best policy is to encourage industrial development at a relatively limited number of locations which are able to develop a competitive edge in regional and international markets. In districts or regions where little economic potential can be identified, public sector investment into social services in the identified regional economies should be increased.

The strategic objectives of RIDS are:

- Attempt, as far as is possible to reduce economic disparities between regions, address the needs of both the first and the second economies, and narrow the gap between them
- Pay particular attention to the needs of those regions which are lagging behind the national norms
- Enhance current regional strengths and lead sectors of the economy
- Promote sustainable economic growth and employment in provinces and municipalities
- Build regional competitive capabilities and firm-level support measures
- Enhance regional performance in attracting foreign direct investment

These objectives will be achieved through:

- i. Localised direct support to the SMME sector using technical assistance funds to provide business advisory services, and upgrade overall productive capability, development and training
- ii. Advisory services including the maintenance of a database on developments. This is fundamental to success in a system based on value chains. RIDS will be embedded in a system where support is assured throughout the operating cycle in the regional interest
- iii. Creating a predictable regional investment and business climate to attract private sector investments that do not rely on public-sector guarantees
- iv. To increase production in, and improve competitiveness and diversification of, regional markets, especially in agro-industrial, manufacturing and services sectors with potential for export and employment creation
- v. Organise dialogue between government and the private sector to develop a shared vision of an economic development strategy and remove constraints on private-sector development
- vi. Strengthen appropriate infrastructure support to regions through the provision of appropriate finance and improve access to productive support resources
- vii. Build effective industrial, trade and productive capacity needed to ensure optimisation of production and product diversification

Key implications for the Aganang Local Municipality:

RIDS indicates that the optimal policy for poor regions might well lie in the upgrading of human capital in order to provide their populations with competitive skills to maximise their incomes. Through such action, it is anticipated that quality of life will be improved, based on the leveraging of appropriate talent, resources and innovative capacities in the different regions of the country. The Aganang Local Municipality should maximise the region's comparative advantage and should support the lead sectors of the local economy. Capacity across all sectors should be increased and investment in the local economy should be priority.

Co-operatives Act (Act 14 of 2005):

The Act specifically indicates that government will facilitate targeted support for emerging cooperatives, especially those owned by black people and women. The Act regulates the functioning, purpose and registration procedures of cooperatives within the Republic, and recognises:

- The co-operative values of self-help, self-reliance, self-responsibility, democracy, equality and social responsibility
- That a viable, autonomous, self-reliant and self-sustaining co-operative movement can play a major role in the economic and social development of the Republic of South Africa, in particular by creating employment, generating income, facilitating broad-based black economic empowerment and eradicating poverty
- That the South African economy will benefit from increasing the number and variety of viable and sustainable economic enterprises
- That government is committed to providing a supportive legal environment to enable cooperatives to develop and flourish

In order to ensure that international co-operative principles are recognised and implemented in the Republic of South Africa, the Act:

- Enables co-operatives to register and acquire a legal status separate from their members
- Facilitate the provision of targeted support for emerging co-operatives, particularly those owned by women and black people

Key implications for the Aganang Local Municipality:

The LED strategy should assist emerging cooperatives in finding a fixed position in business. The strategies and LED projects identified should also be aligned to the provision of the Co-operatives Act, which allows for the registration of cooperatives according to regulatory procedures. In Aganang Local Municipality, this will facilitate a progressive and accelerated system of registration of emerging black farmers, agri-business, micro-enterprises, tourism enterprises, traders and other businesses owned by young black people and women, allowing them to have joint ownership, risk sharing and ultimately to expand.

White Paper on Agriculture (1995):

The Paper is aimed at ensuring equitable access to agriculture and the promotion of the contribution of agriculture to the development of all communities, society at large and the national economy, in order to enhance income, food security, employment and quality of life. Farmers have through this policy been assured of equitable access to efficient financial services, as most financial institutions, whether public or private, previously served only part of the agricultural sector. This had a major effect on many emerging farmers, black farmers, small-holders and part-time farmers. The policy recognises that all farmers should be made aware of issues surrounding the sustainable utilisation of the natural agricultural resources. In addition, South Africa's productive agricultural land should be retained for agricultural use. The policy is based on addressing the following critical agricultural policy goals:

- Developing a new order of economically viable, market-directed commercial farmers, with the family farm as the basis
- The broadening of access to agriculture via land reform should be enhanced by adequate agricultural policy instruments, and supported by means of the provision of appropriate services

- Financial systems should focus on the resource-poor and beginner farmers, enabling them to purchase land and agricultural inputs
- Trade in and the marketing of agricultural products should reflect market tendencies
- Agricultural production should be based on the sustainable use of the natural agricultural and water resources available

A critical premise of the policy is to direct efforts customised to promote, facilitate and support institutional development and to enhance the capacity of farm workers, farmers and other rural dwellers at local, provincial and national level and to ensure that they have a say in the formulation of policy that affects them.

Key implications for the Aganang Local Municipality:

The LED Strategy for Aganang Local Municipality should support and encourage existing and emerging farmers and agricultural activities and agri-businesses in the area. Agricultural activities in the region are responsible for a large number of jobs and contribute immensely to the local economy, and should therefore be supported and invested in. The acceleration of land claims to ensure the speedy completion of this process should also be advocated by the LED Strategy.

Land Redistribution for Agricultural Development (LRAD):

Land reform in South Africa encompasses three primary segments, namely land restitution, tenure reform and land redistribution. The redistribution segment has different components which include:

- **Agricultural Development:** to make land available to people for agricultural purposes.
- **Settlement:** to provide people land for settlement purposes.
- **Non-agricultural enterprises:** to provide people land for non-agricultural enterprises, for example eco-tourism projects.

LRAD has two distinct parts. Firstly, LRAD deals with the transfer of agricultural land to specific individuals or groups. Secondly, LRAD deals with commonage projects, which aim to improve people with access to municipal and tribal/traditional land, primarily for grazing purposes. The strategic objectives of the sub-programmes include:

- Contributing to the redistribution of 30% of the country's agricultural land over 15 years
- Improving nutrition and incomes of the rural poor who want to farm on any scale
- De-congesting over-crowded former homeland areas
- Expanding opportunities for women and young people who stay in rural areas

Key implications for the Aganang Local Municipality:

The Aganang Local Municipality consists mostly of land under Traditional Authority, and the agricultural sector is dominated by subsistence farming, which includes livestock farming. However, in order to expand farming practices within the local municipality, land is required for agricultural purposes. Therefore, the LED for Aganang Local Municipality needs to advocate the increased availability of land. The fact that most of the land is under the jurisdiction of Traditional Authorities constrains development in Aganang Local Municipality. Land reform elements, therefore, have to materialise in this regard.

Small Enterprise Development Agency (SEDA):

SEDA is an agency aimed at supporting small business across South Africa, and is the government's initiative to provide small businesses with their rightful place in the economy. SEDA is based on the

structural changes that have taken place in South African economy and internationally. Small businesses have been noted as critical component of government's strategy towards creating an economy for all South Africans. SEDA's critical task involves the support and promotion of co-operative enterprises, with bulk of the focus on those located in rural areas. The mandate of SEDA is executed in line with the Department of Trade and Industry's Integrated Small Enterprise Development Strategy and aims to:

- Strengthen support SMMEs access to finance
- Create an enabling regulatory environment
- Expand market opportunities for specific categories of small enterprises
- Localise small business support through a grid of SEDA-coordinated information and advice access points
- Initiate a national entrepreneurship drive and expand education and training for small businesses
- Co-fund minimum business infrastructure facilities in the Local Authority areas across the country

Key implications for the Aganang Local Municipality:

The LED strategy for Aganang Local Municipality should be informed by the proposal of progressive, viable and organised micro-enterprises. These micro-enterprises have to be engaged in a sound regulatory framework that effectively governs business undertaking. This will assist small businesses such as crop farming, livestock farming, manufacturing and tourism enterprises to gain access to credit and loans. The Aganang Local Municipality LED Strategy will need to include proposals for the establishment of enterprise groupings (such as co-operatives), SMME business centres to facilitate skills development and support in small businesses, etc.

Municipal Systems Act (MSA) (Act 32 of 2000):

The Municipal Systems Act sets out a framework to guide a municipality's performance through the development of a performance management system. Performance management seeks to ensure that local government strategy and policy deliver concrete results. It measures the outcomes, behaviours and activities of an organisation, its departments and staff, which contribute to the achievement of the strategic vision of the organisation. It is a multi-level process comprising council-wide, departmental and individual performance. The aim of the Act is, amongst other factors, to:

- Provide for the core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities
- Provide for community participation
- Establish a simple and enabling framework for the core processes of planning, performance management, resource mobilisation and organisational change which underpin the notion of developmental local government
- Provide a framework for local public administration and human resource development
- Empower the poor and ensure that municipalities put in place service tariffs and credit control policies that take their needs into account by providing a framework for the provision of services, service delivery agreements and municipal service districts

According to section 4(2) of the Act, the council of a municipality, within the municipality's financial and administrative capacity and having regard to practical considerations, has the duty to:

- a. Exercise the municipality's executive and legislative authority and use the resources of the municipality in the best interests of the local community

- b. Encourage the involvement of the local community
- c. Strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner
- d. Promote and undertake development in the municipality
- e. Promote a safe and healthy environment in the municipality

Key implications for the Aganang Local Municipality:

According to the Municipal Systems Act, all local municipalities are legally bound to fulfill its duties and produce an IDP document and accordingly a LED strategy to encourage development in their community. In addition to this, the Act outlines the duty of the Aganang Local Municipality to provide services to its area of jurisdiction. The Aganang Local Municipality must furthermore operate in a manner that satisfies the conditions set out by the Act.

National Framework for Local Economic Development (NFLED)

The NFLED aims to serve as a guide that seeks to ensure an understanding of LED, and has put forward a strategic implementation approach that municipalities, provinces, national government, state-owned enterprises and communities can follow to improve local economic development. The NFLED seeks to mobilise local people and local resources in an effort to fight poverty. This framework also seeks to guide the implementation of the LED Key Performance Indicator of the 5-year Local Government Strategic Agenda.

The focus of the NFLED is upon:

- Improving competitiveness of the 52 District and Metropolitan municipal regions in South Africa by providing an approach to developing local economies with the participation of all relevant stakeholders
- Rendering economic growth compatible with social equity and safeguarding the environment
- What the state can do to support and reward citizens who organise locally and operate in local level partnerships to engage in greater economic activity, spreading economic activity in an even manner
- How the state can be a platform to facilitate the inclusion of all to participate in the economy

Flowing from the evolving practice of LED and the South African national context, there are ten principles identified that guide this framework. These are:

1. Through a developmental approach, Government has a decisive and unapologetic role to play in shaping the economic destiny of our country
2. Creating an environment in which the overall economic and social conditions of the locality are conducive to the creation of employment opportunities is the responsibility of Local Government
3. LED is an outcome of actions and interventions resulting from local good governance and the constant improvement and integration of national priorities and programs in local spaces
4. Inward investment from the state or private sector will only be effective where the potential and competitive advantages of each area are known and exploited
5. Promoting robust and inclusive local economies requires the concerted, coordinated action of all spheres and sectors of government centred on the application and localisation of the principles espoused in the NSDP

6. Locally owned appropriate solutions and strategies must emerge to support national frameworks in both rural and urban local spaces and should promote sustainable development and sustainable human settlements
7. South Africa competes in a global and increasingly integrated world economy whose threats must be minimised and whose opportunities must be exploited
8. Private companies, including social enterprises and cooperatives, form the heart of the economy and have a crucial role to play as partnerships with public and community role players that will ultimately stimulate robust and inclusive local economies
9. People are the single greatest resource and including all citizens in development and increasing their skills leads to increased opportunities for stimulating local economies
10. Local initiative, energy, creativity, assertive leadership and skills will ultimately unlock the latent potential in local economies and will shape local spaces

Objectives of the framework:

- To shift towards a more strategic approach to the development of local economies and overcome challenges and failures in respect of instances where municipalities themselves try to manage litany of non-viable projects or start-ups
- To support local economies in realising their optimal potentials and making local communities active participants in the economy of the country
- To elevate the importance and centrality of effectively functioning local economies in growing the national economy
- To wage the national fight against poverty more effectively through local level debates, strategies and actions
- To improve community access to economic initiatives, support programmes and information
- To improve the coordination of economic development planning and implementation across government and between government and non-governmental actors
- To build greater awareness about the importance and role of localities and regions which globally are playing an increasingly significant role as points of investment facilitated by supportive national policies

Key implications for the Aganang Local Municipality:

According to the NFLED, the Aganang Local Municipality should provide leadership and direction in LED policy-making; administer policy, programmes and projects and be the main initiator of economic development programmes through public spending, regulatory powers and their promotion of industrial- and small business development, social enterprises and co-operatives.

Tourism Growth Strategy (TGS):

The TGS provides a three year plan (2008-2010) to boost South Africa's competitiveness in the global tourism- and travel market. The tourism industry aims to contribute significantly industry growth target through increasing global competitiveness. There are, however, some key challenges which include the following:

- Transformation of the tourism industry through increased participation of the previously disadvantaged community
- Increased distribution of the industry through promoting less traditional tourism routes and activities

- Creating an industry that is sustainable

In order to address these challenges, the TGS stresses the need for South Africa to identify and pursue opportunities in the international, domestic and business tourism market, while simultaneously developing its existing market.

Key implications for the Aganang Local Municipality:

Aganang Local Municipality has some potential for tourism, and needs to develop its tourism sector in a way that promotes transformation, distribution and sustainability in the industry. This suggests that a local tourism strategy is essential for boosting and guiding economic development in the area.

Integrated Strategy on the Development and Promotion of Co-operatives (ISDPC):

The vision of the ISDPC is to promote strong, self-reliant and sustainable co-operatives that contribute to economic growth, assist in the eradication of poverty and creates employment to bring about economic transformation.

The strategy aims to promote all forms of co-operatives (existing and emerging), which include survivalist, micro and small to medium co-operatives, to unleash their potential. This will ensure sustainable employment, poverty reduction, human resources development, strengthened competitiveness and an improved social and economic well-being.

The objectives of the ISDPC in order to achieve the above are set out below:

- Grow all forms and types of co-operatives and increase its contribution to the country's GDP growth rate, economic transformation and social impact
- Promote co-operatives as a vehicle to assist in creating decent employment and reducing poverty through income-generating activities
- Support co-operatives in developing their human resource capacities; understanding cooperative principles and values through the provision of education and training;
- Strengthen co-operative sustainability, through the provision of access to information, markets, support services, business infrastructure and institutional finance
- Increase savings and investment, through the promotion and support co-operative banks and financial services co-operatives
- Foster co-operation among co-operatives through supporting the creation of the vertical structure of co-operatives and conducting awareness campaigns
- Raise the profile of co-operatives as a dynamic and effective business organisation
- Raise the profile of co-operatives as an institution that allows the agglomeration of small-scale economic activities into massive activities, market linkages mobilisation of captive markets, as well as the enabling of vulnerable groups to compete with big market players, via research and awareness campaigns
- Promote closed co-operatives, which constantly attract high levels of membership as captive markets, enabling them to be highly sustainable
- Promote co-operatives as an effective vehicle that contributes to the development of rural and peri-urban areas of the economy, as well as improve primarily the economic and social wellbeing of the following targeted groups: black people, women, the youth and people with disabilities.

Key implications for the Aganang Local Municipality:

The LED for Aganang Local Municipality has to create an enabling environment for the promotion and support of co-operatives and ensure that existing and emerging co-operatives receive the necessary training and awareness to ultimately bring about economic transformation, strengthen competitiveness and ensure poverty alleviation.

Industrial Policy Action Plan 2011/12 – 2013/14 (IPAP2):

The Industrial Policy Action Plan (IPAP2) is the national labour-absorbing growth path which forms part of a larger set of inter-related policies. IPAP2 is a central implementation tool in the New Growth Path Strategy and the National Industrial Policy Framework (NIPF).

IPAP emphasises that sectors have differing characteristics and are important in an economy in their own right, as well as through the impact they have on other sectors. This calls for a set of policies to achieve a shift towards strengthening the productive side of the economy. IPAP2 identifies the following seven policies:

1. Stronger articulation between macro- and micro-economic policies;
2. Industrial financing channelled to real economy sectors;
3. Promotion of public and private procurement, to raise domestic production and employment in a range of sectors, including the alignment of B-BBEE and industrial development objectives, and influence over private procurement;
4. Developmental trade policies that deploy trade measures in a selected and strategic manner, including tariffs, enforcement, and SQAM or Standards, Quality Assurance, Accreditation and Metrology measures;
5. Competition and regulation policies that lower costs for productive investments, and for poor and working-class households;
6. Skills and innovation policies that are aligned to sectoral priorities; and
7. Deployment of these policies in general and in relation to more ambitious sector strategies, building on work already done.

The above steps form part of a qualitative step towards government's industrial turnaround. A number of action plans or key action programmes are identified within the three key sector clusters for 2011/12-2013/14 IPAP2:

Cluster 1 – Qualitatively New Areas of Focus:

- Realising the potential of the metal fabrication, capital and transport equipment sectors, particularly arising from large public investments;
- Oil and gas;
- 'Green' and energy-saving industries;
- Agro-processing, linked to food security and food pricing imperatives; and
- Boatbuilding.

Cluster 2 – Scaled-Up and Broadened Interventions in Existing IPAP Sectors:

- Automotive products and components, and medium and heavy commercial vehicles;
- Plastics, pharmaceuticals and chemicals;
- Clothing, textiles, footwear and leather;
- Biofuels;
- Forestry, paper, pulp and furniture;

- Strengthening of linkages between cultural industries and tourism; and
- Business process servicing.

Cluster 3 – Sectors with Potential for Long-Term Advanced Capabilities

- Nuclear;
- Advanced materials; and
- Aerospace.

Key implications for the Aganang Local Municipality:

The LED for Aganang Local Municipality has to align its thrusts, projects and programmes with those identified in IPAP2, to strive towards strengthening the productive side of the economy, especially regarding agro-processing in Aganang.

Outcome 9:

National Government has designed 12 Outcomes for Government and all its service delivery functions. The 12 Outcomes are based on a concept of The Outcomes Approach which is essentially a strategic approach which focuses on achieving the expected real improvements in the life of all South Africans.

The outcomes approach broadly defines what is expected to be achieved, how it is to be expected to be achieved and whether the outcomes are being achieved. The overall goal of the 12 outcomes that have been designed is to ensure that government does not just carry out the functions it is supposed to, but to ensure that results from these functions are achieved and show impacts on the lives of South Africans.

The outcomes approach mainly:

- Focuses on results
- Makes explicit and testable the chain of logic in our planning, so we can see the assumptions we make about the resources that are needed
- Links activities to outputs and outcomes and to test what works and what doesn't
- Ensure expectations are as clear and unambiguous as possible
- Provides clear basis for discussion, debate and negotiation about what should be done and how it should be done
- Enables learning and regularly revising and improving policy, strategy and plans through experience
- Makes co-ordination and alignment easier

The 12 Outcomes have been based on the Election Manifesto and the Medium Term Strategic Framework, as well as consultation on ministerial and administrative levels. The outcomes are a representation of the desired development impacts to be achieved by government's policy priorities.

The 12 Outcomes are listed as:

- Improved quality of basic education
- A long and healthy life for all South Africans
- All people in South Africa are and feel safe
- Decent employment through inclusive economic growth
- A skilled and capable workforce to support an inclusive growth path
- An efficient, competitive and responsive economic infrastructure network

- Vibrant, equitable and sustainable rural communities with food security for all
- Sustainable human settlements and improved quality of household life
- A responsive, accountable, effective and efficient local government system
- Environmental assets and natural resources that are well protected and continually enhanced
- Create a better South Africa and contribute to a better and safer Africa and World
- An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship

Key implications for the Aganang Local Municipality:

The Aganang LED will require initiating cross-cutting collaboration between departments to ensure efficient delivery of proposed outcomes. Collaboration with other departments will also require the implementation of projects, information sharing and promotion and inter-departmental marketing. Aspects such as case specific analysis of the municipality and the inherent circumstances are required, and focusing on the community work programme within the local communities.

2.2 Provincial Policies & Strategies

The following provincial policies and strategies have been consulted to ensure alignment with the LED strategy for the Aganang Local Municipality:

- Limpopo Employment, Growth and Development Plan, 2009-2014
- Status Quo of Co-operatives in Limpopo, 2007
- The Impact of Government Procurement on Enterprises, 2007
- The Status of Rural Trade in Limpopo, 2007
- Limpopo SMME Strategy
- Draft Revised Limpopo Co-operatives Strategy, 2012
- Limpopo Province Simplified Standardised Framework for LED
- Limpopo Agriculture Development Strategy, 2007
- Limpopo Agro Processing Strategy, 2012
- Limpopo Department of Agriculture Strategic Plan, 2010/11-2014/15

Limpopo Employment, Growth and Development Plan 2009 – 2014 (LEGDP):

The Limpopo Employment, Growth and Development Plan 2009 – 2014 (LEGDP) is based on the previous Limpopo Growth and Development Strategy of 2004. The LEGDP has been designed to provide an enabling framework through which provincial government would be able to develop a new growth path for the province which would seek to tackle the deep seeded issues of the province and to effectively and efficiently provide decent work and sustainable livelihoods which would in the end product achieve the goal of halving unemployment by 2014.

The LEGDP seeks to create opportunities for the structural change within the provinces within identified critical areas of the provinces economy. The document strives to provide a strategic base from which key decisions can be made in relation to the Medium Terms Strategic Framework (MTSF). The strategy further functions as a baseline construction tool for long term strategic future aspirations of the province. The strategy functions as a short term implementation tool for the longer term 2030 Provincial Growth and Development Strategy and the Limpopo Vision 2030 goals and objectives. Essentially the LEGDP is an alignment between National and Provincial Strategies which will in essence

influence district and local levels by providing a unified approach in relation to national growth principles and objectives.

Provincial government has contextualised 10 priority areas which informs the strategic intent and objectives of the LEGDP. These objectives are:

- Ensuring more inclusive economic growth, decent work and sustainable livelihoods,
- Economic and social infrastructure,
- Rural development, food security and land reform,
- Access to quality education,
- Improved health care,
- Fighting crime and corruption,
- Cohesive and sustainable communities,
- Creation of a better Africa and a better world,
- Sustainable resource management and use, and
- A developmental state including improvement of public services

Of the above mentioned government has selected five priorities which will form the priority areas over the next five years. These priorities are:

- Creation of decent work and sustainable livelihoods,
- Education,
- Health,
- Rural development, food security and land reform, and
- The fight against crime and corruption.

In order to achieve the above mentioned five priorities, government seeks to integrate and create bilateral plans and strategies which will tackle these priorities in a combined and integrated manner to achieve a supportive structure for sustainable implementation. One of the main drives for this strategy is to utilise the economic achievements of the province over the last 15 years as ground work to promote and accelerate economic growth and development, as well as the integration and collaboration between economic and social programmes which would be structured to support each other to promote economic sustainability. The selected priorities have been specifically selected to target the needs of the youth, woman, workers, the rural poor, the elderly and people with disabilities.

The LEGDP has highlighted key action programmes which will specifically function as the main directives to achieve the goals and objectives of the 5 priority areas for the province. The action programmes have been structured by reviewing the proposed programme, providing oversight into the key strategic challenges and lastly provides the key strategic interventions for each programme.

These action programmes are reviewed below and are listed as:

- **Industrial Development Programme: Priority Growth Sectors:** This section proposes the development of an Industrial Development Master Plan for the Limpopo Province which will seek to provide a number of high impact sectoral portfolios and initiatives which will seek to design strategic programmes and targets which would effectively align the various policies, plans and interventions relevant to this project. The plan will also seek to identify the challenges specifically associated with the industrial sector.

- **Mining and Minerals Beneficiation Industries:** The programme proposes the diversification of the mining and minerals sector into not just a resource based industry, but through value-addition and a conducive environment, knowledge based industry by the year 2030.
- **Enterprise Development: SMME's and Cooperatives Development Programme:** The programme seeks to transform the economy of the province through the promotion and development of the SMME sector. The SMME sector must be enabled to contribute and benefit from sustained economic growth to become more competitive, profitable, and create more sustainable employment opportunities.
- **Regional Economic Development and Integration Programme:** The programme is used as an instrument to address the functioning of the economy. This is done to provide access to all regions to the economy by focussing on infrastructure interventions to capacitate regions to the full economic potential they pose in terms of market access and resources.
- **Public Infrastructure Investment Programme:** This programme is aimed at the provision of physical, social and economic infrastructure within the socio-economic realms of the province. The core aspects associated with this are:
 - Bulk infrastructure (Sewer, water and sanitation, electricity and communication)
 - Social infrastructure such as housing, schools and hospitals, and
 - Economic infrastructure such as freight and logistics.
- **Water Resource Development and Demand Management:** The programme seeks to enhance the delivery as well as the continued sustainable usage of water to local communities and water-reliant industries. The programme will focus on building up water sources, providing clean water, maintaining water infrastructure and management of water sources.
- **Agriculture and Rural Development Programme:** The programme is based on the promotion and expansion of the agricultural sector of the province, focussing on primary agricultural producers and promoting emerging up-coming farmers. The programme further seeks to promote international and national distribution of products as well as the sustainable management of resources. The programme lastly seeks to provide guidance in terms of food scarcity within the province and rural communities.
- **Education and Skills Development Programme:** The programme directly seeks to provide education and skills training to individuals in order to grow the skills base of the province and the country as such to encourage economic growth as a whole. The programme looks towards the development and expansion of the reach of Sector Education and Training Agencies, the University of Limpopo and Venda and the skills related training provided by the local mining institutions. The focus will enable the local communities to be able to employ the skills and educational qualities into sustainable jobs.
- **Health Care Development Programme:** The programme focuses on the upgrading and effective provision of health services within the province. This relates to the provision of medicines to all communities, the quality of health care provided, the employment of more health care practitioners, and the effective curing of diseases such as TB.
- **Safety and Security:** The programme looks into the provision of safe and secure environments within which local communities can function. The plan looks into community safety forums and street committees, rural safety, violence and crimes against woman and children and border management etc.

- **Environmental and Natural Resources Development Programme:** The programme directly focuses on management of environmental and natural resources such as national parks, wildlife and fauna and flora and considers key aspects related to global warming and climate change initiatives, green job creation and the enforcement of environmental legislation and policies.
- **The Green Economy and Creation of Green Jobs:** The programme is in line with global directions aimed towards environmentally lower impacts created by urban centres and people based on their footprint. The green economy is placed in context within the agricultural, manufacturing construction, installation, and maintenance, as well as scientific and technical, administrative and service related activities which can be utilised to restore and manage sustainable environmental assets and quality.
- **Corporate Governance:** The programme is based on enforcing the Code of Governance Principles within the Limpopo Province. The province has identified challenges within the governmental structures that require solutions to promote a coherent and integrity based government structure.
- **ICT and Innovation Enabled Industries:** The strategy focuses its ICT interventions towards the achievement of broad-based development goals in diverse communities in key areas including health, education, economic opportunity, empowerment, participation and environment. It adopts a holistic approach to strengthen synergies between the components of the development dynamic, leverage spill-over effects and directly addresses rural development imperatives by aligning interventions in a number of strategic areas.

Key implications for the Aganang Local Municipality:

The LED must take consideration of the five priorities that have been selected for the provincial priority list over the next 5 years. These specifically focus on the development of employment opportunities, skills transfer and training and economic growth and diversification. In light of this, the LED must focus on the expansion and diversification of the economy through the continued growth of existing economic activities such as agriculture, wholesale and retail, and tourism. In conjunction to the previous statement, the development of SMME's in the municipality would also have to be a focal point, along with the necessary skills transfer and training opportunities to local communities. The LED would also need to take into consideration regional and national linkages with other economies and the strengthening of these linkages to promote agglomeration.

Status of Co-operatives in Limpopo, 2007:

The Status of Co-Operatives in the Limpopo Province is a study done to assess the growth and development of co-operatives within the province as well as to determine the constraints, challenges and issues related to these co-operatives to determine possible ways forward and solutions to the problems faced by these communities. The project was based on a number of objectives which would provide the most sound information and directives in conjunction to cooperatives in the province. These objectives are:

- Assess the economic impact of co-operatives within the province,
- Determine the level of success amongst co-operatives within the province,
- Ascertain if there has been any significant growth or decline in the number of co-operatives within the province,

- Establish if the government can play a role in the proliferation of co-operatives as drivers of growth within the province,
- Based on the evaluation, make recommendations emanating from the findings of the study.

Co-operatives are used as a tool within the South African economy to provide equitable redistribution of wealth within a local community. In the Limpopo province co-operatives has shown a significant growth over the years, predominantly located within the rural areas, providing a basis from which to launch rural development objectives. Co-operatives within the province have a tendency to be unsustainable in terms of jobs, and many of the co-operatives are not run in accordance to business structures resulting in co-operative members earning low income salaries.

Co-operatives who had reasonable education would also do better than those who didn't. The members of co-operatives showed limited skills or knowledge regarding marketing of the business and so electively are struggling. Training structure are showed to be generic in nature and not sector specific with insufficient mentorship, which are causing co-operatives to have limited capacity and capabilities.

The study has effectively drawn the following conclusions in terms of the status and impacts created by co-operatives in the Limpopo Province. These conclusions are as follow:

- Standards of living remained the same as low to no salaries are being paid
- Little to no monitoring and evaluation are being conducted. Mentoring has been used to support co-operatives to a lesser degree
- Training is inadequate as it does not cover basic principles for running a successful enterprise.

The study has identified that if mentorship and proper capacity building is done, co-operatives will be able drive economic growth within the province into the future. The research showed that no stable or sustainable co-operative has lasted longer than 10 years in the province. On the basis of the previously mentioned, the report had made recommendations to enable the growth and development of cooperatives.

These recommendations are:

- All projects should be continued
- Media coverage of successful co-operatives
- Co-operatives should be run on clear business principles to ensure that idealism and reality do not become intertwined
- There should be a clear definition of roles in the co-operative, including an agency responsible for monitoring and evaluation
- Improvement of communication channels in the co-operative sector
- Compulsory annual auditing
- Co-operatives to be included in government department tender procedures
- Government departments must include co-operatives in their tender procedures
- Intensive education amongst the unemployed youth over the merits of being involved in cooperatives
- The private sector must be involved
- Co-operative members must be coached on the implementation of the business plans
- Training according to the specific needs of the industry and job criteria
- Co-operative members must be trained according to their job criteria. They should not be

- Successful co-operatives/success stories to inspire other co-operative
- Business plans should be critically revised and evaluated
- Production and marketing strategies must be developed before the project(s) commence(s)

Key implications for the Aganang Local Municipality:

The LED must focus on the promotion and development of co-operatives within the various sectors of agriculture, wholesale and retail, and tourism. The LED must seek to provide clear and concise training and mentorship to identified and new co-operatives, as well as guidance in terms of marketing for regional and inter-regional distribution. The LED must also seek to enable the creation of business plans which provide a strong base and clear definition and directive for the business.

The Impact of Government Procurement on Enterprises, 2007:

This study was done to determine whether historically disadvantaged individuals (HDI) and small, medium and micro enterprises (SMMEs) are benefitting from government procurement and to establish the challenges faced by these target groups in procuring government and sector specific opportunities.

The objectives of the project research are:

- To ascertain if SMMEs and HDI are benefitting from government procurement,
- To establish the impact, effectiveness and efficiency of procurement policy on HDI and SMMEs,
- To establish sector specific opportunities on HDI and SMME procurement, and
- To establish if there is a link between HDI and SMME procurement and job creation.

The study revealed that HDI companies are benefitting largely by government procurement, showing that on average 65% of contracts and 81% of contract values are procured by HDIs. The research also showed that in certain sectors, non-HDI businesses were also benefitting from procurement. This inevitably indicated that departments were not completely complying with the Preferential Procurement Policy Framework Act (PPPF) in terms of points awarded for SMME promotion and in addition, treasury departments could not quantifiably show the extent to which SMMEs are benefitting from procurement.

In contrast to the previous findings it was determined that HDI owned SMMEs which have SMME status do not benefit from high value tenders as the HDIs previously mentioned do. The dominant challenge that had been identified by the report showed that HDI owned SMMEs have significant problems when trying to access working capital to be able to initiate projects. This ultimately meant that contracts are awarded to bigger companies. The limited access to working capital to SMMEs has created a questionable view of the effectiveness of the Procurement Policy for SMME's.

HDI and SMMEs are also further hampered by the limited or uncoordinated access to procurement support services. The report has determined that a lack of coordination exists between service providers and government departments which limit the essential tender support services to SMME's in relation to government tenders. Government departments have also been determined to be inefficient in terms of payments to SMME's and HDI's rendering services to government, as well as ill formed terms of references leading to resource wastage. The end result is a negative impact on the cash flow of the business which may have detrimental effects on the future operations of the business.

Key implications for the Aganang Local Municipality:

The Aganang LED should seek to provide an enabling environment through which SMMEs and HDIs can access tenders from government departments. The LED should seek to create an electronic supplier database through which SMMEs are contracted. The SMMEs cited on the databases should also be selected based on merit and not rotation to ensure that a competitive nature is fostered between competing businesses. Tender monitoring should further be engaged to improve the economic benefit realisation from tenders. A form which scores the developmental goals of the tenders should be designed which would analyse the socio-economic impacts and outcomes proposed in tenders. The LED should also seek to enhance the access to working capital for SMMEs and HDIs to promote the sustainability of projects and the efficient implementation thereof. Lastly, the LED must also seek to enhance the linkages between government departments and service providers to allow SMMEs access to knowledge and assistance with projects and procurement.

The Status Quo of Rural Trade in Limpopo, 2007 (SRTL):

The Status of Rural Trade in Limpopo report was done to determine what the current status of rural trade is within the Limpopo Province from the perspectives of sustainability and viability. The study looked into determining the key challenges faced by rural SMME traders based on the adequacy of service provision, sustainability of prices charged, types of goods sold, service provided and whether businesses in the rural setting were benefitting from government initiated support services. The objectives for the have been determined as:

- To ascertain the challenges being faced by SMMEs in the rural setting,
- To find out why rural consumers are choosing to shop in urban areas,
- To find out the level of service provision offered by SMMEs in rural areas,
- To ascertain the impact of non-locals taking up business within the rural environment,
- To find out the level and composition of competition faced by SMMEs in rural areas,
- To find out the products being sold, and prices being charged are sustainable in rural environments, and
- To find out if SMMEs are benefitting from government support services, with a bias towards nonfinancial services aimed at enhancing business sustainability.

The report indicated that rural inhabitants classify themselves as urban shoppers and also predominantly choose to travel to urban centres to do shopping for basic goods and services. The preference to travel to urban centres for shopping purposes has been based on the perception of rural inhabitants that products and services in urban centres are of a better quality and have lower prices. Rural inhabitants also travelled to urban centres to be able to gain access to clothing stores and supermarkets, which are not readily available within the rural areas or do not provide the expansive services the larger chain stores can. The influence of media and marketing of stores also play a large role in the sequential preference of urban stores above those located in rural areas. The findings indicated that local rural consumers prefer to purchase goods from Asian-owned businesses and not locally owned businesses (which are in the majority). The reason for this is based on the perception that goods sold from Asian-owned businesses are lower in price, and consequently, price sensitive rural inhabitants would prefer these businesses to local owned businesses.

The major challenges facing local rural businesses, as determined in the report, are:

- Lack of access to financial and non-financial services, and

- Lack of business skills and the inability to creatively deal with competition.

The majority of businesses in rural areas are operated as sole proprietorships and was not able to access financial and non-financial services. The failure to attain these services provided by government and service providers have been attached to limited awareness of the opportunities provided by these entities as well as not being registered as a business entity. Based on these, most local rural businesses have succumbed to competitors.

Key implications for the Aganang Local Municipality:

The Aganang LED should identify rural nodes through which support structure should be developed which would enable growth of the existing rural businesses in the area. The support structure should also encourage the growth and development of new businesses which can create an inter-linked value chain of good products and services. Campaigning to register businesses and enable accessing of funds must be marketed to inform local rural businesses of the possible opportunities and services at their disposal. Skills development such as marketing and basic business skills should also be a focus to encourage the effective management of the business.

The Limpopo SMME Strategy:

The Limpopo SMME Strategy evolves from the efforts by the Limpopo Department of Economic Development, Environment and Tourism to resurrect economic growth, by supporting the development of a small business driven economy. The Strategy was conceived by the Province, essentially to create a strong equilibrium between the startling unemployment rate and the growing provincial economy. The SMME strategy seeks to address obstacles to economic intensification by reducing poverty, creating employment opportunities at a larger scale and enhancing quality of life for all. The Strategy holds strong that SMMEs are the impetus for economic growth as they directly generate income for community members and reduce poverty at a larger scale. The Strategy was informed by the research project that detected and identified major challenges facing SMME in Limpopo province and feasible solutions to conquer them. The main purpose of the SMME strategy is to create an enabling framework in the business environment to reach the following economic goals:

- To increase the contribution of small business towards the economic growth of the Province and to reduce the poverty levels;
- To increase the impact on job creation and reduction of poverty levels in the Province;
- To ensure that the Province's growing economy proportionally contribute to the GDP; and
- To ensure that there is effective and efficient co-ordination and integration of SMME programmes in the Province.

The Strategy has also identified ways to overcome the challenges as identified in the previous strategies. The current framework strives to enhance the impact of small businesses on the socioeconomic crisis facing South Africa. The Strategy focuses on:

- The need to have business development information. This set of strategies is critical in assisting development planning and the monitoring and review of the impact of small business development support services.
- The need to integrate business development support strategies in order to streamline activities and maximize the impact and resources allocated to small business development.

- To overcome the challenges of unemployment, there is a need to improve the competitiveness of small business, which will then ensure sustainability and increase profitability of small businesses. This will include tailor made capacity building programmes.
- There is also a need to increase access to local and international markets, as well as business linkages within small business.
- The issue of lack of or inadequate funding resources is also dealt with as the research has proven that the available funding programmes don't respond to the needs of the different categories of SMMEs. Small business promotion is the last strategy to be dealt with, which also emphasizes the role of the formal education system in assisting to educate and create awareness on small business development.
- The institutional framework will seek to define the role of the different government institutions in small business development.
- The Strategy will be reviewed mid-term in order to gauge the impact it will have on society and specifically to the business community.

It is a geographical reality that Limpopo Province is well positioned in the international markets and particularly close to the South African borders with other major African countries. The economic activities of Limpopo Province are integral to the Southern African Development Community (SADC) and the New Partnership for African Development (NEPAD) initiatives. Limpopo Province is located in the northern-most part of the Republic of South Africa and has a conducive competitive advantage to trade economically with SADC countries. The Limpopo Provincial government has already implemented programmes to generate economic growth. The Provincial Spatial Development Initiative (SDI) aims to unlock the potential of four developed corridors by attracting investments for various projects. Polokwane International Airport is in a better position to facilitate movement of goods and services to and from SADC region and Africa. Taking advantage of all these factors should assist developing and initiating trade for SMME programmes in the Province.

The expansion of trade to international players will necessarily not only boost economic growth in the Province, but will go beyond and also empower SMMEs and other business ventures in SADC countries. The government procurement policy has positioned itself to realize its mandate of affording the local communities opportunities to access resources that will enable them to participate and contribute significantly to economic growth of the Province and SADC region. In addition and most importantly, supply chain management makes provision for the SMMEs to render a variety of expertise in economic growth, either in Agriculture, Manufacturing, Tourism, Mining, Construction, etc. In order to ensure that the SMMEs involvement in the procurement process yields positive results, local communities need to be well informed about the process. Through proper coordination, the Department should ensure effective monitoring of the impact of the procurement process and how the process benefits the Black Economic Empowerment (BEE) initiatives. Taking into account the levels of literacy and inability to access information by the majority of rural communities in Limpopo Province, the government is compelled to monitor procurement related issues, such as ensuring that the targeted groups are benefiting from the process and ensuring the establishment of sustainable SMME's, whilst facilitating an information dissemination mechanism on procurement policy.

The implementation of the SMME Strategy is tailored towards reducing poverty, creating employment opportunities, reducing dependency, improving quality of life for all etc. All these objectives are benchmarks against which the success of the Strategy will be evaluated. The Strategy also takes

cognisance of the fact that the implementation process is not a static process and must not be pursued in a vacuum. Most critically, the environmental factors around which the SMME programmes are implemented often change in response to social, economic, political and cultural changes taking place. The Strategy review process should then take due cognisance of all environmental factors that may impact negatively on the successful implementation of SMME activities and should focus on the planning, implementation, monitoring and evaluation of the proposed and prioritised SMME activities from all stakeholders.

Key implications for the Aganang Local Municipality:

In developing the LED Strategy, Aganang Local Municipality must take note of the importance of SMMEs in reducing poverty locally. Therefore, the availability of relevant business information and support in Aganang Local Municipality should urgently be addressed, together with education and skills development. Particular focus should be placed on providing local business with the skills to write business plans and proposals for funding, as well as other skills related to managing a small business. Furthermore, issues related to access to funding needs a concerted effort. The LED Strategy also needs to advocate the improved competitiveness of small businesses in the Municipality. The LED Strategy must also emphasize the importance of small business agglomeration or clusters in order to enhance competitiveness in trade and to boost the economy of the locality.

The Revised Limpopo Co-operatives Strategy, 2012:

The Limpopo Co-operatives Strategy is one of the government's approaches to promote economic development. The strategy focuses on the establishment of co-operatives within the province as a mechanism as part of enterprise development to address issues related poverty and unemployment. The purpose and objectives of the strategy has been based on objectives within the Co-operatives Act No.14 of 2005 and has been formulated to be in line with these objectives. The objectives can be listed as:

- Create an enabling environment for establishment, development, sustenance and profitability of co-operatives in all sectors
- Encourage persons and groups who subscribe to values of self-reliance and self-help, and who choose to work together in democratically controlled enterprises, to register cooperatives,
- Promote equity and greater participation by black persons (especially marginalised persons in rural areas), in the formation and management of co-operatives
- Outline institutional arrangements and the implementation plan of the province
- Facilitate the provision of support programmes that target emerging co-operatives, especially those co-operatives that consist black marginalised persons in the rural areas who promote equity and greater participation by its members
- Ensure the design and implementation of the Limpopo co-operative support measures across all spheres of government, including delivery agencies and adherence to a framework that reflect fairness, equity transparency, economy, efficiency, accountability and lawfulness
- Facilitate the effective co-ordination and reporting mechanism across all spheres of government on co-operatives
- Provide guidelines and direction for support of co-operatives by government, other institutions, organisations and the private sector.

In recent years the performance of co-operatives within the provincial economy has been insignificant and hasn't posed any development and growth toward expansion and opportunity creation. Various constraints and challenges have been identified in relation to the establishment and continued running of co-operatives. According to the co-operative strategy, low skills, literacy and education levels are posing numerous problems. Members may pose complete or some schooling but various parties have issues related to business knowledge and skills, financial implementation and marketing. The data suggested that people have knowledge on what the principles of a co-operative are but are actually operating the co-operative in another manor or direction. Co-operatives also have trouble accessing funds from the private sector as a result of the co-operatives democratic formation and management structures, the limitations to joint responsibilities on liabilities and the historical management of co-operatives as a project instead of a business.

Co-operatives also have a number of challenges associated with access markets locally and regionally base on the limited access to existing main stream economic systems, as well that cooperatives are not viewed as being formal businesses. Government structures have also not made it possible for cooperatives to access government orders. In addition to not access markets, cooperatives tend to have various problems related to management and internal conflicts. The basis of various members having voting rights and the gap between educated and non-educated individuals create an ignition point for internal conflicts. Further limitations are created by that co-operatives pay low or no salaries to its members because of low funding for salaries and when money is available, a fear exist to actually remunerate the members.

Some co-operatives have been provided machinery when they had been established, and in essence have been used for extended time periods. the necessary knowledge concerning the durability and also maintenance of these machines are not provided to co-operative members, which in turn causes the machines to break or become dormant. Other factors influencing the working capacity of machines are related to the availability of parts and that budgets are very constraining and so further disable to effective functioning of the business. In relation to machinery and the production of products, cooperatives also have extensive problems related to the supply of products to customers. The limited business and production skills hamper the production of sufficient amounts of products and cause the business to either stagnate or fail. Lastly, access to information for cooperative entities are in many cases limited and as such do not allow for the co-operative to expend the knowledge base needed to grow the business or attend to issues such as marketing, production and financials. Information sharing would pose to be a constant barrier and would require extensive implementation and solutions.

The strategy has based interventions based on the concept of four pillars for sustained co-operative development. For the four pillars a number of subset interventions have been devised which seek to implement or achieve the four pillars. The four pillars and the subset interventions are listed below:

- **Increased access to information:**
 - Develop a comprehensive database
 - Information material
 - Access to information
 - Continuous research and development, annual surveys, conferences
- **Increase skills levels within co-operatives:**
 - Education and training on co-operative principles
 - Provide business management training to increase skills level

- Innovation and technological enhancement
- Technical training
- Competitive and quality assurance
- **Increase access to resources:**
 - Facilitate access to business infrastructure for co-operatives
 - Increase access to finance for co-operatives
 - Facilitate access to incentives from national, provincial and local government for cooperatives
 - development and promotion
- **Increase access to markets:**
 - Demand driven production
 - Value-chain approach
 - Access to procurement opportunities for co-operatives
 - Marketing assistance

Key implications for the Aganang Local Municipality:

The LED must identify the importance of existing and future co-operatives within the Aganang Local Municipality. The identification of market sectors in which co-operatives can be established are essential as well as the types of co-operatives that can be established, eventually aiming to create value-chains within the various economic sectors of Aganang Local Municipality. The LED should further focus on the institutional components of co-operatives and look towards training, accessible financing opportunities and skills development.

Limpopo Province Simplified Standardised Framework for LED:

The drafting of Local Economic Development Plans (LED) within each municipality is part of its official mandate. This holds true for the drafting of Integrated Development Plans as well. The Limpopo Province Department of Local Government and Housing has through workshops with representatives from LED departments within the 30 local municipalities within Limpopo has devised a standardised framework for the drafting of a LED document. This has been done to provide technical assistance to local government departments to collectively draft aligned and co-ordinated LED documents, which represent all the necessary information and directives, as well as to enable that outcomes and strategic projects are created.

The standardised framework for LED is reviewed below, showing all the necessary components to a LED within the Limpopo Province.

1. Cover page
2. Table of content
3. Acronyms
4. Foreword: Mayor
5. Preface: Municipal Manager
6. Executive summary (Maximum of 2 pages)
 - Summary of the entire document
7. Introduction
 - Purpose of the document
 - Methodology

- Outline of the structure of the document
- 8. Legislative / policy framework (the purpose of this section is to situate the LED strategy in the IGR Mandate)
 - National imperatives
 - Provincial context
 - Municipal
- 9. Situational analysis
 - Demographic information
 - Economic analysis (opportunities / economic drivers)
 - Spatial analysis (where growth is / where to invest / land resources)
 - Environmental profile
 - Infrastructure analysis
- 10. LED strategy framework
 - Vision
 - Mission
 - Economic department critical interventions – anchor projects
 - Stakeholder engagement / management / mobilisation / partnership establishment
- 11. Implementation plan
 - Conceptualise programmes and projects, and sources of funding
 - Project plan
 - Institutional arrangements (both internal and external resources, PPP)
 - Risk analysis
- 12. Monitoring and evaluation
 - Framework for monitoring and evaluation
 - Indicators for monitoring and evaluation
 - Document best practices and gaps
 - Strategic overview
- 13. Conclusion
- 14. References
- 15. Annexures

Key implications for the Aganang Local Municipality:

The standardised framework for LED is a guideline tool to the development of a LED. All LED frameworks in Limpopo Province must be compiled taking these guidelines into account.

Limpopo Agriculture Development Strategy, 2007 (LADS):

The Limpopo Agriculture Development Strategy (LADS), 2007, is a strategic document designed to guide and assist agricultural growth and development throughout the Limpopo Province. The document sought to analyse various components of the agriculture industry such as land capability, commodity suitability, agriculture economics, etc. The LADS builds upon the Strategic Plan for the Limpopo Department of Agriculture (LDA).

The plan looks to strategically mobilise, distribute and utilise resources equitably and efficiently to achieve the four Governmental objects namely:

- Growing the economy,
- Job creation,

- Economic empowerment, and
- Poverty alleviation.

The LDA has also further identified twelve key strategic programmes which look at the promotion of economic development and growth within the agriculture sector as well as to enable job creation and poverty alleviation. The twelve key strategic programmes are:

- Restructuring of State Assets to empower farmers, communities and workers through Revitalisation of Smallholder Irrigation Schemes (RESIS) as well as projects under the Agricultural Rural Development Corporation (ARDC);
- Promotion and implementation of AgriBEE;
- Development and implementation of succession planning based on youth infusion into the agricultural sector;
- Promotion and development of appropriate research based production and value adding technologies for successful agri-businesses;
- Redistribution of agricultural land, capacitating beneficiaries and promoting sustainable commercial enterprises;
- Sustainable Graduating Poverty alleviation and household food security and nutrition strategies;
- Promotion and establishment of reliable information and communication strategy through information technology for knowledge and information sharing;
- Formation of farmer based commodity associations and other agri-business entities for farmer support to ensure full participation in local economic development opportunities;
- Provision of appropriate advisory support to develop and strengthen capacity of commodity association and other farmer formations;
- Promotion of sustainable natural resource utilisation and agricultural land use management;
- Animal production and health to improve livestock and also control animal diseases;
- Human Resource Development to increase knowledge, skills and competency of motivated officials.

Based on the above information the LADS (2007) had created a number of projects and recommendations based on each of the analysis sections focussed on within the LADS (2007). The discussion below will focus on the sections contained within the strategy as well as the projects and recommendations proposed.

Land Capability:

- The section focussed on determining the land capabilities for the Limpopo for dry-land cultivated agriculture. The objectives were to determine the sustainable and efficient natural resource management and to analyse the production base/land capability/agricultural enterprises.
- Recommendations:
 - Agricultural zonation: zoning of high potential agriculture areas,
 - Agricultural hubs: using the zoning information determine optimal places for the development of agricultural hubs,
 - Agriculture policy: to protect high potential agricultural land,
 - Land use planning: of the areas identified as hubs,
 - Implementation: integration of the agricultural strategy into local level plans.

Commodity Suitability Study:

- This section focuses on the analysis of the commodity and production base to determine agricultural development enterprises at local level which would be able to contribute to the economy in real terms as well as assist in the growth and development of the agriculture sector.
- Recommendations:
 - Local Municipality IDP's: integration of the result of the commodity suitability study into IDPs, LEDs and SDFs to ensure provincial alignment and the promotion of development of appropriate projects and initiatives,
 - Agricultural Hubs: the development of business plans for these proposed hubs and the promotion thereof,
 - Niche Crops: the development of suitability models for selected niche crops.

Agricultural Economics:

- This section focuses on the status-quo conditions within the Provinces agriculture sector. The various aspects considered are agricultural industries overview, value-chains, key economic drivers and socio-economic aspects.
- Recommendations:
 - Profile of game ranch owners: determine game ranch owner motives and possibly develop a game ranching policy,
 - Game ranch policy: compile a game ranch policy,
 - Gross margin databank for Limpopo Province: compilation of a gross margin database of commercial and emerging farmers to be incorporated in to local plans,
 - Establishment of a development parastatal: investigations into the establishment of a parastatal to facilitate land claims and provide supportive structures to local farmers,
 - Business plans for Agricultural Hubs: compile business plans to determine development objectives, farming programme, capital requirements, financial and economic viability.

Human Resources Analysis:

- This section looks at the human resources contained within the LDA and within the agricultural community of Limpopo.

Management and Organisation Strategy:

- The section dissects the roles and challenges associated within management structure of departmental and organisations and those who manage the core functions of departments. The core functions include strategic decision making, resource management, strategic control and reward systems, service delivery and technology, diversification, cooperative strategy, creation and mobilisation of knowledge and the composition and process of top management teams and decision makers.

Analysis of Trans-Boundary Environment (Multi-Lateral Issues):

- This section considers the issues pertaining to cross-boundary natural resources and the effective management and usage thereof.

Provincial Analysis:

- This section reviews certain stakeholders specific to their role and linkages to the LDA. The section further investigates the linkages between these role-players and the LDA.
- Recommendations:
 - The establishment of a committee to monitor all agreements as well as look at progress and constraints of projects,

- The development of a coordination forum to coordinate actions and interaction between various departments and role-players.

The projects and recommendations provided throughout the LADS (2007) are based on developing a basis from which local level authorities can implement these actions and facilitate effective development projects and the implementation thereof.

Key implications for the Aganang Local Municipality:

The Aganang Local Municipality LED must take due cognisance of the projects and recommendations proposed within the LADS. The proposed interventions such as departmental coordination may require implementation at all levels to facilitate the effective transfer of information and intergovernmental alignment. Further opportunities exist for the development of agricultural databases and the growth of regional importance through agricultural hubs and support.

Limpopo Draft Agro-Processing Strategy, 2012:

The Limpopo Draft Agro Processing Strategy is aimed at accelerated agro industrial development and increased job creation in key sectors. The strategy includes an analysis of existing agricultural activities and investigates agro-processing opportunities and includes a feasibility analysis with a competitive and comparative advantage analysis, export potential and gap analysis.

The strategy identifies and emphasise the importance of stakeholders, the implementation of sector development plans and talent development to create an enabling environment for the development and advancement of agro processing in the province, to enhance value addition activities to increase local revenue and sustainable livelihoods in rural areas.

A strategic intervention plan/recommendations for Limpopo are included in the strategy with eleven pillars:

1. Institutional Capacity Development
2. Government/Public Sector Intervention
3. Private Sector Intervention
4. Stakeholder Identification/relations
5. Management, Coordination and Implementation
6. Research, Development and Innovation
7. Expansion of Commodity Production
8. Talent Development
9. Finance and Other Support Mechanism
10. Investment Promotion
11. Identification of Project Investment Opportunities

The strategy further includes implementation guidelines for agro-processing endeavours. These include general guidelines (such as project prioritisation, identification of location, development of business plans), application guidelines, risk analysis and assessment guidelines (such as risk identification, risk quantification, mitigation and control measures, risk measures etc.) including types of risks (economic and environmental risks) and a monitoring and evaluation assessment (such as development indices and monitoring matrices).

Key implications for the Aganang Local Municipality:

The Aganang Local Municipality LED has to encourage agro-processing projects and ensure that the guidelines as set out in the Limpopo Draft Agro Processing Strategy are followed to ensure that the relevant stakeholders are involved and that these projects are implemented and managed appropriately to realise an increase local revenue and sustainable livelihoods in rural areas.

Limpopo Department of Agriculture Strategic Plan 2010/11 – 2014/15:

The Limpopo Department of Agriculture Strategic Plan assess the accomplishments and challenges faced by the agriculture sector in 2008/09 and outlines strategies and quantifiable objectives for the years ahead. The strategic plan also works towards achieving the Province's Growth and Development Strategy and government objectives.

The main aim of the Strategic Plan is to promote economic growth and food security through sustainable agricultural development and entrepreneurship development. This is promoted through the strategic programmes and objectives set out in the strategy:

- Effective administration
- Sustainable resource management
- Farmer support and development
- Veterinary support
- Technology research and development services
- Agricultural economics and value chain activities
- Training

Key implications for the Aganang Local Municipality:

Farmer support, development and training as well as value chain activities as set out in the Limpopo Department of Agriculture Strategic Plan 2010/11-2014/15 should be promoted through the projects and programmes recommended in the LED strategy.

2.3 District Policies & Strategies

The following district policies and legislation have been consulted to ensure alignment with the LED strategy for the Aganang Local Municipality:

- Capricorn Spatial Development Framework, 2011
- Capricorn Integrated Development Plan, 2012/13
- Capricorn Local Economic Development Strategy, 2008
- Capricorn Investment and Marketing Strategy, 2009
- Agricultural Strategy for Capricorn District Municipality, 2009

Capricorn Spatial Development Framework, 2011 (SDF)

The main objective of the Capricorn SDF is to indicate desired patterns identify developable areas and priority areas where intervention and spending is required within the District Municipality, and inform the five Local Municipal SDFs (which includes Aganang Local Municipality).

The SDF lists Matlala, Chloe, Setumong and Bakone as identifiable concentration points within the Aganang Local Municipality. Settlements in Aganang Local Municipality show an evenly scattered spatial patten, with the majority of settlements located along the main road network. There is very little

hierarchical differentiation between the various settlements/villages. The municipality has no proclaimed township, with the municipal jurisdiction made up of dormitory rural settlements with little or no economic base. The communities only have access to higher order goods and services in Polokwane and Mokopane.

The SDF identifies various existing clusters of tourism-related features or artefacts in the CDM, two of which is located within Aganang LM, namely the Bakone and Ratang Baeng Nature Reserves as well as the area along Matlala and Mashashane.

The SDF indicates that certain parts of the Aganang LM in the west are underlain with dolomite strata, which might pose development constraints. In terms of land cover the SDF identifies the large pockets of land in the Aganang area and eastern trip from Mphakane, past Sebayeng and Mankweng, and up to Lebowakgomo that are classified as degraded as a major concern.

A set of thirteen development objectives for the Capricorn District Municipality were identified from which thirty two priority actions/projects were derived. The objectives are set out below:

- Principle 1: Environmental Management
- Principle 2: Hierarchy of Settlements
- Principle 3: Thusong Centres
- Principle 4: Engineering Infrastructure
- Principle 5: Corridors and Linkages
- Principle 6: Public Transportation
- Principle 7: Commercial Farming and Fresh Produce Markets
- Principle 8: Tourism Promotion
- Principle 9: Mining
- Principle 10: Industrial and Agro-processing Activities
- Principle 11: Commercial/ Retail Sector and Polokwane CBD
- Principle 12: Strategic Development Areas (Infill and Densification).
- Principle 13: To optimise urban-rural linkages throughout the Capricorn District

Key implications for the Aganang Local Municipality:

The Capricorn District SDF implies that the district should strive towards economic growth and social development in an integrated manner. All plans, policies and programmes on local level, including the Aganang LED should be aligned with the objectives set out in the Capricorn District SDF.

Capricorn District Municipality Integrated Development Plan 2013/14 (IDP):

The act of compiling and implementing an IDP is a legal requirement for all municipalities in accordance to the Municipal Systems Act (Act 23 of 2000). The IDP is a five year plan which contains all the plans, priorities and budget for the municipality.

The IDP for the Capricorn District Municipality sets out a framework to enable the entire region to plan, set up budgets, implement programmes and monitor its performance. The IDP serves as a guide for the Local Municipalities as it is informed by participatory processes and engagement with local communities and inputs from regional, provincial and national stakeholders. The IDP establishes its position within the legal framework, and provides an overview of the Capricorn District Municipality.

The IDP provides a list of priority issues per Local Municipality. The priority issues identified for the Aganang Local Municipality are as follows:

- Basic services
- Economic Development
- Financial Sustainability
- Good governance
- HIV/Aids
- Special focus

The list of priority issues identified for the Capricorn District Municipality as a whole is as follows:

- Basic services
- Economic development
- Roads, storm water control and public transport
- Land use management and sustainable human settlement
- Electricity
- Health
- Human resource and institutional development
- Safety & security and crime prevention
- Environment and waste management
- Communication facilities
- Sports, arts, culture and recreational facilities

The main goal for this IDP is to develop development priority issues as long term goals, to link to the vision and mission of the District through ensuring 'health and dignity, secure living conditions, education, financial security and good governance', through implementing the various strategies in projects along certain priority areas, categorised according to the following Key Performance Areas (KPA's):

- Municipal Transformation and Organisational Development
- Basic Service Delivery
- Local Economic Development
- Municipal Financial Viability and Management
- Good Governance and Public Participation
- Spatial Planning and Rationale

Key implications for the Aganang Local Municipality:

Aganang Local Municipality fall under the jurisdiction of Capricorn District Municipality. This implies that the LED strategy of Aganang needs to comply and align with the programmes, policies, plans and objectives set out in the Capricorn District IDP. This means that the LED strategy ultimately needs to ensure that its projects achieve the vision as set out in the IDP.

Capricorn District Municipality Local Economic Development (LED) Strategy, 2008:

The Capricorn District LED Strategy is a tool which provides an investigation into the economic development opportunities which exist within the district. The Capricorn District Municipality has compiled a number of strategies and plans which are used to accomplish these development

opportunities and the LED is used to combine all these plans and strategies into a unified response to strategic economic development.

Capricorn District Municipality comprise of the third strongest (district) economy with the transport and trade sector growing the fastest. Apart from the contribution of community services to the district's GGP, the finance, trade and transport sectors contribute the to the district's GGP.

The LED strategy focuses on determining the strengths and weaknesses of the local economy to determine the possible avenues through which economic diversification can be accomplished. The economic diversification will allow for the counteraction of fluctuations within certain sectors of the economy and provide the basis from which numerous job opportunities can be created and from where diversified skills and competitive advantages can be fostered.

The LED has identified a number of objectives which allow the Capricorn District Municipality to achieve its set out economic development goals. These objectives are:

- Growing the first economy
- Developing the second economy
- Building a knowledge economy
- Land and infrastructure
- Governance and Partnerships

The LED has determined a number of key programmes which will be the primary drive and linkage between projects and actions. These thrusts have subsequent identified key programmes which will allow each thrust to be fully accomplished. The table below indicates the objectives and its key programmes.

TABLE 2.1: KEY PROGRAMMES AS IDENTIFIED BY THE CAPRICORN DM LED, 2008

Objective	Key Programmes
Growing the first economy	<ul style="list-style-type: none"> • Driving growth through: <ul style="list-style-type: none"> ○ Tourism ○ Transport and Logistics ○ Manufacturing & Agro-processing ○ Retail Trade ○ Community services • The export sector through a range of initiatives aimed at local firms
Developing the second economy	<ul style="list-style-type: none"> • Promote SMME and cooperative development through improving access to a holistic support system • Facilitate improved economic access and participation for the poor through cooperative development • Address poverty by promoting self-help livelihood methods
Building a knowledge Economy	<ul style="list-style-type: none"> • Improve the competitiveness of the district economy through investment in research, ideas, technology, design and creativity • Encourage district connectedness by improving access to information, communication and technology (ICT)
Land and Infrastructure	<ul style="list-style-type: none"> • Improve access to affordable land to support growth and development of the first and second economy • Improve the availability of services and infrastructure to support economic development

Objective	Key Programmes
Governance and partnerships	<ul style="list-style-type: none"> • Strengthen LED governance, leadership and coordination • Establish a strong LED network by fostering robust partnerships between government, the private sector, donor community and NGOs • Build a strong base of LED understanding and knowledge across the district

Key implications for the Aganang Local Municipality:

The Aganang LED must strive to align itself with the objectives and key programmes contained within the District LED. This alignment will ensure that provincial objectives are met. The LED should further consider diversification and development of existing stronger sectors and the growth of weaker sectors in the economy such as tourism. The focus should further be on local businesses and aspiring entrepreneurs to encourage local growth imperatives and further expand economic functions.

Capricorn District Municipality Marketing and Investment Strategy, 2009:

The Investment and Marketing Strategy is based on the need to create awareness of the opportunities in Capricorn District Municipality in order to stimulate economic growth. The document was informed by the Capricorn District Municipality IDP, LED, SDF and the Local Municipalities' LED strategies.

Innovative and coordinated efforts in partnership with supporting bodies and other stakeholders are required for the Capricorn District Municipality to be transformed into a more enabling environment for investors. The following set of criteria served as an evaluation tool to identify areas with potential for development and opportunities within each of the local economic sectors:

- Availability of raw materials and resources
- Availability of labour
- Economic linkages
- Market trends
- Value chain/Gap analysis
- Agglomeration advantages
- Logistics / Nodal point function
- Regional service delivery function
- Technology change
- Enabling policy environment

Projects were identified on the basis of its economic development potential, equality enhancing potential and sustainability and implementation within the Capricorn District Municipality. These are set out below:

- **Agriculture:**
 - Expansion of horticulture production and diversification
 - Expand poultry projects to supply local demand and extend value chain
 - Commercialisation of subsistence livestock production (goats)
 - Hydroponics crops and herbs production
 - Farming of vegetarian niche products and free range products
 - Organic farming of cotton and vegetables
 - Development of fish farms and aquaculture cluster
 - Farming in oilseeds for oil extraction
 - Cultivation of indigenous medicinal plants

- Cassava farming
- **Mining:**
 - Develop platinum cluster
 - Beneficiation of diamonds
 - Cement production
 - Develop clay processing cluster
 - Mining assisted small business development
 - Pebbles extraction and polishing thereof for landscaping purposes
 - Stone crushing and sand mining
- **Manufacturing:**
 - Expansion of paper-recycling project
 - Establish a detergent manufacturing plant
 - Establishment of metal products cluster
 - Establishment of food processing cluster
 - Brick and tile manufacturing
 - Establishment of pharmaceutical cluster
 - Processing of sorghum into beer brewing and cattle feed
 - Arts and crafts manufacturing, sewing of traditional clothing, hide processing
 - Furniture making
 - Thermocouple wire manufacturing
 - Organic clothing manufacturing
- **Tourism:**
 - Develop a Nature Reserve Belt
 - Aero-estate

The strategy furthermore includes a monitoring and evaluation system which includes the following indices:

- Investment Environment Index
- Agriculture Expansion Index
- Industrial and Beneficiation Index
- Mining Sector Development Index
- SMME Development and Support Index
- Human Resource Development Index
- Tourism Development Index
- Rural Development Index
- Investment Implementation Index

Key implications for the Aganang Local Municipality:

The Aganang LED should take cognisance of the Capricorn Investment and Marketing Strategy and align and incorporate its programmes and projects into those identified for the Strategy. The monitoring and evaluation strategy should also be applied to projects and programmes identified for Aganang LED.

Agricultural Strategy for Capricorn District Municipality, 2009:

Agriculture and agricultural development is extremely important and has been identified by the PGDS as one of the three economic development pillars in the Limpopo Province. However, within rural local

municipalities such as Aganang, the natural resource base is not effectively utilised and due to a number of challenges, the natural agricultural resources are left exposed and vulnerable.

This strategy set out a set of objectives to ensure that the Capricorn District Municipality achieves its full agricultural potential through assistance and proper service delivery. These objectives are set out below:

- Development and implementation of a possible opportunities, human resources and priorities for the agricultural sector
- Ensure sustainable and efficient natural resource management under varying climatic conditions
- Verification of existing land capability in all municipalities per land use pattern
- Zoning of existing agricultural infrastructure from the service centres and municipalities
- Identify existing and potential anchor projects per local municipality based on natural resources base for agriculture

A number of anchor projects have been identified for the Capricorn District Municipality:

- Aganang grazing project
- Glen Alpine irrigation scheme (Blouberg)
- Molemole potato project
- Polokwane poultry project
- Lepelle-Nkumpi agricultural hub project

This strategy aims to implement and promote these projects through creating and empowering cooperatives and capacity development programmes, by investing in training and education (with local education institutions' assistance) and through hosting road shows and seminars to entice the youth to take part in agricultural activities.

Key implications for the Aganang Local Municipality:

The Agricultural Strategy should be used as a baseline for projects to be proposed for the Aganang Local Municipality LED, and take cognisance of the mechanisms for implementation.

2.4 Local Policies & Strategies

The following local policies and legislation have been consulted to ensure alignment with the LED strategy for the Aganang Local Municipality:

- Existing LED Strategy: Phase One and Phase Two Reports, 2007
- Aganang Integrated Development Plan (IDP), 2013/14
- Aganang Spatial Development Framework (SDF), 2010
- Aganang Environmental Management Plan (EMP), 2009

Aganang LM existing LED Strategy, 2007:

The vision statement of the Aganang LM LED Strategy is to improve and promote economic growth and quality of life. The mission statement is to create and sustain employment opportunities and to foster a stable and diversified economy.

The existing LED identified the following interventions as the recommended economic development focus in Aganang:

1. Development of the meat cluster value chain with specific emphasis on project planning and implementation
2. Promotion of cultural tourism and family recreation with specific emphasis on business planning for the Matlala Resort and Cultural Circuit
3. Growth point (nodal development within the context of sustainable communities, with particular emphasis on residential and commercial development
4. Increase applications to the Municipal Infrastructure Grant and to the Expanded Public Works Programme so as to create the infrastructure that is essential for sustainable economic growth and development
5. Assess the extent to which Aganang can benefit from the platinum Platreef, with particular emphasis on the analysis that have already been done for Matlala Platinum
6. Reassess the potential for job creation from Marula harvesting and processing and fast-track implementation if the proposal can be justified in terms of its job creation potential and market demand
7. Create capacity in the LED Unit of Aganang Municipality to implement the recommendation above and to monitor progress in this regard
8. Promotion of the informal (second) economy throughout Aganang Municipality and its integration into the first economy as far as it is practically possible and feasible.

The existing LED strategy further includes a Development Impact Monitoring Tool, which is a model that has been created to calculate the impact of local development interventions on job creation and economic growth in Aganang Municipality.

Key implications for the Aganang Local Municipality:

The review of the LED Strategy should take programmes and projects recommended in previous LED strategies into account as well as the reasons for non-performance/performance.

Aganang Integrated Development Plan (IDP), 2013/14:

As is the case with District IDPs, Local Municipalities are also required by law to compile and IDP. The IDP for Aganang Local Municipality sets out strategic objectives and strategies, performance indicators and projects.

The strategic objectives as set out by the IDP are as follows:

- Provide and facilitate provision of basic and infrastructure services to Communities
- Enhance municipal revenue and ensure sound financial management & systems
- Promote and facilitate institutional development and organizational transformation
- Promote Good Governance and Public participation
- Enhance Local Economic Development.
- Promote sound land use practices and promote sound environmental practices
- Promote and support the fight against HIV/Aids
- Promote and facilitate Disaster management
- Promote the interest of the designated groups especially women, youth and disabled

The IDP furthermore identified projects to be implemented. These projects were divided into six categories, Infrastructure and Basic Services; Local Economic Development; Municipal Transformation and Organisational Development; Good Governance and Public Participation; Financial Viability and Management; and Spatial & Environment.

The projects identified by the IDP for Local Economic Development are as follows:

- **Support to tourism and informal business:**
 - Fencing of Matlou-Matlala botanical garden tourism centre
 - Construction of Car Wash
 - Compilation of LED journal
 - Equipment for wholesale warehouse
- **Support to crop projects:**
 - Establishment of essential oil production pilot project
 - Local show exhibition

Key implications for the Aganang Local Municipality:

According to legislation, all activities and actions conducted by the Aganang Local Municipality must be aligned with the IDP, including the LED. The IDP in turn needs to be aligned with the District IDP and other policies and legislation on district and provincial level. Projects contained in this IDP aimed at improving and developing the local economy needs to be incorporated and expanded on within the LED strategy.

Aganang Spatial Development Framework (SDF), 2010

In accordance with the Municipal Systems Act, the Aganang Local Municipality has developed a Spatial Development Framework (SDF). The SDF is a tool to guide development, investment, infrastructure development and provides advice on the municipal spending patterns while assisting the municipality in making sound decisions.

The SDF looks at all the challenges, trends, key issues and opportunities that the municipality has in as far as development is concerned and try to come up with directions and guidelines in terms of future development, forms and patterns. In the final analysis the SDF defines the working objectives and strategies and programs that guide its operation including the implementation strategies.

Aganang Local Municipality is one of the rural municipalities that need development attention. There is a dire need for a tool of this nature to advice the municipality on the development and investment patterns. This SDF therefore strives to address the spatial issues within the municipality and at the same time offers an advice on how spatial development should occur within a short to long period of time. The SDF should be complemented by other policies for its proper and effective implementation.

The SDF has identified a set of objectives based on a thorough analysis of the district IDP and a spatial analysis. These objectives are:

- Capacity building to local municipalities in as far as spatial planning department are concerned planning
- Stimulate development and growth where there is proven demand.
- Use future growth and development to consolidate and to improve municipal performance.
- To ensure sustainable use of environmental resources, their enhancement and replenishment.

- Capitalise on the valuable role of environmental resources.
- Enhance the uniqueness, ecological sustainability, and liveability of the municipal area.
- Meet community needs and promote community values and aspirations.
- Ensure that the municipal structure has timeless qualities and that it does not short-sightedly respond to the mere current needs, circumstances, and fashion.
- Create new social and economic opportunities and to improve access to the existing ones.
- Promote the viability of public transport.
- Promote all aspects of spatial integration.
- Enrich people's lives, as well as to enhance uniqueness and identity of Aganang Local Municipality (ALM), by means of a readable municipal form.
- Enhance the functionality of all the elements constituting the municipal area.
- Create healthy, comfortable and safe living and working environments for all.
- Instil business confidence in the municipal area as a whole by providing an enabling spatial framework that supports development.
- To promote orderly spatial development
- Resolve land ownership issues to encourage development
- To concentrate development at selected growth points
- Ensure the fastening of land reform
- To capacitate the planning units in the local municipality

In order to achieve these objectives, the SDF identifies the following strategies, based on best practice planning mechanisms and approaches:

- Integration of various areas in ALM to form a well-functioning space economy
- The development of sustainable human settlements and renewal of existing settlements
- The promotion and facilitation of economic development
- The sustainable management of the natural environment assets and heritage
- The promotion of tourism development
- The promotion of sustainable rural development and development of rural service centres
- The development and improvement of linkages with surrounding areas of importance
- Service delivery, specifically focusing on providing sufficient capacity in development priority areas
- To align the SDF with that of the other local municipalities

The SDF further identifies desired spatial patterns and development guidelines for the municipal area, which includes the identification of nodal points,

Key implications for the Aganang Local Municipality:

The SDF provides spatial development guidance for the Aganang Local Municipality and has determined strategies which would provide optimal developmental benefits and advantages. The LED must take due cognisance of these strategies, in the promotion and selection of areas for development.

Aganang Environmental Management Plan (EMP), 2009

The Aganang EMP identifies the following environmental issues and risks which demand specific programmes for urgent redress:

- Low income base

- Potential for economic growth
- Low to medium agricultural potential soils
- Low agricultural productivity
- Land tenure conflicts stifling development
- Land degradations
- Deforestations
- Poor grazing management practices and veld fires
- High soil erosion especially along drainage channels and roads
- Illegal water connection and water wastage
- Poor waste management

The aim of the EMP is to minimise, avoid and rehabilitate possible environmental impacts. In order to achieve this, the EMP proposes the following proposed programmes:

- Afforestation Programme;
- Agroforestry Programme;
- Environmental Awareness Programme;
- Catchment Area Management including reclamation gully reclamation of gullies along the water channels and valleys of Aganang Municipal area;
- Soil and Water Conservation measures in arable lands;
- Storm water Management in residential settlements and along road networks;
- Improved Veld Management practices including improved veld reinforcement and grazing management systems;
- Waste Management System;
- Agricultural Input Support Schemes;
- Agricultural extension capacitation programmes;
- Institutional capacity building programmes, and
- Environmental monitoring programmes

Key implications for the Aganang Local Municipality:

The Aganang LED should take into account the environmental issues and concerns within the municipal area and also align to the proposed projects and programmes of the Local Municipal Environmental Management Plan.

Section 3: Macro Situational Analysis

This Section seeks to provide an indication of the status-quo reality in terms of the socio-economic components such as demographics, environmental, and infrastructure components with Local, District, Provincial and National context which specifically relate to the critical areas of LED. This section combined with Section 4 becomes the status quo basis from which problem identification within the local economy and the development thereof is determined in order to create development strategies, case specific to the local economy of Aganang to address the economic problems and casualties.

The remainder of this section is structured as follows:

- Demographic and Socio-Economic Profile
- Environmental Profile
- Infrastructure Profile
- Macro and Local Economic Profile

3.1 Demographic and Socio-economic Profile

This section provides an in-depth analysis of the socio-economic composition of the Aganang Local Municipality compared to the demographic contexts found within the Capricorn District Municipality, Limpopo Province, and South Africa as a whole.

To be able to understand the socio-economic reality of the Aganang LM, one must consider the factors which impact on the area from an historical and current perspective. This provides a holistic picture of the components contained within the area, as well as those components within the broader district and provincial contexts. By considering these factors, the development path for the Aganang LM can be determined.

3.1.1 Macro Socio-economic profile

The table below is an indication of the population within South Africa, the Limpopo Province, the Capricorn District and the Aganang LM. The table further indicates the gender composition per aforementioned region.

TABLE 3.1: POPULATION AND GENDER DISTRIBUTION, 2001 AND 2011

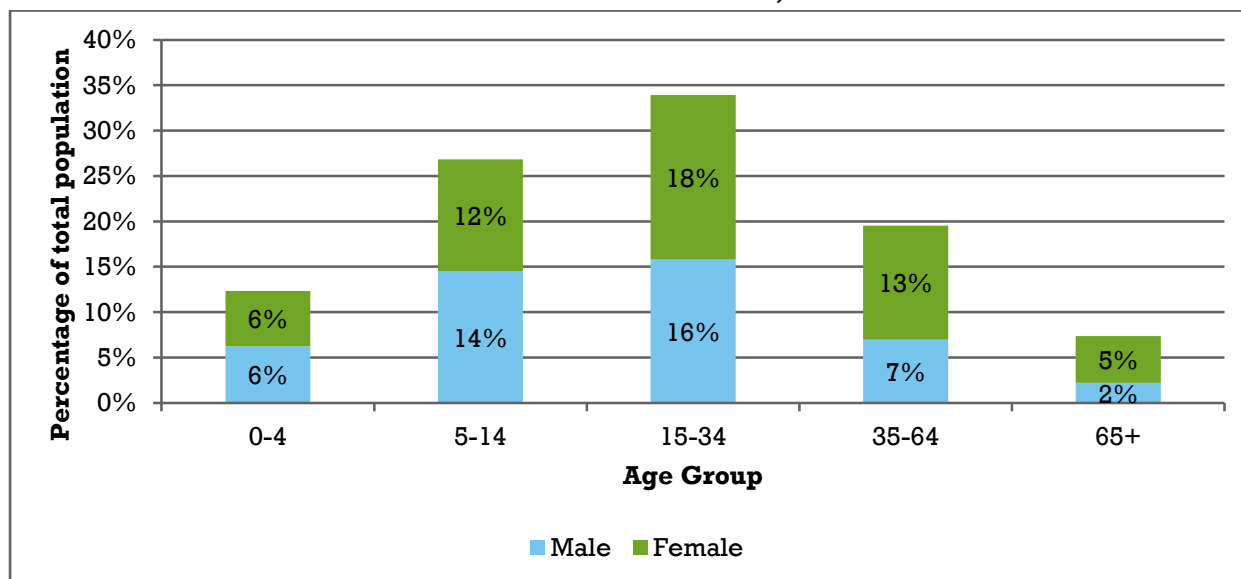
Region	2001			2011		
	Total Population	% Male	% Female	Total Population	% Male	% Female
South Africa	45 690 272	48.2%	51.8%	57 442 841	48.5%	51.5%
Limpopo	4 836 374	46.2%	53.8%	5 771 585	46.4%	53.6%
Capricorn DM	1 130 992	46.3%	53.7%	1 328 042	46.3%	53.7%
Aganang LM	144 091	45.6%	54.4%	141 391	44.7%	55.3%

Source: *Kayamandi calculations based on Quantec Research, 2013*

In 2011, Aganang LM had approximately 141 391 people, and is clearly a very small municipality in terms of population and represents only 11% of the District's population, and only 2% of the Provincial population.

Figure 3.1 below shows the gender distribution for the Aganang Local Municipality based on the differentiation between male and female according to age groups.

FIGURE 3.1: AGANANG LM AGE AND GENDER DISTRIBUTION, 2011



Source: Kayamandi calculations based on Quantec Research, 2013

The gender distribution for Aganang LM is slightly uneven, with the number females (54%) dominating the number of males (46%). From the figure it is evident that the split between males and females across all levels of age groups is fairly equal, with a slight one or two percentage difference, except for the age groups 35-64 and 65+, where females have the larger proportions. It is further evident that the largest proportion of the populations falls within the economically active age group classification (15 – 64 years).

The table below shows the racial composition within South Africa, as well as the Limpopo Province, Capricorn District Municipality and Aganang LM for 2011.

TABLE 3.2: RACE DISTRIBUTION, 2011

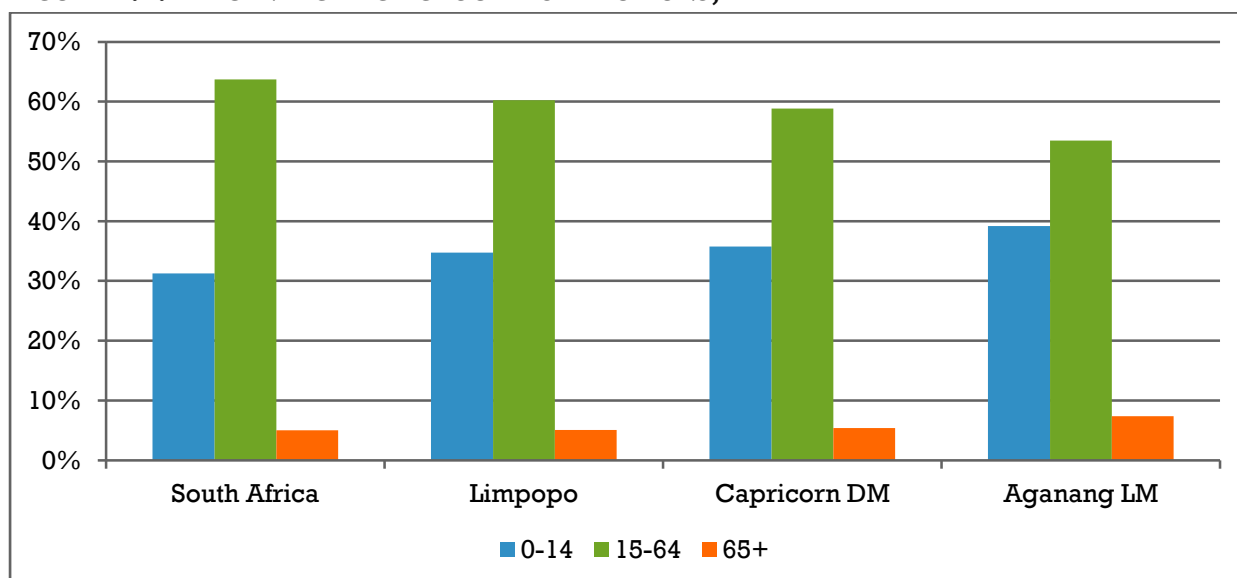
	Black African	Coloured	Indian or Asian	White
South Africa	79.5%	9.0%	2.5%	9.0%
Limpopo	97.6%	0.1%	0.1%	2.1%
Capricorn DM	97.4%	0.2%	0.1%	2.2%
Aganang LM	99.9%	0.0%	0.0%	0.0%

Source: Kayamandi calculations based on Quantec Research, 2013

Throughout the Limpopo Province the dominant racial groups is Black Africans, with a majority share of 97.6% of all residents. This trend continues throughout the Capricorn District and the Aganang LM with 97.4% and 99.9% of the population falling in the Black African group respectively. The country’s population as a whole consists of approximately 79.5% Black Africans. The Aganang LM is further depicted by having very little persons of other racial groups residing in the Municipality, with approximately 57 Coloured (0.0%), 17 Indian or Asian (0.0%) and 40 White (0.0%), compared to the 148 795 Black Africans residing in the LM.

Figure 3.2 is an illustration of the distribution of people between the various age groups within South Africa, Limpopo Province, Capricorn District and Aganang Local Municipality in 2011.

FIGURE 3.2: PERCENTAGE AGE GROUP DISTRIBUTIONS, 2011



Source: Kayamandi calculations based on Quantec Research, 2013

The figure shows the population composition in terms of age groups between 0 to 14, 15 to 64 and persons 65 and older. The 0 to 14 age group provides an indication of those persons still dependent on their parents and that are thus not economically active, whilst the 15 to 64 age group category shows persons potentially economically active (PEA) within the population. The 65 and older age group gives an indication of persons that have retired and are elderly and potentially no longer economically active.

The figure shows that within the three age group clusters, the variance between the various levels within the country is predominantly the same. The Aganang LM has a slightly lower economically active population (53%) when compared to the Capricorn DM (59%), Limpopo Province (60%) and South Africa (64%).

The youth component of the population (0 -14 years) however follows the opposite trend with Aganang LM having the highest portion of youthful inhabitants (39%) when compared to Capricorn DM (36%), Limpopo Province (35%) and South Africa (31%). The larger proportion of youth shows the need to focus on youth development initiatives. In the same light, the large potentially economically active proportion of the municipality indicates that a large human resource exists that can be assisted by the establishment of development projects. South Africa, the Limpopo Province and Capricorn District have an equal share of 5% of persons above the age of 64, while Aganang LM has a slightly higher share of the aforementioned age group, namely 7%. This indicates that emphasis still needs to be placed on the provision of services to the elderly, but the focus is significantly smaller in comparison to the services/needs of the other age groups.

Table 3.3 provides an indication of the proportion of economically active persons and the employment status of these persons within South Africa, the Limpopo Province, Capricorn District Municipality and Aganang LM for 2011.

Statistics South Africa has defined an economically active person as one who is available for work and is aged between 15 and 65 years of age, regardless of whether that person is employed or not. In conjunction to the previously stated, an employed person is defined as one who works for

remuneration, profit or family gain and includes employers, employees as well as those who are self-employed or a working family member and includes the formal and informal sector.

TABLE 3.3: ECONOMICALLY ACTIVE POPULATION AND EMPLOYMENT STATUS, 2011

	South Africa	Limpopo	Capricorn DM	Aganang LM
Employment status as a percentage of Potentially Economically Active population				
Potentially Economically Active Population (Age 15 – 64)	32 235 540	3 344 863	770 052	81 173
Employed	38%	25%	23%	17%
Unemployed	14%	7%	7%	7%
Not working/Other	48%	68%	69%	75%
Total	100%	100%	100%	100%
Employment status as a percentage of Economically Active population				
Economically Active Population	16 693 538	1 074 907	238 104	20 058
Employed	74%	78%	76%	71%
Unemployed	26%	22%	24%	29%
Total	100%	100%	100%	100%
Labour Force Participation Rate	52%	32%	31%	25%

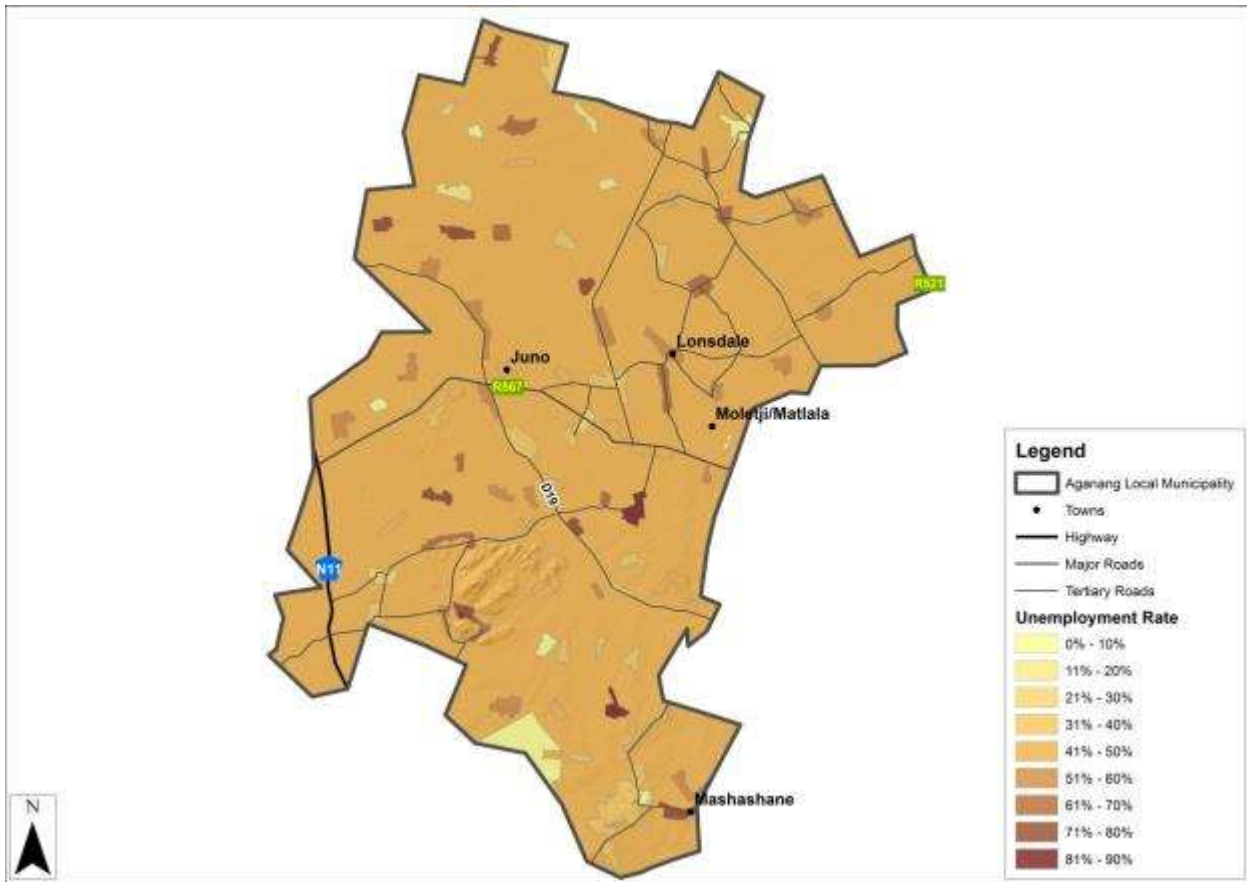
Source: Kayamandi calculations based on Quantec Research, 2013

The first section in the table above deals with the potentially economically active (PEA) population, which refers to those persons who are potentially viable to be economically active within the economy, and more specifically within the age group of 15 to 64. This group also includes sections of the population who are not working as a result of disability, being a student or not wanting to work to name but a few. Of the PEA, only 17% are employed within the Aganang LM. This is significantly lower than South African, Limpopo and Capricorn DM averages which have been calculated at 38%, 25%, and 23% respectively. In relation to the employed population, the unemployed population for the same category (PEA) within Aganang LM has been calculated at 7%, which is the same as the proportion of the PEA that is unemployed of the Capricorn District and the Limpopo Province, but significantly lower than that of South Africa (14%). It is also evident that the proportion of the PEA that is not working within Aganang LM (75%) is significantly higher than the proportion not working within South Africa (48%), Limpopo Province (68%) and Capricorn DM (69%).

To assist in understanding the employment and unemployment within the Aganang LM, a comparison is drawn between the labour force participation rate, and the employment and unemployment of the economically active population. The labour force participation rate (LFPR) is defined by Statistics South Africa (2010) as the proportion of the working age population that is either employed or unemployed. The Aganang LM has a LFPR of 25%, which is significantly lower than the LFPR's recorded for Capricorn DM (31%), Limpopo (32%) and South Africa (52%). Of the economically active population tabled in part two of the table above, the statistics for employed persons across the board ranges between 71% and 78%. The Limpopo Province has the highest proportion of employed persons (78%) within the economically active population, with the Capricorn DM's proportion claiming second (76%). The table shows that 74% of South Africa's economically active population are employed, whilst Aganang LM has a slightly lower percentage (71%). This results in that South Africa, the Limpopo Province, the Capricorn DM and the Aganang LM has, of the economically active population, 26%, 22%, 24% and 29% unemployed persons respectively.

Figure 3.3 below provides a spatial indication of the unemployment in the Aganang Municipality, based on the 2011 Census data per sub-place.

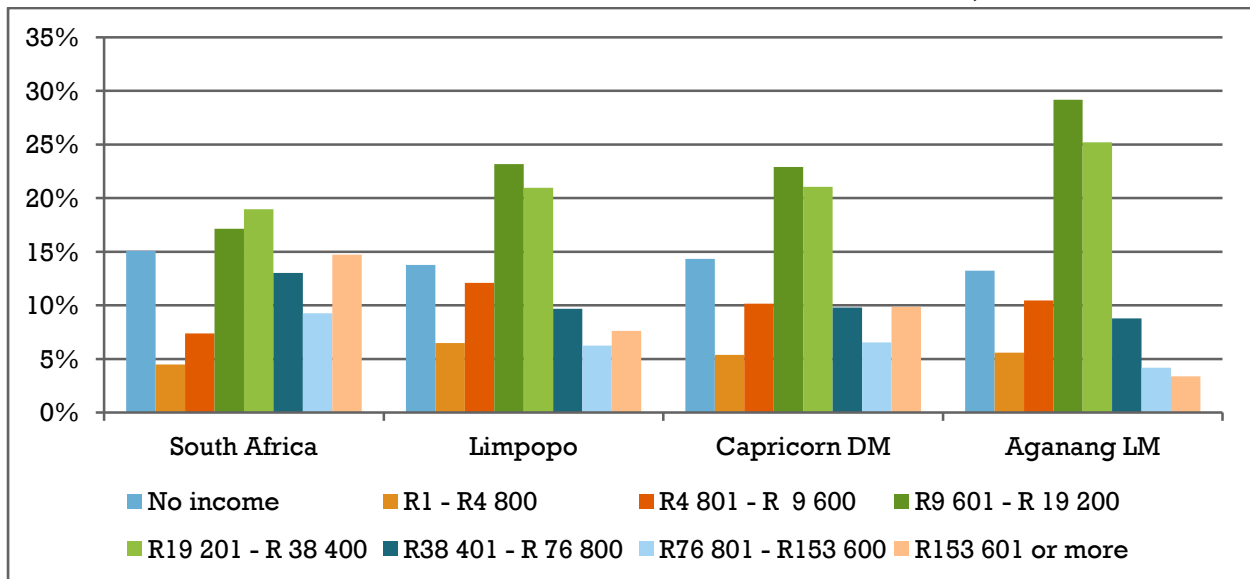
FIGURE 3.3: SPATIAL DISTRIBUTION OF UNEMPLOYMENT IN AGANANG LM, 2011



Source: Kayamandi, 2013 based on Statistics South Africa, Census 2011

Figure 3.4 below provides an illustration of the distribution of annual household’s income within South Africa, the Limpopo Province, the Capricorn DM, and Aganang LM for 2011.

FIGURE 3.4: PERCENTAGE DISTRIBUTION OF ANNUAL HOUSEHOLD INCOME, 2011



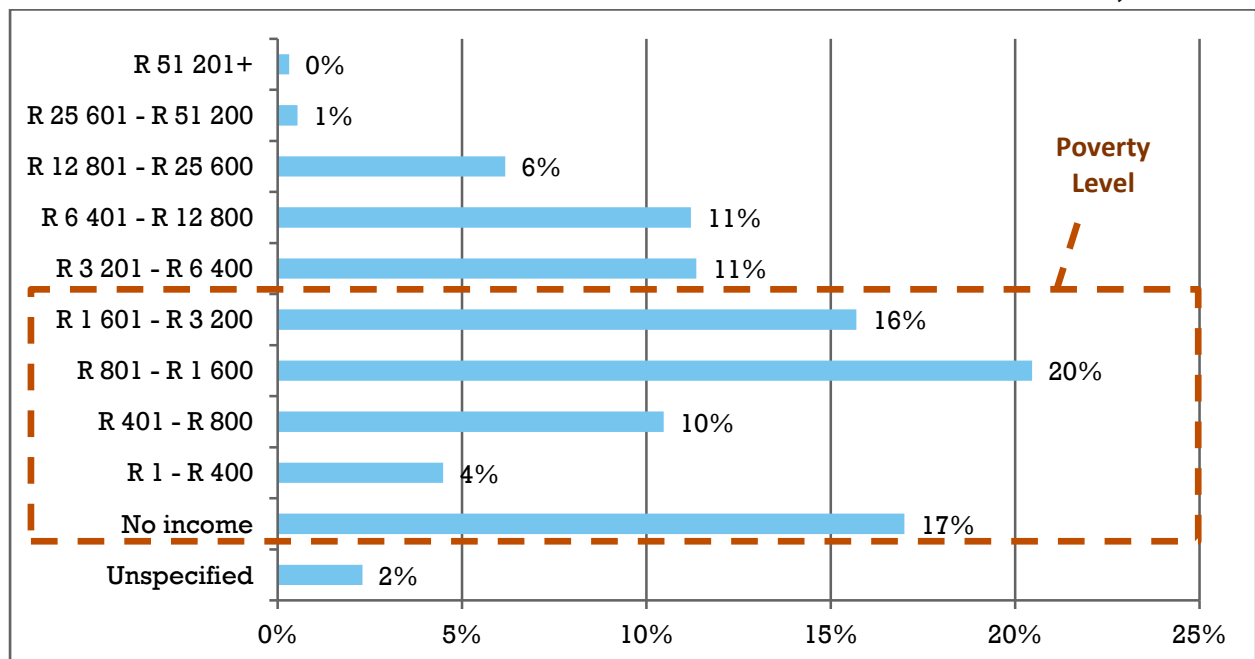
Source: Kayamandi calculations based on Quantec Research, 2013

As indicated by Table 3.3, 71% of the economically active persons within the Aganang LM are employed. When taking this into consideration with the information provided in Figure 3.4, the majority of employed persons in the municipality earn a low income. This is illustrated by the fact that more than a quarter (29%) of the employed population in Aganang LM earn an annual salary of between R9 601 and R19 200, whilst 10% earn between R4 801 and R9 600, and 6% earn between R1 and R4 800. Further, 25% of the employed population earn an annual salary between R19 201 and R38 400. Approximately, 70% of the employed population earn a salary between R1 and R38 400 annually, which sets the basis for a very low paid labour force and high poverty rates in Aganang LM.

A significant portion (13%) of the economically active population in Aganang LM has no income, which is predominantly in line with the data from the Capricorn DM (14%), Limpopo Province (14%) and South Africa as a whole (15%). This indicates the high poverty levels that can be found throughout the area. As can be seen from the Figure above, as the income levels rise from R38 401 onwards, the amount of persons who fall into these categories significantly decrease.

Figure 3.5 below illustrates the distribution of average monthly household income within the Aganang LM.

FIGURE 3.5: HOUSEHOLD AVERAGE MONTHLY INCOME DISTRIBUTION IN AGANANG LM, 2011



Source: Kayamandi calculations based on Quantec Research, 2013

Households in this instance can be classified as poor, when their average monthly income equates to anything less than R3 200 per month. Of the total number of households within the Aganang LM, 68% fall within the poverty range. This poses significant challenges when related to the quality of life of these householders, not being able to afford school fees, lack of medical care, lack of food and lack of services.

Table 3.4 below is an indication of the education levels of persons 20 years of age and higher within the Aganang LM, the Capricorn DM, the Limpopo Province and South Africa for the years 2001 and 2011. Also refer to Figure 3.6 below.

TABLE 3.4: DISTRIBUTION OF LEVELS OF EDUCATION FOR PERSONS 20+ YEARS, 2001 AND 2011

	South Africa		Limpopo		Capricorn DM		Aganang LM	
	2001	2011	2001	2011	2001	2011	2001	2011
No schooling	18%	9%	33%	17%	26%	13%	29%	15%
Some Primary	16%	12%	14%	12%	14%	11%	17%	17%
Complete Primary	6%	5%	6%	4%	6%	4%	7%	6%
Some Secondary	31%	34%	26%	35%	28%	33%	29%	34%
Grade 12/Std 10	20%	28%	14%	22%	17%	25%	12%	21%
Higher level	9%	12%	7%	10%	9%	13%	6%	7%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Source: Kayamandi calculations based on Quantec Research, 2013

The table above shows that the overall population of South Africa has shown an increase in basic education between 2001 and 2011. This general trend is also applicable in the Limpopo Province, the Capricorn DM and the Aganang LM. The proportion of persons who have no schooling has significantly dropped within Aganang, where in 2001 the municipality had 31% no schooled residents, whilst in 2011 the figure has dropped to 15%. These significant changes can be seen at district, provincial and national level.

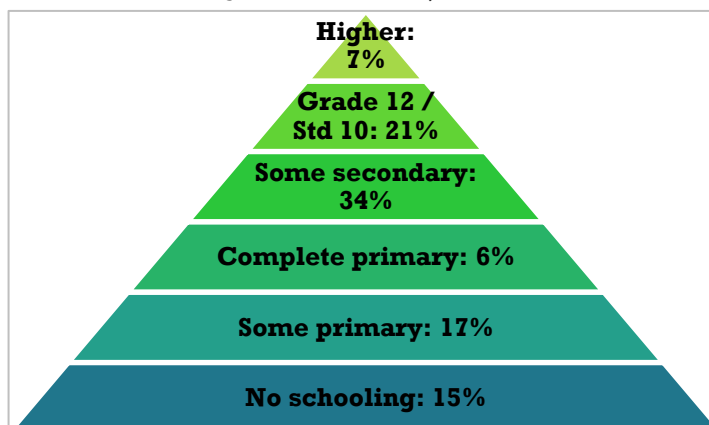
Within the primary education level, minor decreases can be seen in the various levels of South Africa. This poses the situation that less people have enrolled in basic education activities. This is a concern in terms of the literacy levels in the country, and people’s competence to be able to achieve employment and skills development.

At secondary level, the biggest change can be seen on all levels where more people have achieved some secondary and grade 12 education. Aganang LM has shown that at secondary level, 34% of persons older than 20 years in the municipality have gained some secondary education, which is a 5% increase from 2001 figures, whilst grade 12 qualifications have risen by 9% to a total of 21% in 2011. The data shows that the local population is attaining higher skills levels and are thus more able to become viable within the local workforce. It also shows that a larger proportion of persons are inclined to leave school when achieving some secondary education, which may create the challenge that people are not inclined to finish schooling or are withheld from finishing school as a result of local community issues.

At higher level education, the Aganang LM has lower demographic with tertiary education (7%) that the national average of 12%. The Municipality has however seen a one percent increase from 2001 values.

Table 3.5 provides an indication of the occupational profile of the Aganang LM as a whole. The information provided can be directly related to the education and employment profile of the

FIGURE 3.6: AGANANG EDUCATION QUALIFICATIONS, 2011



Source: Kayamandi calculations based on Quantec Research, 2013

municipality. The educational profile provides the further insights into the limited skills development and skilled labour within the municipality, whilst the employment profile has connections to the skills level of the labour force as well as in which occupation the majority of the labour force resides.

TABLE 3.5: OCCUPATIONAL PROFILE OF AGANANG LM, 2007

Skills Level	Occupation	Occupation percentage	Skills percentage
Highly Skilled	Legislators; senior officials and managers	7%	27%
	Professionals	17%	
	Technicians and associate professionals	3%	
Skilled	Clerks	5%	39%
	Service workers, shop and market sales workers	8%	
	Skilled agricultural and fishery workers	12%	
	Craft and related trade workers	11%	
	Plant and machine operators and assemblers	3%	
Semi/Unskilled	Elementary occupations	21%	21%
Other	Occupations unspecified and not elsewhere classified	13%	13%

Source: Kayamandi calculations based on Quantec Research, 2013 (Community Survey 2007)

Of the employed population within the Aganang LM, 39% are employed within the skilled profession range. The range primary consist out of skilled agricultural and fishery workers, craft and related trade workers, service workers, shop and market sales workers, plant and machine operators and assemblers and clerks. Skilled agricultural and fishery workers are the dominant skilled employing occupation (12%) within Aganang LM. This is reflective of the major agricultural activities in the area. Craft and related trade workers are the second most employing skilled occupation (11%) followed by Service workers (8%) and Clerks (5%). The elementary occupations have a 21% share in the employed persons in Aganang LM. This occupation is based in the semi/unskilled group based on the limited skills necessary to achieve this occupation. The highly skilled proportion of the employed population claims 27% of the total employed persons, with professionals being the highest employer (17%) followed by legislators (7%) and technicians and associated professionals (3%).

In addition to the data above, it must be noted that the data is only representative of the skills levels of the formal employed population within Aganang LM, and is not representative of all economically active or potentially employable persons. The possibility exists that skilled labour does exist within the unemployed section of the population, and that these persons do not have the necessary opportunities to gain employment.

The table below gives an indication of the grants received by residents within the Aganang LM.

TABLE 3.6: SOCIAL GRANTS RECEIVED, 2007

Social Grant Received	Limpopo		Capricorn DM		Aganang LM	
	Grants	% of Pop	Grants	% of Pop	Grants	% of Pop
Old age pension	360 818	7%	94 822	8%	15 339	11%
Disability grant	103 563	2%	22 551	2%	2 871	2%
Child support grant	1 133 780	22%	268 031	22%	32 037	22%
Care dependency grant	20 996	0%	4 305	0%	115	0%
Foster care grant	1 576	0%	505	0%	60	0%

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Social Grant Received	Limpopo		Capricorn DM		Aganang LM	
	Grants	% of Pop	Grants	% of Pop	Grants	% of Pop
Grant in aid	4 626	0%	585	0%	61	0%
Social relief	2 539	0%	241	0%	61	0%
Multiple social grants	5 005	0%	1 785	0%	238	0%
Institutions	48 904	1%	19 863	2%	1 043	1%
Total	1 681 808	32%	412 688	33%	51 825	36%

Source: Kayamandi calculations based on Quantec Research, 2013 (Community Survey 2007)

Within the Aganang LM, 51 825 grants were allocated during 2007, of which 22% of the total population had been given child support grants. Child support grants further made up 62% of the total amount of grants that have been issued, whilst 30% of grants have been allocated to old age pension and 6% for disabilities. The large proportion of grants that are paid out by the municipality places a great strain on government funding, and thus creates implications for government spending on various other issues such as economic development initiatives.

4.1.2 Local Socio-economic profile

In order to be able to understand the study area at grass-roots level, the Aganang LM has been analysed at settlement level. This provides an in-depth view into the distribution of population throughout the municipal area, the areas where poverty is concentrated, density distribution, etc.

Table 3.7 shows the population distribution within the Aganang LM based on the individual settlements/ towns of the municipal area.

TABLE 3.7: AGANANG LM - POPULATION DISTRIBUTION, 2011

Settlement Name	Households	Population	HH density per Km2	Type
Aganang NU	306	2 182	0	Rural
Bakone	614	2 700	117	Rural
Boratapelo	259	1 107	311	Rural
Chloe	145	530	89	Rural
Cornelia	256	1 030	391	Rural
Damplaats	174	780	239	Rural
Diana	244	943	193	Rural
Dibeng	499	2 100	208	Rural
Ga-Dietane	93	344	229	Rural
Ga-Dikgale	147	488	89	Rural
Ga-Keetse	111	369	25	Rural
Ga-Kgoroshi	176	761	208	Rural
Ga-Kolopo	311	1 263	261	Rural
Ga-Lamola	178	599	66	Rural
Ga-Lepadima	320	1 293	170	Rural
Ga-Mabitsela	367	1 510	189	Rural
Ga-Madiba	184	711	231	Rural
Ga-Madietane	221	939	177	Rural
Ga-Mahoai	498	2 215	346	Rural
Ga-Mangou	270	1 050	289	Rural

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Settlement Name	Households	Population	HH density per Km2	Type
Ga-Mankodi	150	517	82	Rural
Ga-Manyapje	359	1 397	286	Rural
Ga-Maribana	395	1 739	233	Rural
Ga-Masehlong	265	1 132	257	Rural
Ga-Mashashane	1 424	5 877	164	Rural
Ga-Matlapa	457	1 912	275	Rural
Ga-Mantlhodi	414	1 651	299	Rural
Ga-Mmabatho	551	2 398	175	Rural
Ga-Mmathongwana	352	1 483	157	Rural
Ga-Modikana	387	1 622	292	Rural
Ga-Mokobodi	277	1 177	180	Rural
Ga-Motlagomo	145	588	49	Rural
Ga-Ngwetsana	464	2 163	167	Rural
Ga-Nonyane	385	1 551	294	Rural
Ga-Phaudi	367	1 540	311	Rural
Ga-Piet	362	1 598	250	Rural
Ga-Ramakara	172	707	149	Rural
Ga-Rametlwana	578	2 550	203	Rural
Ga-Ramokadi-Kadi	656	2 211	156	Rural
Ga-Ramoshwane	1 026	3 086	230	Rural
Ga-Ramotlokana	278	1 284	203	Rural
Ga-Rampuru	412	1 889	202	Rural
Ga-Rankhuwe	459	1 837	226	Rural
Ga-Sebotse	462	1 842	199	Rural
Ga-Sechaba	330	1 499	106	Rural
Glen-Roy	138	623	236	Rural
Goedgevonden	252	1 103	229	Rural
Helena	47	232	206	Rural
Hwibi	453	1 725	163	Rural
Juno	331	1 369	211	Rural
Jupiter	602	2 456	200	Rural
Kalkspruit A	1 473	6 536	267	Rural
Kameelkop/Sekuruwe	272	1 259	81	Rural
Kanana	398	1 581	262	Rural
Leokaneng	396	1 550	224	Rural
Lepotlako	236	986	374	Rural
Madietane	182	733	141	Rural
Makgobane	617	2 568	238	Rural
Mamehlabe	470	1 950	234	Rural
Maraba	440	1 775	270	Rural
Mars ?????? repeated with Mangou	4	0	0	Rural

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Settlement Name	Households	Population	HH density per Km2	Type
Matlala	485	2 186	207	Rural
Matlaleng	90	365	81	Rural
Modderput/Machabaphala	38	155	84	Rural
Mohlajeng	280	1 155	171	Rural
Mohlonong	504	2 032	185	Rural
Moletjie ???? where?	1 428	6 131	202	Rural
Monywaneng	337	1 455	191	Rural
Monotwane	277	1 294	130	Rural
Morowe	767	3 479	243	Rural
Naledi	284	1 132	162	Rural
Ngwanallela	408	1 529	254	Rural
Nokayamatlala (NOT A VILLAGE BUT A RIVER) ??	234	1 020	263	Rural
Ntlolane	279	1 195	147	Rural
Phetole	456	1 837	296	Rural
Phofu	459	2 052	219	Rural
Ramalapa	252	954	205	Rural
Rapitsi	488	2 063	131	Rural
Schoongelegen	365	1 738	189	Rural
Sefahlane	243	1 085	295	Rural
Segwahleng	244	868	124	Rural
Sekuruwe (Repeated with Kameelkopie)	73	245	63	Rural
Seroba ??? where is this place	415	1 885	178	Rural
Setumong	728	2 769	139	Rural
Takalane??? where is this place	247	920	168	Rural
Taung??? where is this place	273	1 098	200	Rural
Tibane	439	1 944	201	Rural
Utsane	390	1 630	175	Rural
Venus	344	1 274	270	Rural
Waschbank	280	1 292	200	Rural
TOTAL	33 918	141 391	18	n/a

Source: Quantec Research, 2013 and DWAF, 2013

As is evident from the above Table, the Municipality has a 2011 population of approximately 141 391 people with more than 33 000 households and an average household size of 4.2 people per household. The whole of Aganang LM's population reside in non-urban or rural areas.

The largest town/settlements in the Municipality, in order of largest, are:

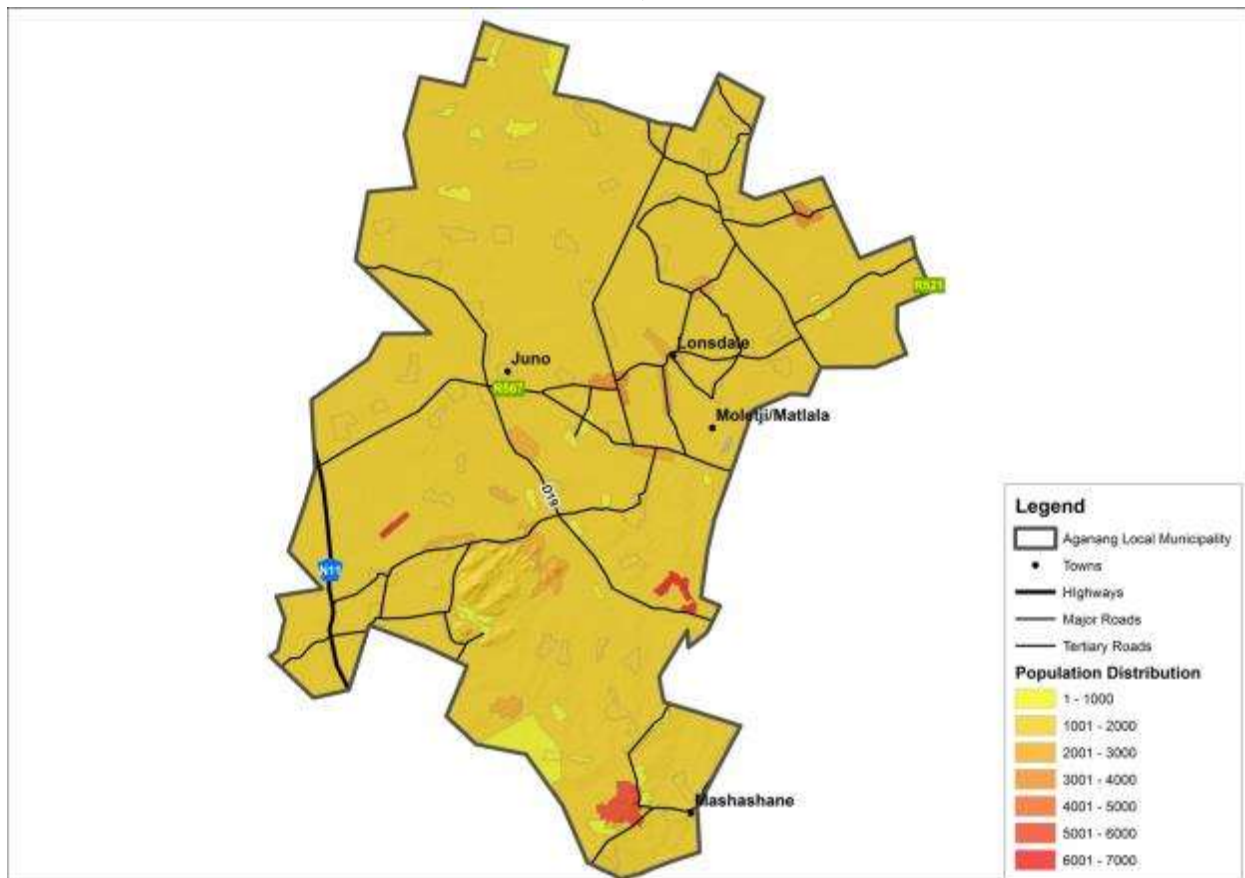
- Kalkspruit A (6 536)
- Moletji (6 131) (where in Moletjie?)
- Ga-Mashashane (5 877) (where in Mashashane?)

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- Morowe (3 479)
- Ga-Ramoshwane (3 086)
- Setumong (2 769)
- **Bakone (2 700) (where in Bakone?)**
- **Makgobane (2 568) (where is this place?)**
- Ga-Rametlwana (2 550)
- Jupiter (2 456)
- Ga-Mmabatho (2 398)
- Ga-Mahoai (2 215)
- Ga-Ramokadi-Kadi (2 211)
- **Matlala (2 186) (where at Matlala?)**
- **Aganang NU (2 182) (where is this place?)**
- Ga-Ngwetsana (2 163)
- Dibeng (2 100)
- Rapitsi (2 063)
- Phofu (2 052)
- Mhlonong (2 032)

Figure 3.7 below shows the population densities for the Aganang Local Municipality.

FIGURE 3.7: AGANANG LM POPULATION DENSITY, 2011



Source: Kayamandi, 2013 based on Statistics South Africa, Census 2011

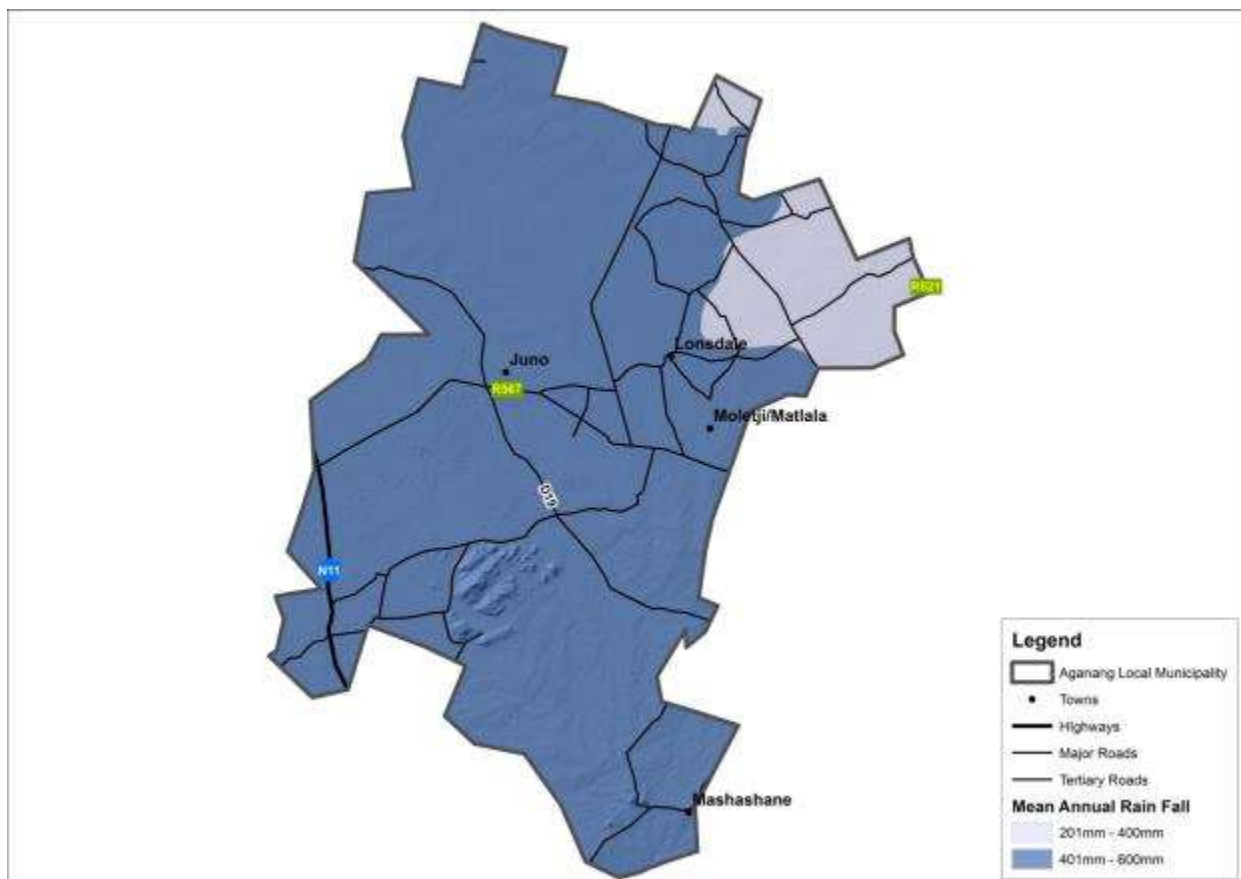
The distribution of densities throughout the municipal area provides an indication of where the majority of people are located within the municipal boundaries. The densities further provide an indication of where the largest settlements are located and the extent to which these settlements are distributed.

3.2 Environmental Profile

The Aganang area receives summer rainfall with very dry winters. The rainfall falls from September to May with precipitation generally occurring as short, heavy, thundery showers. The Mean Annual Precipitation (MAP) ranges from 454mm per year in the north-western area, and 500mm per year in the south-eastern area (*Mucina and Rutherford, 2006*). The southern portions are more humid and it becomes more arid towards the north east.

Figure 3.8 presents the average annual rainfall for the Aganang Local Municipality.

FIGURE 3.8: AGANANG LM AVERAGE ANNUAL RAINFALL



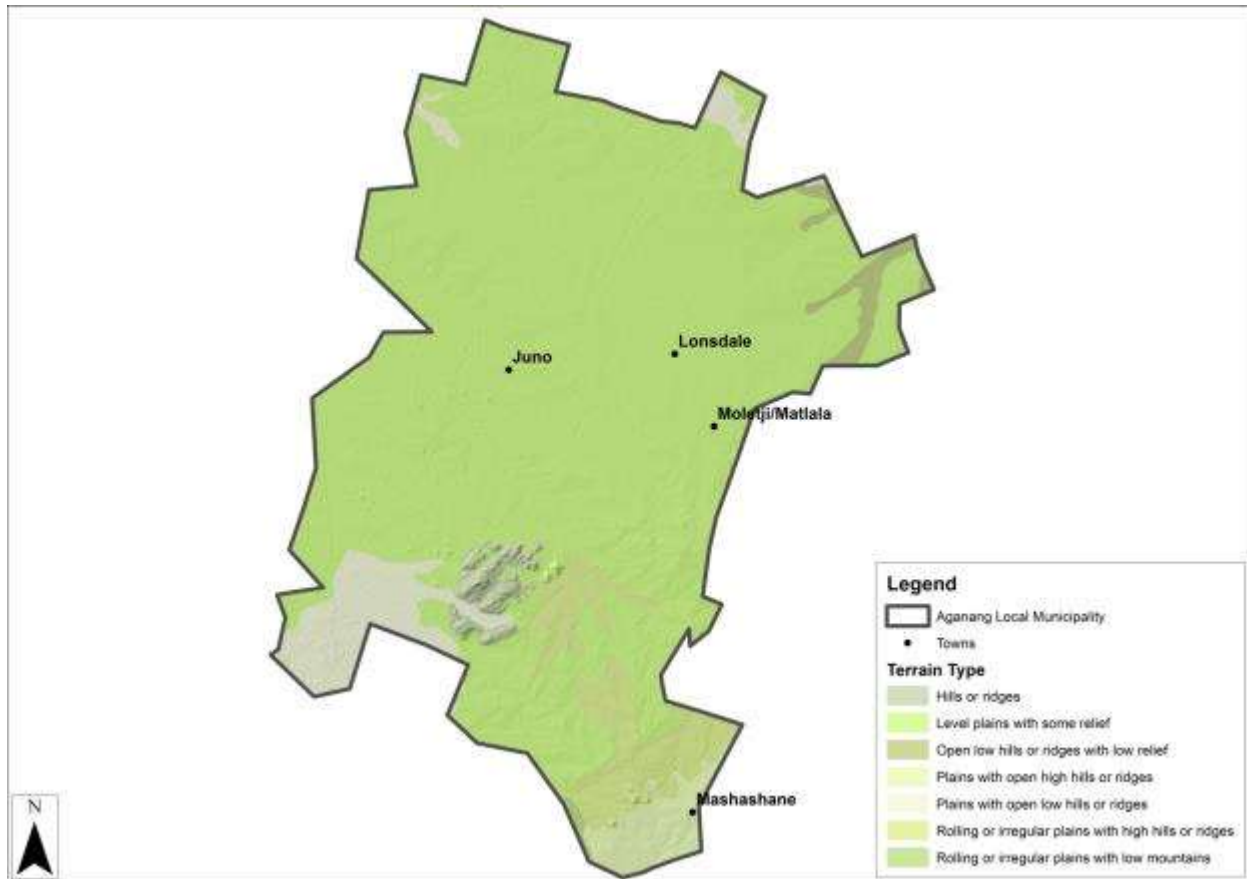
Source: Kayamandi, 2013 based on the AGIS Comprehensive Atlas, 2013

The mean annual temperature is 18.5°C in the north western area and 16.9°C in the south-eastern area. The mean maximum and minimum temperatures are 36.5°C and -0.8°C in the north-western areas for November and June respectively and 33.2°C and 0.6°C in the south-eastern areas for October and June respectively.

The Aganang Local Municipal area is mainly characterised by Level plains with some relief terrain type, as indicated by Figure 3.9 illustrating the terrain types within the municipal area.

Towards the southern part of the municipality, there are also some areas that are characterised by the following terrain types: Rolling or irregular plains with high hills or ridges; Hills or ridges and Plains with open high hills or ridges.

FIGURE 3.9: AGANANG LM TERRAIN TYPES



Source: Kayamandi, 2013 based on the AGIS Comprehensive Atlas, 2013

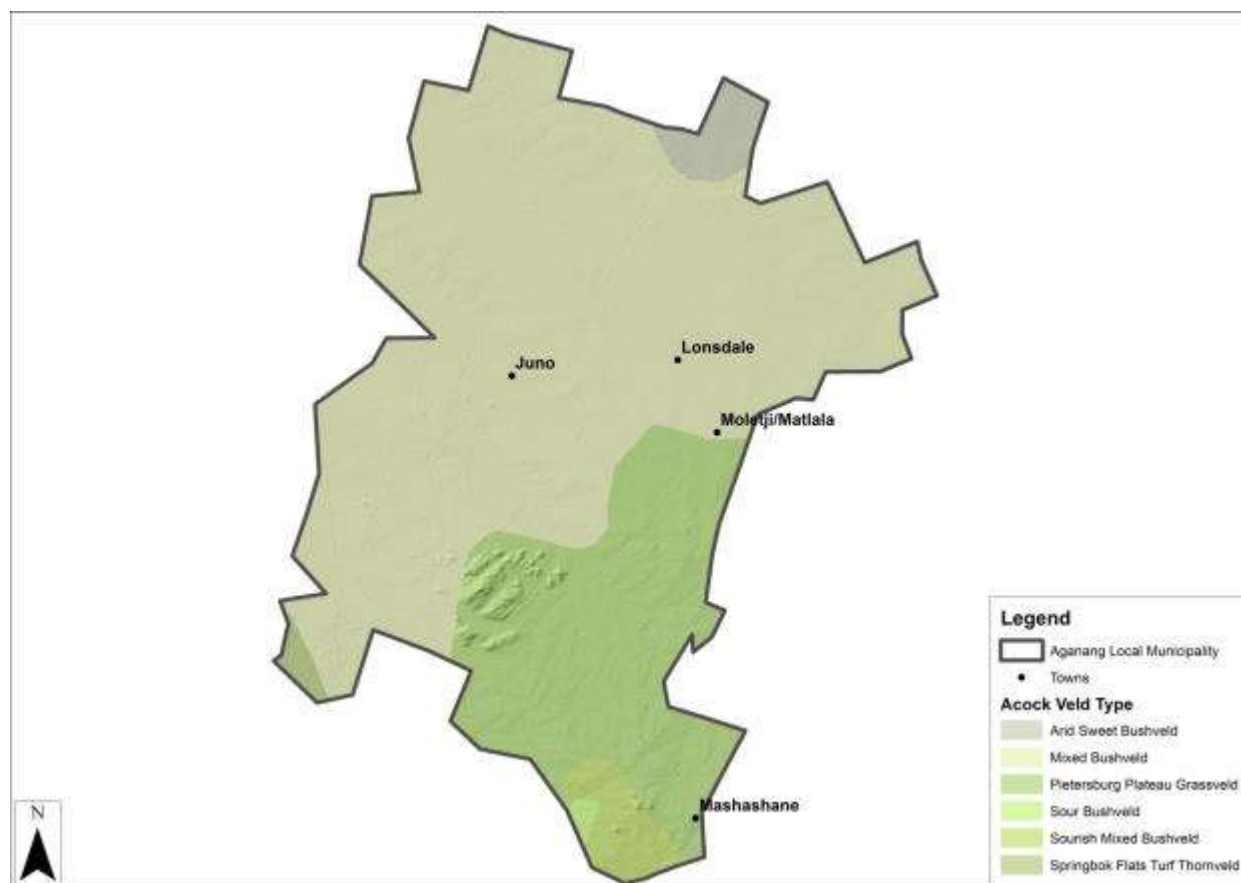
According to Aganang EMP and Acocks (1988), there are six veld types which are represented in the municipal area. These are:

1. Mixed bushveld,
2. Springbok Flats Turf Thornveld,
3. Pietersburg Plateau False Grassveld,
4. Sourish Mixed Bushveld,
5. Sour Bushveld, and
6. Arid Sweet Bushveld

Two thirds of the area is characterized by the Makhado mixed bushveld (typically defined by the presence of shallow, coarse-textured, sandy soils overlying granite, quartzite, sandstone or shale), small portions of Arid sweet veld and Mamabolo Mountain Bushveld around Mogoshi mountains in Matlala; and one third of the area is Polokwane Plateau Grassland. The common trees are the acacia (caffra, eriebola, karro) marula tree, terminalia sp, Euphorbia ingens. The Mamabolo Mountain Bushveld is the most sensitive vegetation type because of higher species diversity, poorly protected and the environment is not disturbed.

Figure 3.10 presents the veld types map as described by Acocks.

FIGURE 3.10: AGANANG LM ACOCKS VELD TYPES



Source: Kayamandi, 2013, based on the AGIS Comprehensive Atlas, 2013

Table 3.7 presents the characteristics of the main vegetation types within the Aganang LM.

TABLE 3.7: VEGETATION TYPE CHARACTERISTICS

Vegetation Type	Characteristics	
Makhado Sweet Bushveld	Conservation target (percent of area) from NSBA ¹	19%
	Protected (percent of area) from NSBA	0.8%
	Description of Conservation Status from NSBA	Vulnerable
	Description of the Protection Status from NSBA	Hardly Protected
	Area (km ²) of the full extent of the vegetation type	10 107
Polokwane Plateau Bushveld	Conservation target (percent of area) from NSBA	19%
	Protected (percent of area) from NSBA	1.4% (+0.7%)
	Description of the Protection Status from NSBA	Poorly Protected
	Area (km ²) of the full extent of the vegetation type	4 440
Mama bolo Mountain Bushveld	Conservation target (percentage of area) from NSBA	24%
	Description of Conservation Status from NSBA	Least threatened

¹ National Spatial Biodiversity Assessment

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	Description of the Protection Status from NSBA	Poorly Protected
	Area (km ²) of the full extent of the vegetation type	683

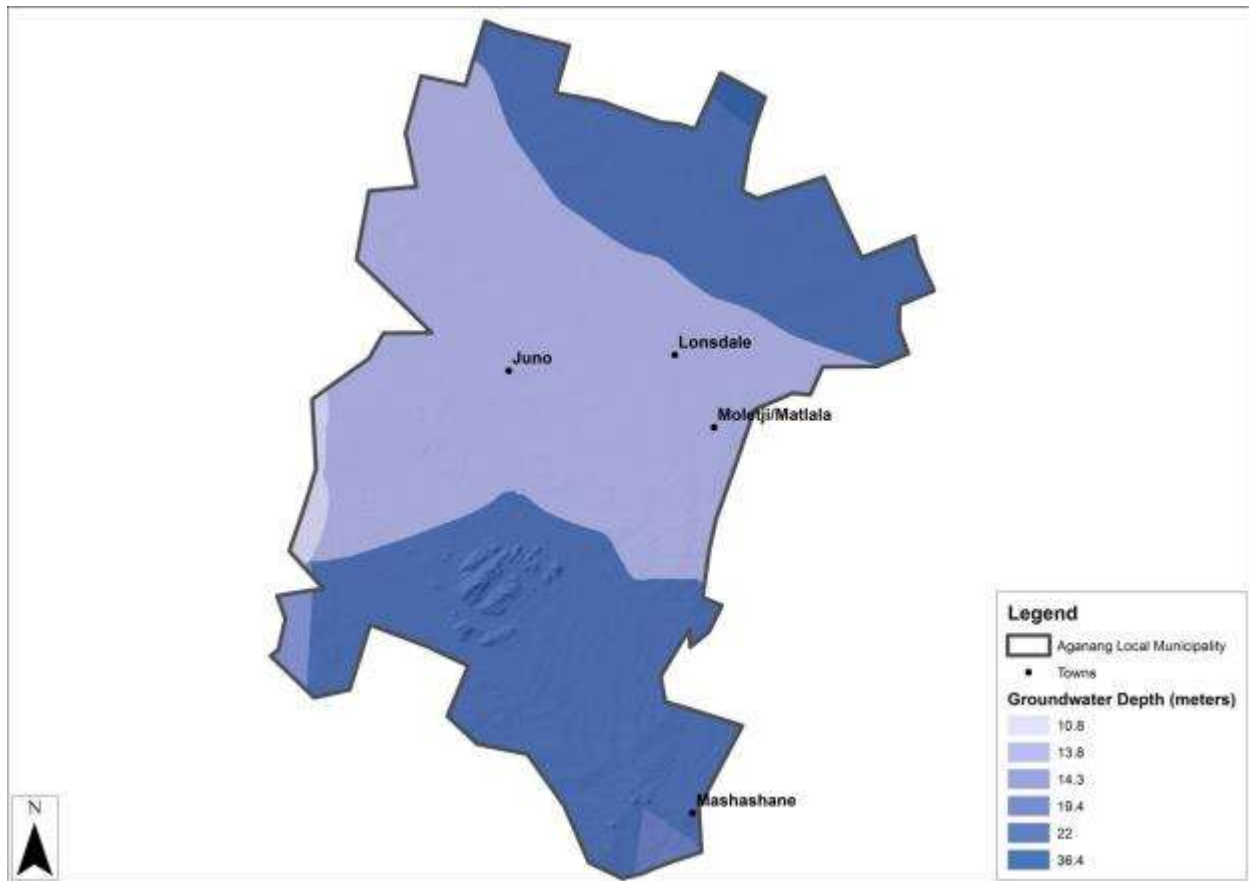
Source: Aganang LM EMP, 2009

According to Groundwater Resources of The Republic of South Africa, Sheet 2, of the Department of Water Affairs and Forestry 1995, the average depth to water level in the area of Aganang Municipality is between 10m and 20m in the north of the area and between 20m and 30m in the south.

According to Groundwater Resources of The Republic of South Africa, Sheet 1, of the Department of Water Affairs and Forestry 1995, the probability of drilling a successful borehole in the area is more than sixty percent and the chances of a successful borehole yielding greater than 2 l/s are at 50%. The nature of the water bearing aquifer in the area is acidic, intermediate and intrusive and inter granular with the highest yield at 5 l/s. The western part of the Aganang Municipality has yields between 0.5 and 2 l/s. The eastern part has yields between 2 and 5 l/s.

Figure 3.11 depicts the mean underground water level depth in meters as provided from DWA’s borehole database for Limpopo.

FIGURE 3.11: MEAN UNDERGROUND WATER LEVELS FOR AGANANG LM

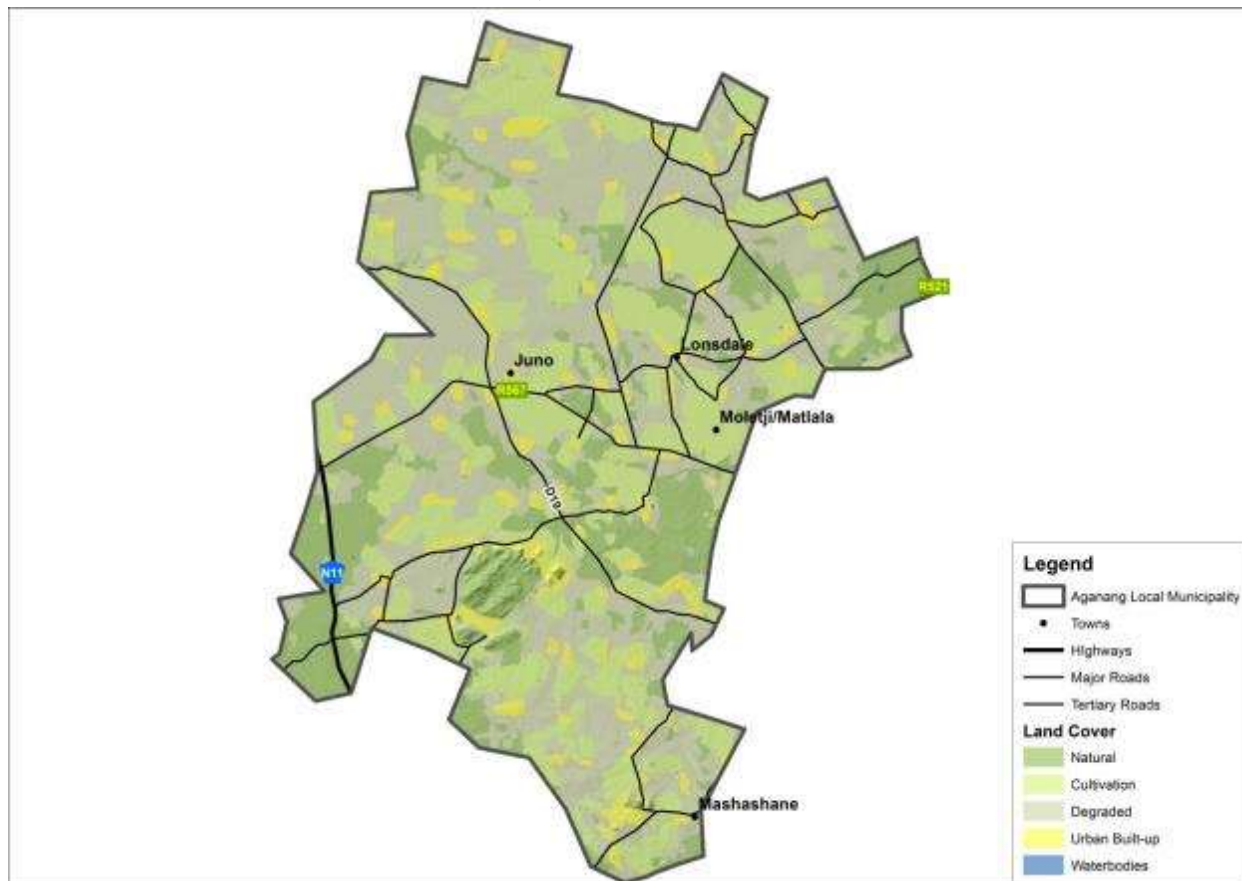


Source: Kayamandi, 2013, based on ALM EMP, 2013

Figure 3.12 presents the land cover for the Aganang Municipal area. It is evident from the map that large area within the municipality is degraded land, with smaller portions being cultivated or built-up/residential.

The Aganang EMP identifies the Mamabolo Mountain Bushveld vegetation type, river/streams and all inland water areas as areas of high sensitivity within the Aganang Municipality. These areas have a low tolerance to change and are therefore not suitable for development. The municipality should refrain from authorising any kind of developing within or close to these areas.

FIGURE 3.12: AGANANG LM LAND COVER, 2009



Source: Kayamandi, 2013, based on SANBI Biodiversity GIS, 2009

The Aganang LM IDP (2013/14) identifies a number of general environmental problems that are experienced within the Municipality caused by multiple factors. These environmental problems and major causes are presented in Table 3.7.

TABLE 3.7: ENVIRONMENTAL CHALLENGES

Environmental Problem	Major causes
Land degradation	Mainly caused by inefficient agricultural practices, overgrazing and food paths
Deforestation	Chopping of firewood
Air pollution	Burning of waste, and vehicle emissions
Water pollution	Mainly open field dumping
Veld fire	Mainly during winter months
Alien plants	In some areas of the municipalities, like Ward 6 & the Mashashane area
Illegal waste dumping	No landfill sites, no provision of services

Source: Aganang IDP, 2013/14

3.3 Infrastructure Profile

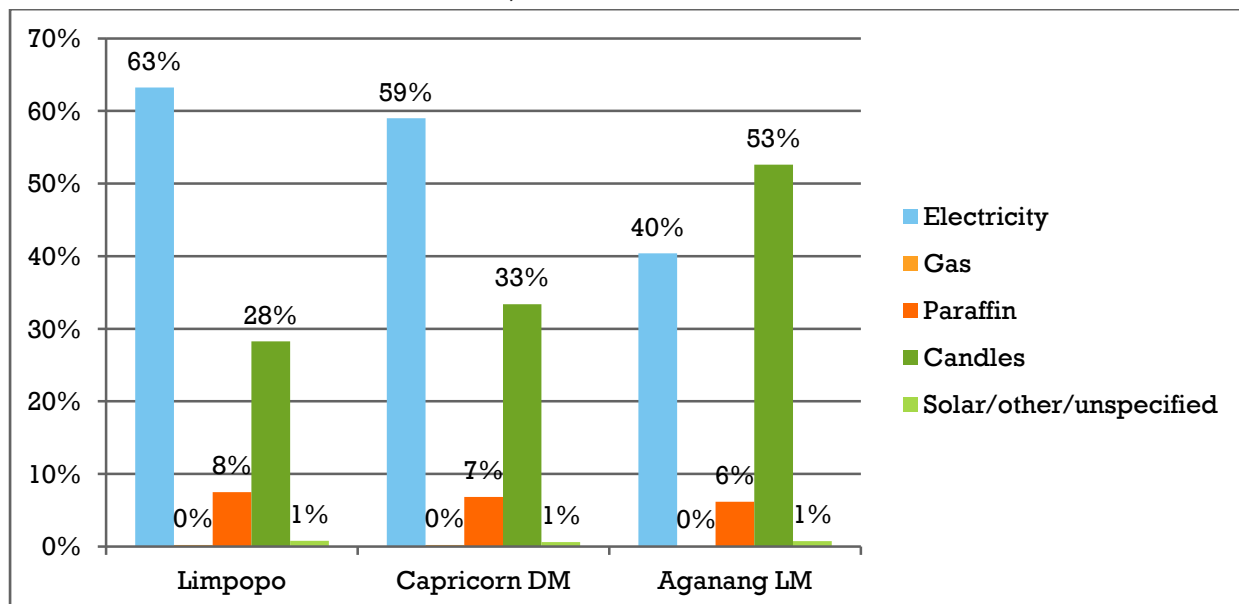
Both community services and infrastructure play a vital role in the development of the local economy of a region. The level of service in both these categories directly and indirectly affects the ability of a region to attract and retain talented individuals and to compete for business.

The following factors should be taken into account when accessing the readiness, or enabling environment of an area:

- The quality and extent of hard infrastructure such as road- and rail networks, airports and harbours
- The sophistication of local telecommunications, banking and finance services similarly impact on the input and operational costs of doing business
- The extent to which spatial and land planning policies and documents are flexible to the needs of businesses and the relative ease of following land planning processes, such as rezoning applications
- The sophistication of the public sector
- The quantity and quality of available labour and training programmes, in relation to the specific human resource requirement of investors
- Quality of life factors, such as the supply of housing and personal lifestyle facilities (such as educational, cultural and recreational services) also have an impact on the attraction of a particular investment

Figure 3.13 below depicts the electricity supply in the Limpopo Province, Capricorn DM and Aganang LM for 2011.

FIGURE 3.13: ACCESS TO ELECTRICITY, 2011



Source: Kayamandi calculations based on Quantec Research, 2013

Evidently, electricity is the main sources of energy for lighting purposes in the Province (63%) as well as the District (59%). The main source for electricity for the Aganang LM however is candles (53%),

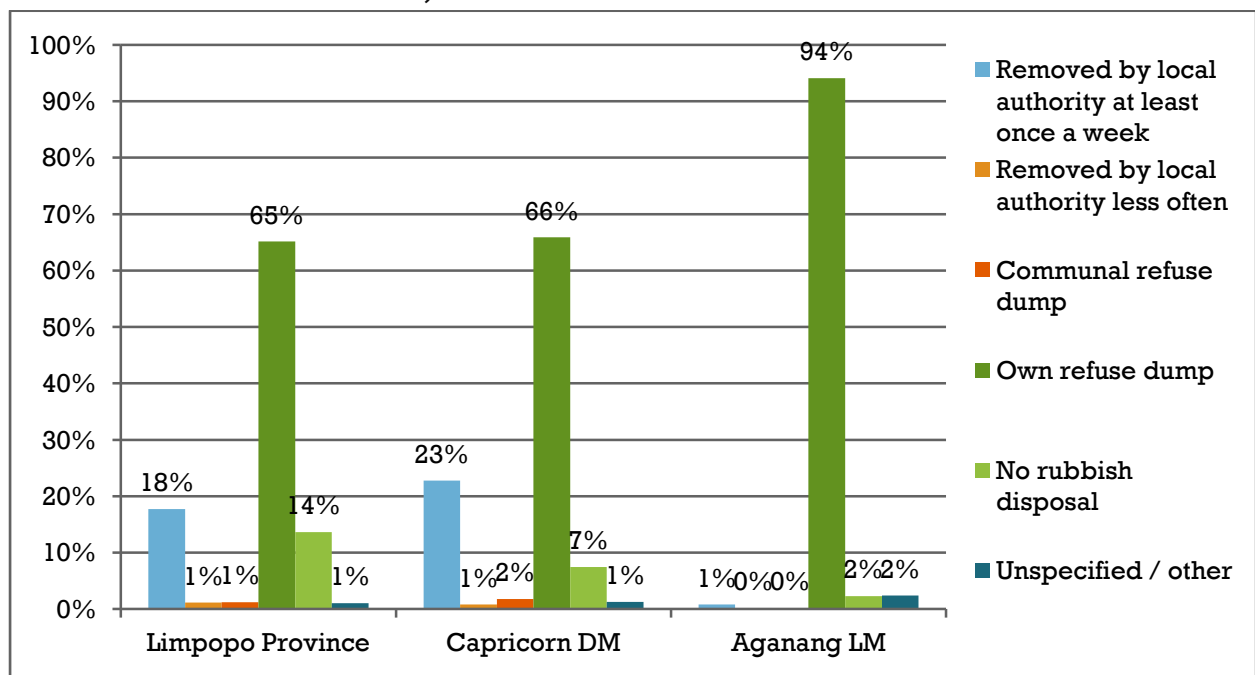
followed by electricity (40%). Paraffin is used sparsely throughout, while gas and other sources of energy are used by an insignificant percentage of the population.

The Aganang IDP (2012/13) records certain challenges faced by the Municipality in regards to electricity, namely:

- Electrification of new extensions in villages that have experienced expansion
- Cultivation of culture of electricity saving amongst communities
- Weak electricity that cut-off easily
- Electrification development nodes

Figure 3.14 depicts the access to refuse removal services in the Province, District and Local Municipality for 2011.

FIGURE 3.14: REFUSE REMOVAL, 2011



Source: Kayamandi calculations based on Quantec Research, 2013

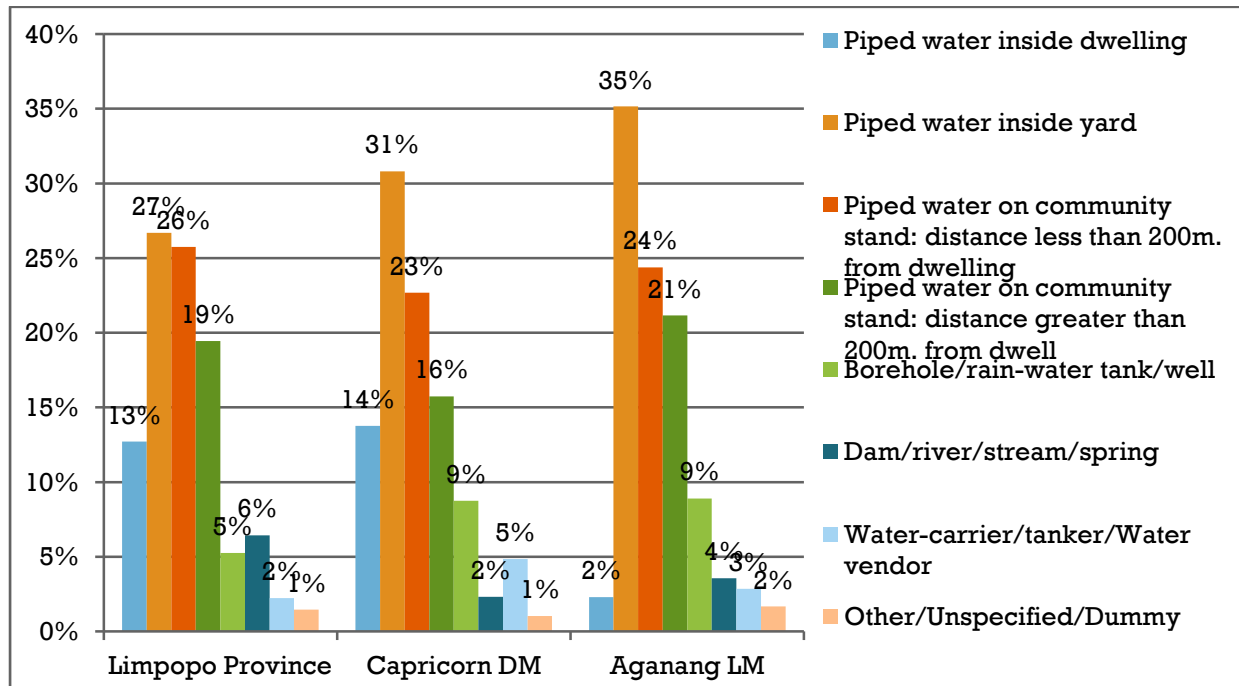
The Figure above depicts that the majority of population within Aganang LM rely on their own dumping sites (94%). An insignificant amount of people (1%) rely on refuse removal by the local authority. A small portion of the population (2%) still has not access to refuse removal services and another 2% indicated that they have access to other refuse removal services.

According to the Municipality EMP (2009), Aganang relies to a large extent on groundwater resources for domestic and agricultural use. Most settlements have not water treatment facilities as the water is abstracted directly and pumped into storage facility and reticulated to consumers. The municipal area has no water metering hence it is difficult to establish the amount of water consumption and water balance. The municipality has two Water schemes (Houtrivier and Mashashane) supplying water to some of the wards. The Houtrivier scheme supplies water to villages in ward 11 and some villages in ward 9. Wards 13, 14 and 15 are serviced by the Mashashane water supply scheme. The rest of the villages are supplied water by boreholes using either electric or diesel pumps operated by a pump operator.

Water supply to villages within the local municipality is still a major challenge, due to pump and electrical equipment breakdowns, thefts of transformers and pumps, illegal water connections and haphazard extension of villages. There is therefore partial water supply in villages and inadequate reticulation.

Figure 3.15 depicts the province, district and local municipal access to water supply for 2011.

FIGURE 3.15: ACCESS TO WATER SUPPLY, 2011



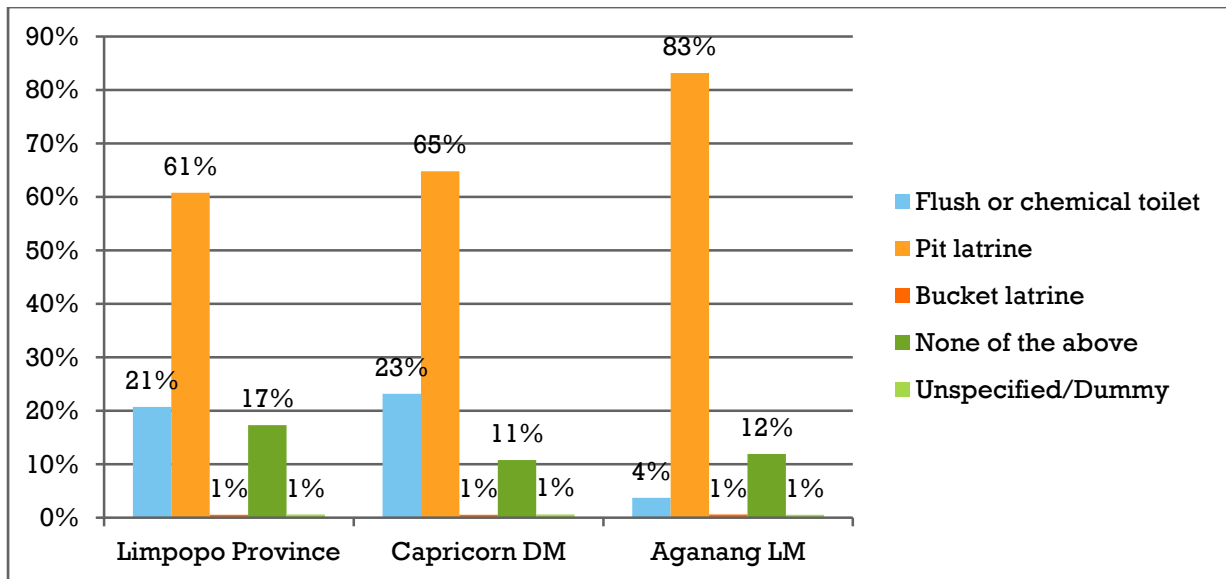
Source: Kayamandi calculations based on Quantec Research, 2013

Figure 3.15 depicts that piped water is the main source of water supply with piped water inside the yard and piped water on community stand within 200m radius being the highest across the board. Aganang LM has the highest percentage of the population using piped water inside of the yard compared to the District and the Province. The Capricorn DM has the highest percentage of the population accessing piped water inside the dwelling (14%). A very small portion of the population in Aganang LM has access to water inside their dwelling (2%).

Figure 3.16 below shows the access to sanitation facilities across the province, district and local municipality for 2011.

FIGURE 3.16: ACCESS TO SANITATION FACILITIES, 2011

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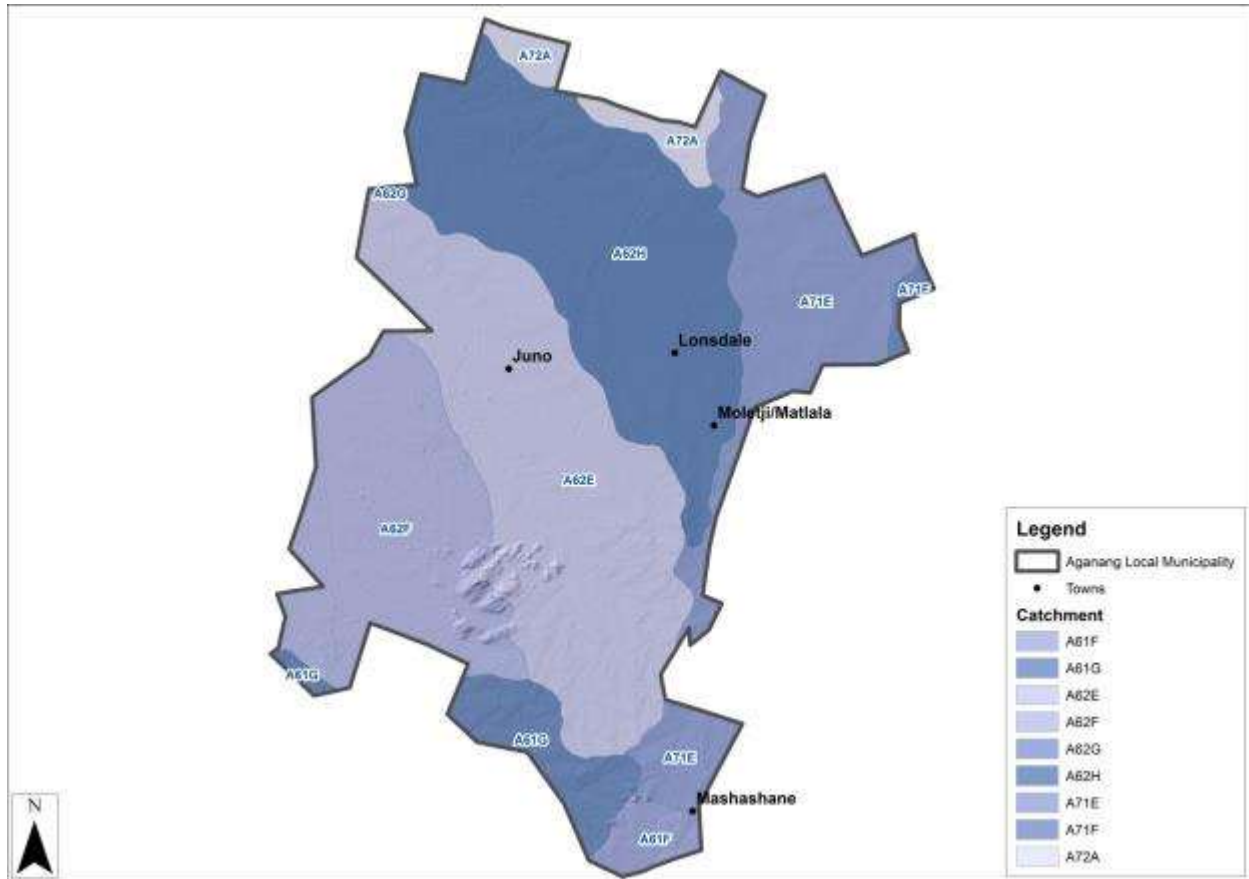
Source: Kayamandi calculations based on Quantec Research, 2013

Due to the rural nature of the province and especially the Local Municipality, the majority of communities still use pit latrines without ventilation for sanitation. A considerable portion of the population still has no access to sanitation while an insignificant portion uses flush/chemical toilets. Aganang LM has the smallest portion with access to flush/chemical toilets (4%), when compared to the district (23%) and the province (21%).

The Municipal EMP (2009) states that the Municipal area falls within 8 quaternary catchment areas which drain northerly towards the Limpopo River system. The quaternary catchment areas are A61F; A61G; A62C; A62E; A62F; A71E; A71F, and A72C. Of these quaternary catchment areas A62E, A62H and A62F are the most represented in the Municipal area (Map 8: Catchment areas map). There are a total of five more prominent seasonal rivers / streams (water courses) flowing through the Municipal area. All of these water courses drain in a northern direction towards the Limpopo River. These water course systems are poorly protected and erosion along the banks is evident.

The Tshipu water course drains into the Natse water course and is situated in the A62H quaternary catchment. The Ga-Mamasonya water course drains through quaternary catchment A72C. The Hout River and Strydomsloop River drains through quaternary catchments A71E and A71F respectively. Figure 3.17 presents the Catchment areas for the Aganang Municipal area.

FIGURE 3.17: AGANANG LM CATCHMENT AREAS



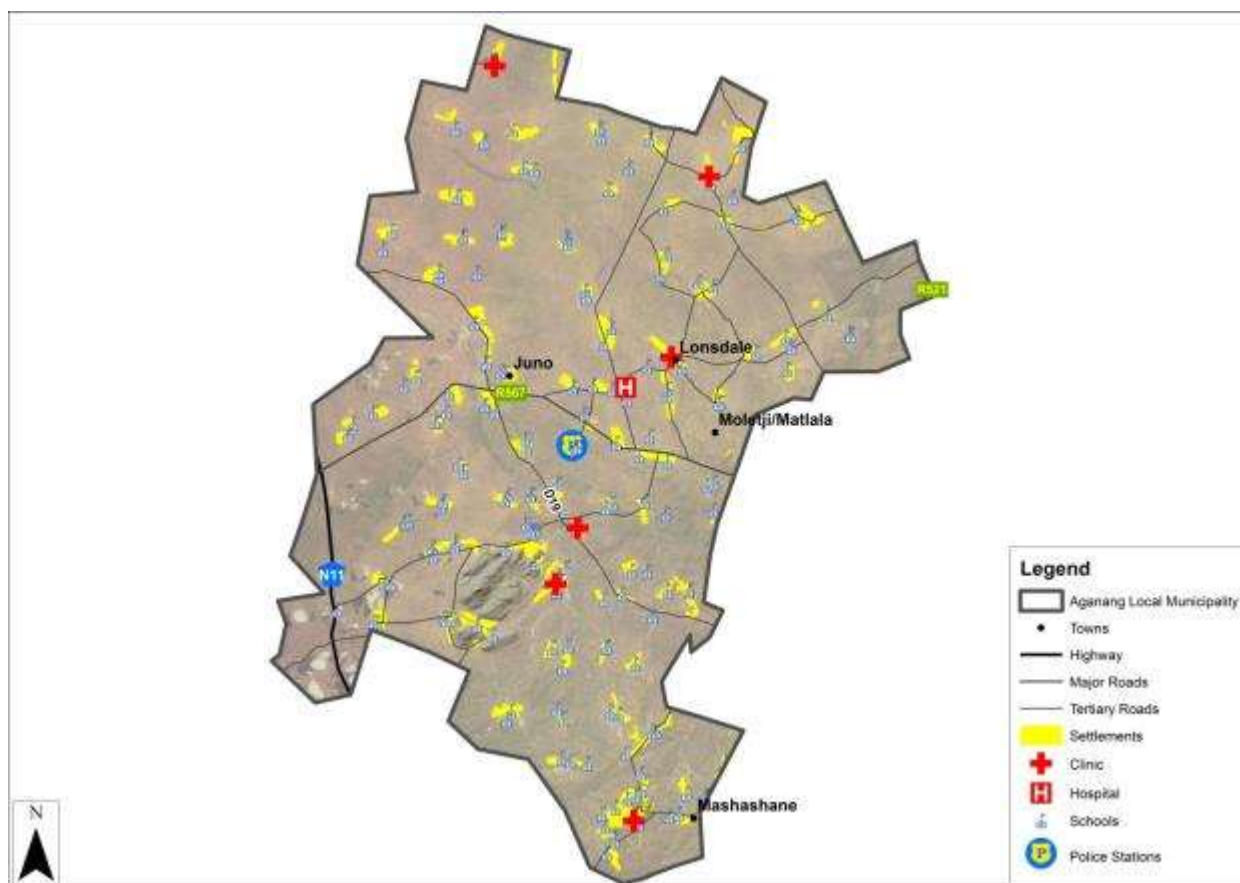
Source: Kayamandj, 2013, based on the AGIS Comprehensive Atlas, 2013

Limpopo Province is moving toward being a water stressed region of South Africa, with rivers running low and storage dams being highly contaminated. Concern from the local agricultural and rural community in Aganang Local Municipality has emanated this concern for water scarcity. A shortage of technical skills within the municipality and skilled local engineers results in poor delivery of healthy water to the community, especially in poor areas such as villages and townships.

Most water resources in Limpopo are fully developed and water has already been allocated to various role-players. There also seems to very little opportunity for resource development due to the arid climate, unfavourable topography, sandy rivers and a weak potential for more groundwater abstraction.

Figure 3.18 below depicts the social facilities within Aganang Local Municipality.

FIGURE 3.18: AGANANG LM SOCIAL FACILITIES



Source: Kayamandi, 2013

In terms of the availability of social facilities within the boundaries of the Municipality, the IDP 2013/14 states that the municipality comprises of 10 education circuits. Currently within the municipality there are preschools, special schools, ABET centre, primary and secondary schools. There are no tertiary institutions except private initiatives that offer computer skills training, security training, etc. The major developmental challenges faced by the educational sector in the Aganang Municipality as captured by the IDP 2013/14, are:

- Unreliable underground water which makes boreholes dry up
- Some schools are dilapidated and needs new classrooms
- There are no laboratories and libraries in schools
- Some schools do not have proper sanitation
- Literacy campaigns and ABET centres to reduce the level of people that have never gone to schools is limited
- There is a lack of tertiary institutions within the Municipality which makes the percentage of people with post-matric qualifications very low
- A lack of construction of preschools for early childhood development education
- Limited development and support of early childhood development

The IDP 2013/14 states that the Aganang LM has one hospital and 10 clinics (see Table 3.8 below). In addition to the clinics, a system of mobile clinics is also available to villages without a permanent clinic. There is also a team of home based carers and drop-in centres which operate within the Municipality which are critical to health and welfare services to the communities.

TABLE 3.8: HEALTH FACILITIES IN THE AGANANG LM PER WARD

Health facilities	Ward
Lonsdale clinic	Ward 06
Maraba clinic	Ward 11
Mashashane clinic	Ward 13
Matlala clinic	Ward 16
Kolopo clinic	Ward 03
Rosenkrantz clinic	Ward 02
W.F Knobel Hospital	Ward 08
Sello Moloto clinic	Ward 05
Diana clinic	Ward 15
Goedgevonden clinic	Ward 10
Ngwanallela clinic	Ward 02

Source: Aganang LM EMP, 2009

The Aganang Municipality is a stable Municipality in terms of issues regarding safety and security. The area has two police stations, one at Matlala; and Mashashane and other parts of the Municipality mainly some villages of Moletsi are serviced by Seshego police station. Within villages there are Community Police Forums. The top four priority crimes as per statistics provided by the Matlala Police Station are mainly theft (general), stock theft, house breaking (business) and rape. The major developmental challenges faced in terms of safety and security, as captured within the IDP 2013/14, are:

- Revival and capacitation of Community Police Forums
- Establishment of additional satellite police stations within the Municipality
- Conducting crime prevention campaigns

3.4 Economic Profile

This section focuses on the economic profile of the Aganang Local Municipality in comparison to the National, Provincial and District contexts.

3.4.1 Macro Economic Profile

In order to enhance the analysis of the economic component within the Aganang LM, as well as define in which sectors the municipality has a comparative advantage over other regions in the Capricorn DM, several analysis techniques are used. To provide a better understanding of these techniques, the terminologies associated with these techniques are defined below.

- **Gross Domestic Product (GDP)** is defined as the market value of all final goods and services produced within a country in a given period of time. The higher the GDP the higher the income in the Region. The size of an economy is usually measured by its GDP. This value is equal to the economic wealth of the country; all things of economic value that can be bought or sold that have been produced in the region in one year. This includes all goods, such as bread, maize, cars and gold, as well as all services, such as taxi rides, telephone units, haircuts, hotel rooms and tickets to soccer matches.
- **Gross Regional Domestic Product (GDPR)** of a region is the total value of all final goods and services produced within the boundaries of a region in a particular period.

- **Gross Value Added (GVA)** is a measure of the value of goods and services produced in an area, industry or sector of an economy. In national accounts GVA is output minus intermediate consumption; it is a balancing item of the national accounts' production account. GVA is linked as a measurement to GDP, as both are measures of output. The relationship is defined as: $GVA + \text{taxes on products} - \text{subsidies on products} = GDP$. As the total aggregates of taxes on products and subsidies on products are only available at whole economy level, GVA is used for measuring the Gross Regional Domestic Product (GDPR) and other measures of the output of entities smaller than a whole economy.
- **Multiplier Effect** is a measure of the Indirect and Induced employment that is created by increasing employment in a Sector by one
- **Location Quotient (LQ)** is a means of comparing the performance of regions against a benchmark region, usually the Province or the Nation. It compares how a sector is performing in a region, compared to the performance of the same sector in the benchmark region. A LQ of 1 means that the regions are performing equally, whereas a LQ of less than 1 means that the regions is not performing well. A LQ of more than one shows that the region is out-performing the other regions.
- **Industrial Mix (IM)** measures the share of regional economic change that could be attributed to the benchmark region's industry mix. It reflects the degree to which the local region specialises in industries that are fast or slow growing in the benchmark economy. A positive industry mix reveals that a region specialises in provincially fast growing industries, whereas a negative industry mix reveals that the region specialises in provincially declining industries.
- **Differential Share (DS)** is reflected in the difference between the industry's local regional growth rate (or rate of decline) and the industry's benchmark region growth rate. Some regions and some industries generally grow faster than others, even during times of overall prosperity.
- **Carvalho Scale** combines the Location Quotient, Industrial Mix and Differential Share to give a sectoral breakdown of a region's potential for growth and its potential strengths and weaknesses. The Location Quotient is used to provide information on concentration of employment or GDP, while the Industrial Mix and Differential Share components provide an assessment of sector capacity for growth/decline, compared to Provincial trends (in that Sector). Therefore, the Carvalho Scale combines the two in order to classify the past growth of the economic sectors of a region into one of nine categories, based on whether it had a High, Medium or Low LQ and whether it had a Leading or Lagging IM and DS.

Herewith the nine classifications of the Carvalho Scale:

Location Quotient (LQ)	Provincial Sector Relative Growth (Indicator - IM)	Local Sector Relative Growth (Indicator – DS)	Carvalho Classification	Industry Targeting Classification
> 1.25 (High)	Leading	Leading	Driving	Current strength
0.75 – 1.25 (Medium)	Leading	Leading	Accelerating	
< 0.75 (Low)	Leading	Leading	Rising	Emerging strength
> 1.25 (High)	Lagging	Leading	Evolving	Prospects limited by external trends
0.75 – 1.25 (Medium)	Lagging	Leading	Transitional	
< 0.75 (Low)	Lagging	Leading	Moderate	Prospects limited by weak base & external trends

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Location Quotient (LQ)	Provincial Sector Relative Growth (Indicator - IM)	Local Sector Relative Growth (Indicator – DS)	Carvalho Classification	Industry Targeting Classification
> 1.25 (High)	Leading	Lagging	Promising	High priority retention target
0.75 – 1.25 (Medium)	Leading	Lagging	Yielding	
< 0.75 (Low)	Leading	Lagging	Modest	Prospects limited by weak base & declining competitiveness
> 1.25 (High)	Lagging	Lagging	Challenging	Prospects limited by weak base & declining competitiveness
0.75 – 1.25 (Medium)	Lagging	Lagging	Vulnerable	
< 0.75 (Low)	Lagging	Lagging	Marginal	Prospects limited overall

Source: Newkirk, R.S. 2002

The table below provides an overview of the contribution by the South African, Limpopo Province, Capricorn District and Aganang Municipality economies to each of the inherent economic sectors, between 2001 and 2011.

TABLE 3.9: SECTORAL SHARE OF GDP PER AREA AT CURRENT BASIC PRICES, 2001 AND 2011

	South Africa		Limpopo		Capricorn DM		Aganang LM	
	2001	2011	2001	2011	2001	2011	2001	2011
GDP (R/Million)	928 414	2 670 423	61 932	190 081	14 118	38 882	670	2 452
Agriculture	4%	2%	3%	2%	2%	2%	1%	2%
Mining	8%	10%	26%	30%	4%	4%	3%	1%
Manufacturing	19%	13%	4%	3%	4%	3%	4%	3%
Utilities	2%	3%	3%	3%	3%	6%	6%	20%
Construction	2%	5%	2%	3%	2%	4%	3%	3%
Wholesale & Trade	14%	14%	13%	12%	17%	12%	23%	20%
Transport & Comms	10%	8%	9%	8%	13%	9%	12%	2%
Finance services	19%	21%	15%	15%	23%	24%	15%	13%
Community services	6%	7%	5%	6%	6%	8%	9%	11%
Government services	15%	16%	20%	18%	26%	29%	24%	24%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Source: Kayamandi calculations based on Quantec Research, 2013

The table above shows that Aganang LM GDP for 2011 was just over R2 billion, which is almost four times more than the 2001 GDP of R670 million.

The biggest contribution in 2011 to the local GDP of Aganang LM was made by the Government services sector (24%). The contribution made by the government services sector has stayed the same since 2001. When compared to the Capricorn District the government services sector's contribution is comparatively similar (29%), whilst compared to Provincial and National indicators, the government services sector contributes far lower, namely 18% and 16% respectively. This in essence shows the relative importance of the government services sector in the Aganang LM as well as the Capricorn DM, when compared to the national and provincial average contributions.

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The Utilities sector (20%) and the Wholesale & retail trade sector (20%) contribute the second highest amounts to the local GDP of Aganang LM. The Utilities sector's contribution has grown significantly since 2001, while the Wholesale & Trade sector's contribution has declined slightly. Both these sectors have a higher percentage share of local GDP when compared to the district, province and South Africa.

The Transport and Communications sector has experienced a decline in the GDP share since 2001, declining from 12% to ultimately having a 2% share in total GDP in Aganang LM. Finance and Business services provide a 13% share in total GDP in Aganang, while Community services provide a 11% share.

The Manufacturing (3%), Construction (3%), Agriculture (2%), Transport and Communication (2%) and Mining (1%) sectors have not contributed significantly to the local GDP of Aganang LM in 2011.

The table below shows the contribution of each municipality within the Capricorn District, along with the contribution made by each municipality's economic sectors to the district's economic sectors.

TABLE 3.10: CONTRIBUTION OF LOCAL MUNICIPALITIES TO SECTORAL GDP OF THE CAPRICORN DISTRICT, 2011

	Blouberg LM	Aganang LM	Molemole LM	Polokwane LM	Lepelle-Nkumpi LM	Capricorn DM
Agriculture	6%	8%	38%	37%	11%	100%
Mining	3%	2%	3%	36%	55%	100%
Manufacturing	2%	6%	5%	72%	14%	100%
Utilities	3%	23%	2%	62%	10%	100%
Construction	2%	5%	7%	69%	17%	100%
Wholesale & Trade	6%	11%	7%	65%	12%	100%
Transport & Comms	6%	2%	6%	76%	10%	100%
Finance services	3%	3%	6%	81%	7%	100%
Community services	8%	8%	7%	61%	17%	100%
Government services	5%	5%	5%	70%	15%	100%
Total	5%	6%	6%	69%	14%	100%

Source: Kayamandi calculations based on Quantec Research, 2013

The table above is an indication of how the Aganang LM is comparing to the other municipalities in the Capricorn District. In 2011, the Aganang LM contributed 6% towards the total GDP of the Capricorn District. The contributions towards the District's GDP by local municipality in order of significance are Polokwane LM (69%), followed by Lepelle-Nkumpi LM (14%), Aganang LM and Molemole LM (6%) and lastly Blouberg (5%).

The Aganang LM contributed significantly to the Utilities sector (23%), but does not have a significant contribution towards any of the other economic sectors within the Capricorn District.

From the table it is evident that the Polokwane LM is the major regional node of the district based on the dominant distribution of sector contributions. Agriculture is distributed evenly between Polokwane LM (37%) and Molemole LM (38%). The highest contributor towards the Mining sector is the Lepelle-Nkumpi LM (55%) due to the rich deposits of platinum in the area. All the other economic sectors, namely Manufacturing, Utilities, Construction, Wholesale & Trade, Transport & Communication, Finance & business services, community services and government services, are dominated by the Polokwane LM.

The table below is an indication of the growth/decline within the various vertical levels of the economy.

TABLE 3.11: PERCENTAGE AVERAGE ANNUAL GDPGROWTH PER SECTOR, 2001 TO 2011

	South Africa	Limpopo	Capricorn DM	Aganang LM
Agriculture	2.14%	3.73%	6.04%	13.76%
Mining	0.03%	0.72%	-1.12%	-5.18%
Manufacturing	2.32%	2.25%	3.04%	4.82%
Utilities	2.35%	3.94%	7.46%	16.85%
Construction	7.71%	5.83%	4.91%	2.25%
Wholesale & Trade	3.61%	2.96%	-0.58%	4.73%
Transport & Comms	4.73%	4.69%	1.85%	-8.79%
Finance services	5.50%	4.95%	4.12%	5.03%
Community services	2.95%	3.00%	3.69%	5.27%
Government services	3.15%	2.62%	3.14%	4.71%
Total	3.56%	2.92%	2.84%	5.04%

Source: Kayamandi calculations based on Quantec Research, 2013

Based on the table above, the South African economy as a whole grew at around 3.5% during the time period of 2001 to 2011. All sectors showed positive growth, some however less significant than others. The dominant growth sectors at national level are Construction (7.7%), Finance & Business services (5.5%), and Transport & Communications sector (4.7%). The Limpopo Province’s economy as a whole also grew from 2001 to 2011 with an average annual growth rate of almost 3%. The Province’s economy has followed the same trend as national, with the dominant growth sectors being Construction (5.8%), Finance services (5%) and Transport services (4.7%).

The Aganang LM had a comparative growth rate of 5% during the aforementioned time period. This compared to the Capricorn District growth rate (2.8%) is substantially higher, whilst also attaining a higher growth rate than both the Limpopo Province and the National average.

The Utilities sector attained the highest growth rate (16.9%) within the Aganang LM, and when compared to the district (7.4%), province (3.9%) and national growth (2.3%), shows significantly higher growth. This could provide insight into better service provision or extensive investment into the provision of services and infrastructure. The second highest growing sector in the municipality is the agriculture sector (13.8%). This sector also boasts with a significantly higher growth than the Capricorn District (6%), Limpopo Province (3.7%) and South Africa (2.1%).

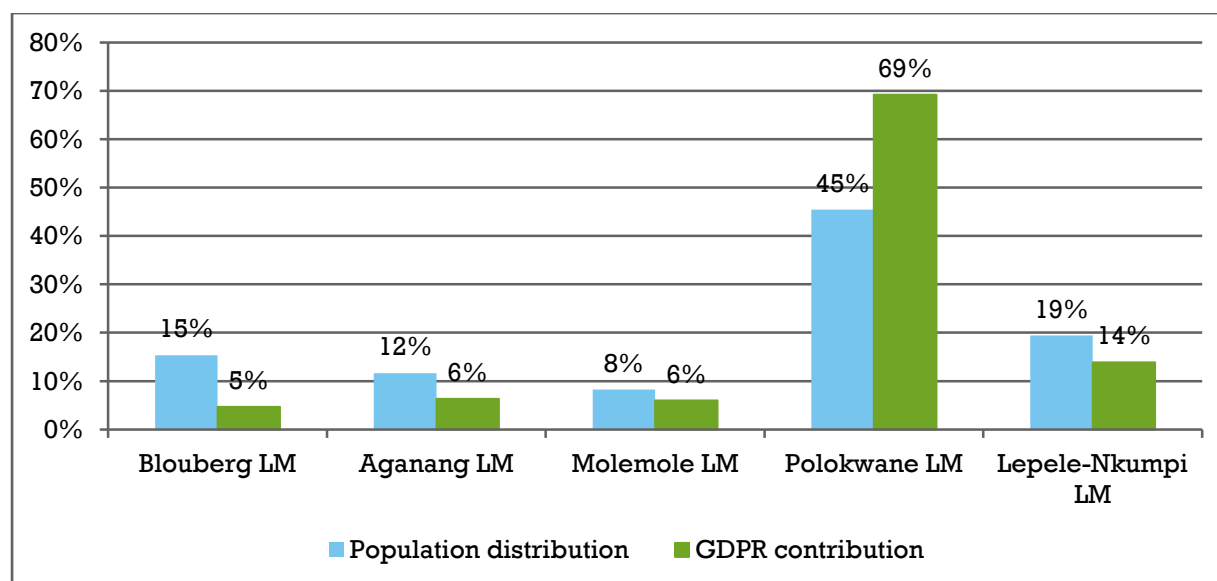
The Transport and Communications sector (-8.79%), and the Mining sector (-5.18%) of Aganang Local Municipality has shown a negative growth rate over the past decade. The Transport and Communications sector in particular has shown a significant decrease in comparison to the positive growth rate experienced at a district level (1.85%), provincial level (4.69%) and national level (4.73%).

The remaining sectors like manufacturing (4.82%), finance services (5.03%), community services (5.27%) and government services (4.71%) have growth rates predominantly similar to the district, provincial and national averages.

The figure below depicts the comparison between the GDP contribution made by each municipality in the Capricorn District and the related population contribution of each of these municipalities.

FIGURE 3.19: GDPGROWTH AND POPULATION CONTRIBUTION TO CAPRICORN DM COMPARISON, 2011

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Source: Kayamandi calculations from Quantec Research, 2013

The figure illustrates that the Aganang LM's GDP contribution to the Capricorn District is half (6%) compared to the population contribution (12%) of the same municipality. In comparison, the Polokwane LM contributes 69% to the Capricorn District GDP, whilst contributing 45% to the population. This essentially implies a positive ratio within the Polokwane LM, whereby a smaller portion of the population contributes a dominant share of the district GDP. This is as a result of the diversified economic base of the Polokwane LM. Aganang LM shows the second lowest proportion of GDP contribution as well as population. The Molemole LM contributes less than Aganang LM towards the population of the Capricorn DM. Whereas, the Blouberg LM contributes less than the Aganang LM towards the GDP of the Capricorn DM.

It is clear that the major contributor towards both population and GDP in the Capricorn District is the Polokwane LM, followed by the Lepelle-Nkumpi LM.

The table below shows the Carvalho Classifications, as well as the prospects for each of the economic sectors for the Aganang LM. The Aganang LM's economic sectors are compared to the Capricorn District's economic sectors and are based on the GDP growth between 2001 and 2011.

TABLE 3.12: CARVALHO COMPARISON OF AGANANG LM TO THE CAPRICORN DM, 2001 TO 2011

Industry	LQ	IM	DS	CS	Prospects
Agriculture	1.33	Leading	Leading	Driving	Current strength
Mining	0.36	Lagging	Lagging	Marginal	Prospects limited overall
Manufacturing	1.08	Leading	Leading	Accelerating	Current strength
Utilities	3.92	Leading	Leading	Driving	Current strength
Construction	0.83	Leading	Lagging	Yielding	High priority retention target
Wholesale & Trade	1.84	Lagging	Leading	Evolving	Prospects limited by external trends
Transport & Comms	0.24	Lagging	Lagging	Marginal	Prospects limited overall
Finance services	0.58	Leading	Leading	Rising	Emerging strength
Community services	1.40	Leading	Leading	Driving	Current strength
Government services	0.88	Leading	Leading	Accelerating	Current strength

Source: Kayamandi calculations based on Quantec Research, 2013

The agriculture, manufacturing, utilities, wholesale & retail and community services sectors have a comparative advantage in their respective sectors as a result of them having a LQ value greater than 1. This indicates that these sectors are out performing their respective sectors at district level and thus, play a major role in the development and growth of the local and district economies. All of these sectors, except for the manufacturing sector, has a LQ value greater than 1.25, which indicates that these sectors serve a larger needs spectrum which extends beyond the boundaries of the local municipality. These sectors function as the “exporting” sectors of the LM, providing not only subsistence assistance within the local municipality, but also serving or “exporting” these products and/or services to adjacent municipalities, such as Blouberg LM, or beyond.

The Construction, manufacturing and government services sector has a LQ value within the range of between 0.75 and 1.25. This in effect depicts sectors which can provide at a subsistence level to the local community and thus is a self-sufficient unit catering for the local communities of the LM.

The lowest performing sectors in the Aganang LM in comparison with the District is Mining, the Transport & communications and finance services sectors, which have a LQ value lower than 0.75. The data suggest that these sectors are not meeting the local needs of the municipality and that these sectors are importing the majority of its goods/services in order to operate. However, this needs to be seen in relation to the large contributions of these sectors in other surrounding municipalities such as Polokwane.

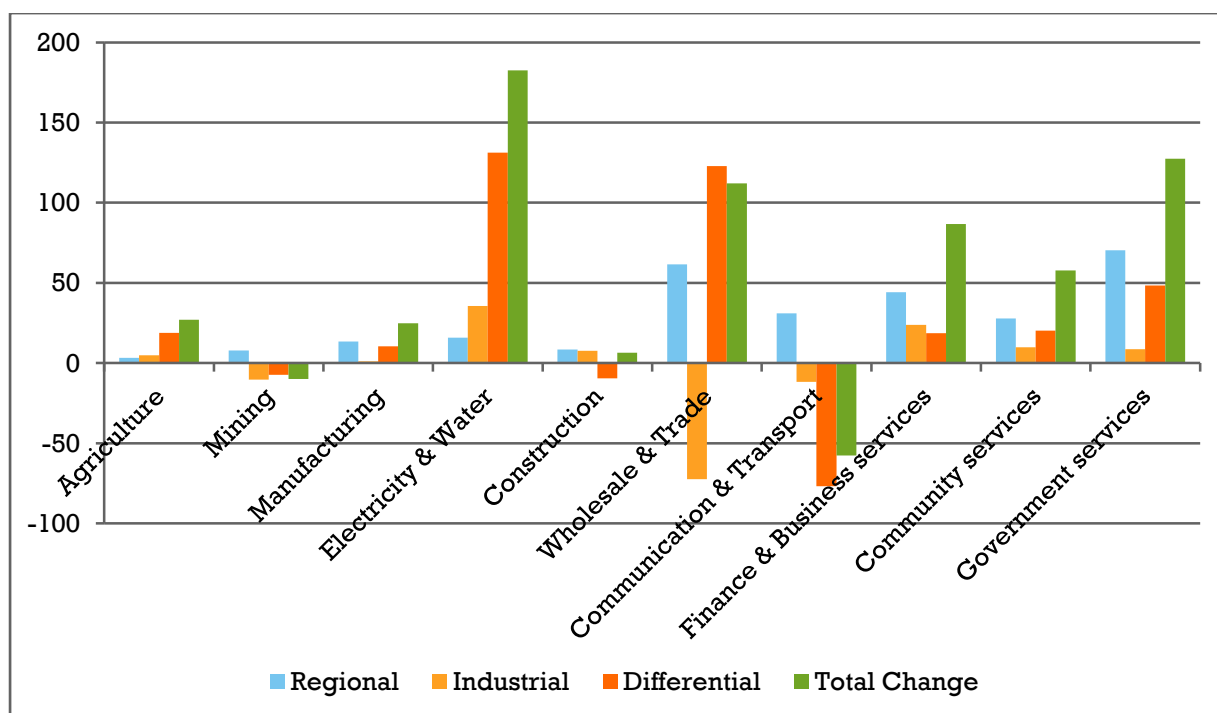
According to the Carvalho Classification and prospects, the Aganang LM’s current strength falls with the Agriculture, Manufacturing, Utilities, Community services and Government services sectors. The Finance services sector is regarded as an emerging strength, while the construction sector is a high priority retention target. The remaining sectors, Mining, Wholesale & Retail and Transport & Communication, have limited prospects for the Local Municipality.

Figure 3.20 illustrates the GDP shift share coefficients for the Aganang LM. In order to understand the data depicted below and the relevance/significance of the results, reference is made to understanding the concepts of Shift Share Analysis (SS), and also the coefficients of the analysis which relate to the Regional Share (RS), Industrial Mix (IM) and the Differential Shift (DS). These concepts are discussed along with the conclusions gained from the data.

Shift Share analysis compares the local growth/decline of a certain sector to the growth/ decline experienced by the same sector in the larger region (in this case the District), as well as to the growth/decline in the overall economy of the larger region. As such, the Shift Share analysis separates the growth/decline of a specific sector locally from external factors, such as the influence of the total growth in the larger region, the influence of growth in the same sector in the larger region and the influence of local factors. The Shift Share analysis, therefore, allow a better understanding of the local economic structure.

FIGURE 3.20: GDPR SHIFT SHARE CHANGE: AGANANG LM TO CAPRICORN DM, 2001 TO 2011

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Source: Kayamandi calculations based on Quantec Research, 2013

The Regional Share (RS) refers to the change that could be occurred in a sector of the local economy if that sector had grown at the same rate as that of the larger region (or in this instance the Capricorn DM). The RS is, therefore, reflected in the difference between the Capricorn Districts GDP Growth Rate (or rate of decline) between 2001 and 2011 in comparison to the local sector in 2001, indicating how much of the growth in the local sector can be attributed to the economy of the Capricorn District. The RS for Aganang LM shows that none of the economic sectors of the LM has had a negative regional share value. Further cognisance has to be given to the fact that the data indicates that the Wholesale and Retail trade, Government services, Finance & Business services and Transport and Communications sectors can attribute the growth experienced in these sectors to the growth experienced in the Capricorn DM economy. All other sectors show marginal influence when related to the RS or District growth impacts.

The IM shows leading sectors in the economy that are specialising on a local level in industries/sectors of the economy that are growing faster than the Benchmark or District economy. The data suggest that the transport and business services sectors are well performing sectors which could provide the possibilities for further development and diversification of functions and activities. The negative values shown above, depicts the lagging industries/sectors within the Aganang LM. The core indication here is that these lagging industries/sectors are industries/sectors in which the Aganang LM is specialising, whilst the sector is declining at a district level. Wholesale & Retail trade is the main sector showing a lagging tendency in the Municipality which ultimately means that the Municipality should seek to create diversification within its local economy in order to encourage a vast range of economic opportunities and functions which can be self-sustaining and of regional significance.

The DS gives a further indication of which sectors have a comparative advantage on a local level, causing it to grow faster than the same sector in the Benchmark economy. Leading industries are indicated by a positive DS and illustration a region's comparative advantage above others. The data shows that the

municipality of Aganang has a comparative advantage in all sectors of the economy except for the Finance, Mining and Construction sectors which shows negative tendencies. When considering sectors that lack comparative advantage, the sector’s constraints and factors influencing the sector negatively should be addressed in order to encourage the expansion of existing businesses and the development of new ones. The main focus would also be to encourage retention of businesses and attraction of new businesses to the area through the creation of business environment conducive to establishment and market entry.

3.4.2 Local Economic Profile

The section focuses on analysing the current economic situation which exists within the Aganang LM on a more detailed local level to provide more insight into the local economy and how it is inter-related. The information reviewed in this section will be an indication of:

- Which sectors are the main contributors to the economy of the study area,
- Which sectors are growing and becoming more important, and
- Where opportunities are for further growth and development

The economic activity of an area is generally measured by the means of output generated by that activity. In order to measure the output generated by an area, reference is generally made to the GDPR or Gross Domestic Product per Region. The GDPR is an indicator of the quantifiable measure to which the market value of new goods and service produced in a given time period can be measured. The table below is an indication of the contributions made by each sector the local economy of Aganang and therefore provides an indication of the most important sectors in the economy.

In order to measure the diversification of an economy, the Tress Index is used. The Tress Index is based on determining the share contribution by each sector and then accordingly ranking these sectors from smallest to largest contribution. A weighted value is then determined which is then reworked to provide an indication of the Tress Index for the economy as a whole. The indication scale is distributed between 0 and 100, where 0 shows a completely diversified economy and 100 shows a concentrated economy.

The table below is an indication of each sectors GDPR contribution for the Aganang LM, the sector share it has in the total economy, the rank of the sector in the economy according to the Tress Index and finally the Tress Index.

TABLE 3.13: TRESS INDEX OF GDP, 2011

Sector	GDP	% Share	Rank
Government and Community services	R 839 638 329	34%	9
Utilities	R 500 000 546	20%	8
Wholesale & Retail Trade	R 494 217 921	20%	7
Finance & Business services	R 321 676 885	13%	6
Manufacturing	R 84 524 928	3%	5
Construction	R 67 829 022	3%	4
Agriculture	R 57 120 267	2%	3
Transport & Communication	R 52 916 990	2%	2
Mining	R 34 336 406	1%	1
Total	R 2 452 261 294	100%	n/a

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Sector	GDP	% Share	Rank
Tress Index			58.0

Source: Kayamandi calculations based on Quantec Research, 2013

In terms of output created by each sector within the Aganang LM economy, the government and community services sector is the dominant contributor, contributing 34% to the total output. The Utilities (20%), Wholesale & Retail Trade (20%), and Finance and business services (13%) sectors are the other main contributors to the local economy. Essentially, the government and community services sector contributed approximately R840million to the local economy, whilst the other top performing sectors (as mentioned above) contributed R500million, R494million, and R321million respectively to the total economic output.

The Tress Index for the Aganang LM has been calculated at 58.0. This is an indication of an economy that is relatively diversified, although there is scope for greater diversification. In terms of GDP, the economy has become more concentrated and less diversified when compared to the Tress Index of 54.6 for 2001.

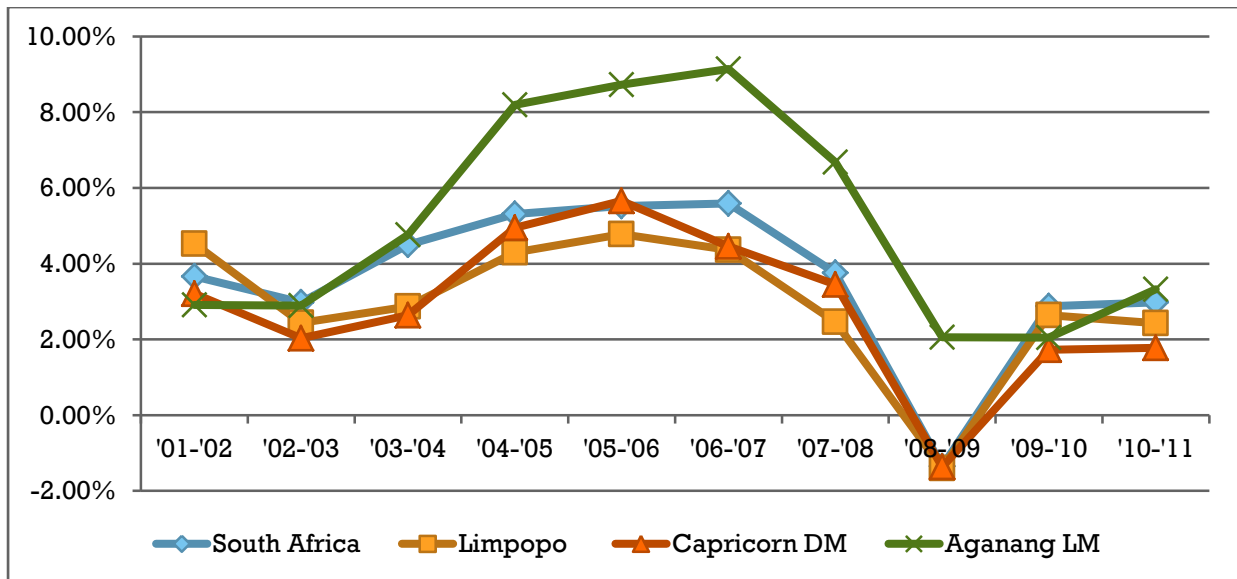
A diversified economy can be described as an economy that is not particularly dependent on any one sector to be able to function and sustain itself. In essence, all the sectors in that local economy are contributing to the local economy in such a way that the local economy is not vulnerable to fluctuations in any one sector. When considering Aganang Local Municipality, the Tress Index indicated that the local economy is relatively diversified in nature, but is still majorly dependent on certain sectors, such as Government and Community services, Utilities, and Wholesale & Retail Trade, to drive and stimulate growth. The Government and Community services sector contributed in excess of a third of the GDP output for the municipality, whilst the Utilities and Wholesale & Retail Trade sectors each contributed a fifth. This poses significant issues when related back to dependence on single sectors for growth and development. The prospects of growth in other sectors, or linkages between lower performing sectors and the major sectors of the local economy must be investigated to stimulate and encourage growth across all sectors of the economy.

Figure 3.21 is an indication of the GDP growth for the Aganang LM, Capricorn DM, Limpopo Province and South Africa as a whole.

The Aganang LM's GDP growth rate during 2002 to 2009 followed the same pattern as that of the Limpopo Province and South Africa as a whole. The Limpopo Province and Capricorn District show GDP growth rates lower than the national averages, whereas the Aganang LM shows higher growth rates than the national average. Aganang LM has also shown a relatively constant growth rate during 2001/2 and 2006/7, from 2006/07 the growth rate declined until 2009/10. This can be attributed to the world recession which impacted on all countries throughout the international market, thus potentially explaining the major downturn in economic growth.

FIGURE 3.21: ANNUAL GDP GROWTH RATE (CONSTANT 2005 PRICES)

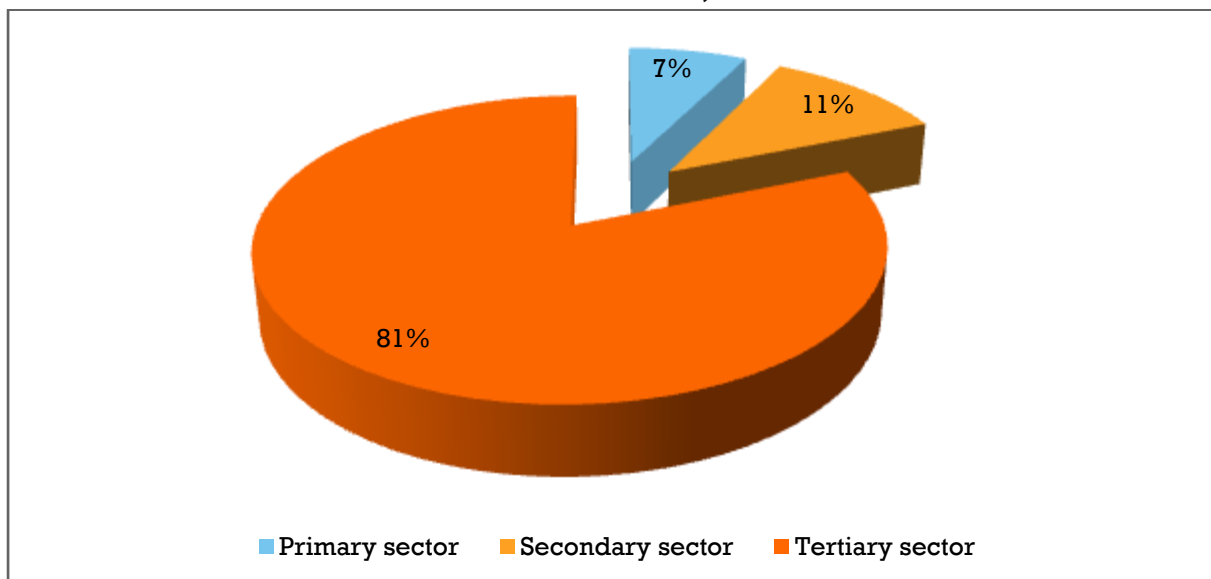
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Source: Kayamandi calculations based on Quantec Research, 2013

To further illustrate how a sector would be performing in the local economy, the employment generated by that sector can prove to be a valuable indicator of importance and growth. The figure below shows the employment distribution by economic sector for 2011.

FIGURE 3.22: AGANANG LM EMPLOYMENT BY SECTOR, 2011



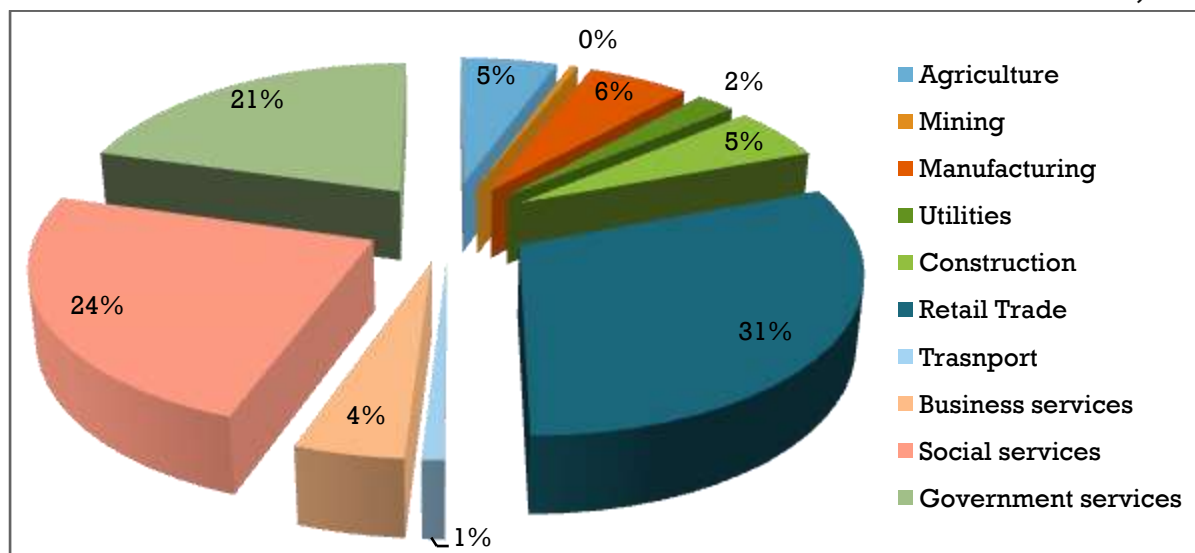
Source: Kayamandi calculations based on Quantec Research, 2013

The major employer within the Aganang LM is the tertiary sector, which has the dominant share of 81% of all formal employment in the area. The sector is closely related to all wholesale, retail, transport & communications, finance, social and government services. The second largest employer in the municipality is the secondary sector which contributes roughly 11% to the formal employment in the area. Manufacturing, utilities and construction contributes towards this sector. Lastly, the primary sector provides only 7% of all formal employment in the municipal area. This sector is composed out of the agriculture and mining sectors, which are sectors that are extremely vulnerable to external factors

such as climate changes and environmental disasters, commodity prices, exports and international trade and market fluctuations.

The following figure illustrates the breakdown of employment within the sub-sectors of the primary, secondary and tertiary sectors.

FIGURE 3.23: SECTORAL PERCENTAGE DISTRIBUTION OF EMPLOYMENT IN AGANANG LM, 2011



Source: Kayamandi calculations based on Quantec Research, 2013

The Wholesale and Retail trade sector in Aganang LM is the dominant supplier of employment opportunities in the area, providing almost a third (31%) of all employment in the area. When comparing employment to GDP contribution for the same sector, the sector has a 20% share in the GDP contribution to the local economy. Whilst, the GDP contribution is lower than that of employment contribution, the impetus can be placed on the sector as a major supplier of employment opportunities, and plays a vital role in the continued growth in employment and economic development of the local municipality. The aim in this instance would be to strengthen the basis of the sector to ensure that development opportunities can be facilitated and encouraged in the area.

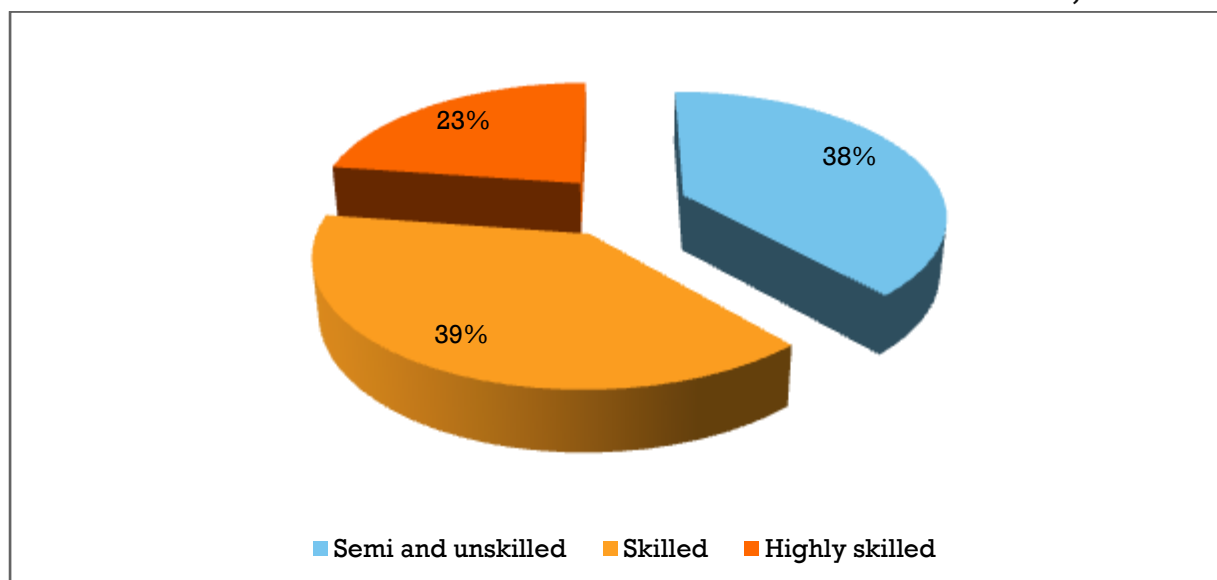
The social (24%) and government (21%) services sectors combined, provided roughly 45% of all employment in the municipality. This in essence provides a picture of the importance of government’s role in the provision of services within the area.

On the other hand the Utilities sector is a major GDP contributor in the municipality (20%), but does not contribute significantly in terms of employment creation (2%). The conclusion can be deduced that the utilities sector may be providing higher paying employment to fewer employees than various other sectors.

Other sectors that must be noted in this instance would be the manufacturing, agriculture and construction sectors, which contributed 6%, 5% and 5% respectively to employment. These sectors all play a minimalistic role in GDP contribution in the municipality, contributing 3%, 2% and 2% respectively.

The figure below is an illustration of the labour skills profile for the Aganang LM, depicting the distribution between semi/unskilled, skilled and highly skilled labour.

FIGURE 3.24: LABOUR SKILLS PROFILE OF FORMAL EMPLOYMENT IN AGANANG LM, 2011



Source: Kayamandi calculations based on Quantec Research, 2013

Based on the data above, in 2011, the workforce of Aganang LM were mostly skilled (39%) and semi and unskilled labour (38%). The municipality also has a large portion of highly skilled labour (23%). This can be accounted for by the fact that the high skills demand by business and government services enables that a significant proportion of the labour force are highly skilled.

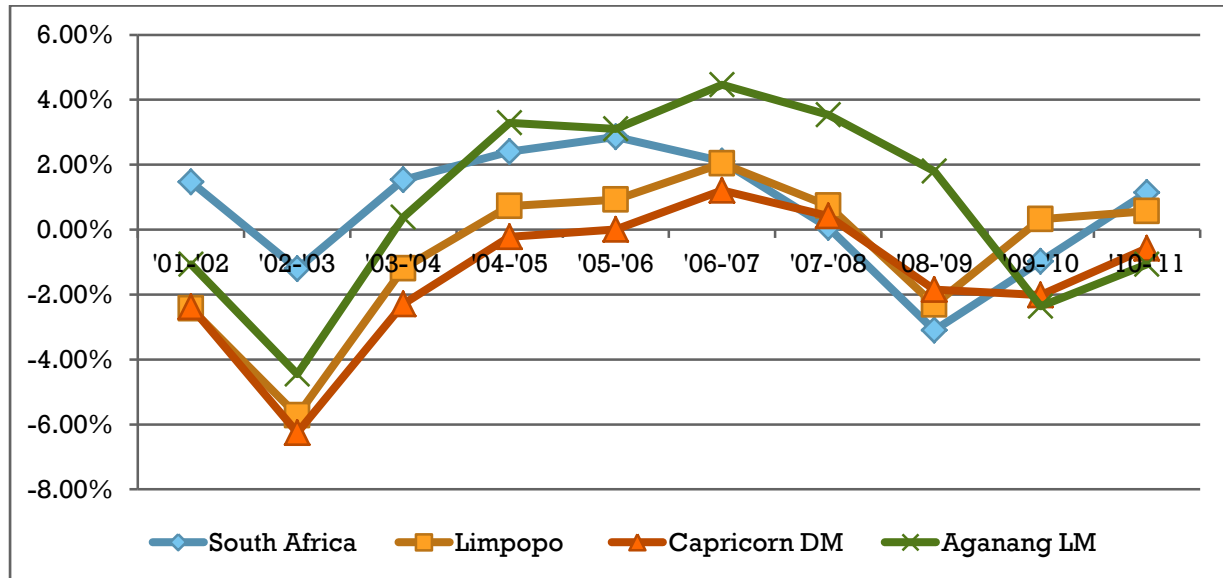
Table 3.14 and Figure 3.25 provides a summary of growth in employment in the time period between 2001 and 2011, and also seeks to divulge employment trends for the same time period.

TABLE 3.14: AVERAGE PER ANNUM SECTORAL EMPLOYMENT GROWTH, 2001 AND 2011

Industry	2001	2011	Growth rate (%)	Average no of jobs created per annum
Agriculture	928	774	-2%	-15
Mining	40	66	5%	3
Manufacturing	723	823	1%	8
Utilities	161	317	7%	22
Construction	1 262	765	-5%	-38
Wholesale & Trade	4 445	4 355	0%	0
Transport & Comms	369	130	-10%	-13
Finance services	403	632	5%	32
Community services	2 801	3 406	2%	68
Government services	2 072	2 922	3%	88
Total	13 204	14 189	0.72%	102

Source: Kayamandi calculations based on Quantec Research, 2013

FIGURE 3.25: EMPLOYMENT GROWTH TREND, 2001 TO 2011



Source: Kayamandi calculations based on Quantec Research, 2013

The Aganang LM showed a very low, but positive growth rate (0.72%) between 2001 and 2011 in terms of employment growth/decline as shown in the table above. The growth rate resulted in 985 job created for the same time period at an average annual gain of 102 jobs. The increase in employment in the municipality shows that local businesses are expanding/growing.

The highest growth rate in terms of employment had been experienced by the utilities sector, resulting in a 7% per annum growth rate and the creation of 156 new jobs at an annual rate of 22 jobs per year. Other sectors that showed substantial growth rates during the afore mentioned time period are the mining and business services sectors with 5% growth rate each. These sectors created 26 and 229 new jobs respectively. The growth rates for these sectors have shown substantial inclination, the results have to be compared to the government and social services sector which only showed a 3% and 2% growth rate respectively, but contributed 850 and 605 new jobs at an annual rate of 88 and 68 new jobs created per year respectively. A smaller sector of note would be the manufacturing sector which showed marginal growth of 1% and 100 new jobs. The Retail Trade sector showed no growth over the period between 2001 and 2011 and created no new jobs.

Within the Aganang LM, three sectors showed negative growth rates during the above mentioned time period, of which Transport generated the highest negative growth of -10%, followed by the construction sector with a negative growth of -5% and the agriculture sector with -2%. The highest amount of employment opportunities was lost by the construction sector, resulting in a loss of almost 500 jobs. The Transport sector thus showed the highest negative growth but did not have the highest amount of jobs lost during this time. The transport sector lost approximately 240 jobs, whilst the agriculture sector lost just above 150 jobs.

The Aganang LM showed similar trends from 2001 to 2009 as those experienced by the Capricorn DM and the Limpopo Province. During the time period from 2004/5 to 2008/9 the Aganang LM had a higher employment growth rate than that of the national average.

The Tress Index can also be used as an indicator of the concentration and diversification of the economy in supplying employment opportunities within the various economic sectors in the local economy. The table below sets out the Tress Index for employment in the Aganang LM, as well as the number of employed persons and the share each sector has in terms of total employment.

TABLE 3.15: TRESS INDEX FOR EMPLOYMENT, 2011

Industry	Employment	% Share	Rank
Government & Community services	6 327	45%	9
Wholesale & Retail Trade	4 355	31%	8
Manufacturing	823	6%	7
Agriculture	774	5%	6
Construction	765	5%	5
Finance & Business services	632	4%	4
Utilities	317	2%	3
Transport & Communication	130	1%	2
Mining	66	0%	1
Total	14 189	100%	n/a
TRESS INDEX			68.5

Source: Kayamandi calculations based on Quantec Research, 2013

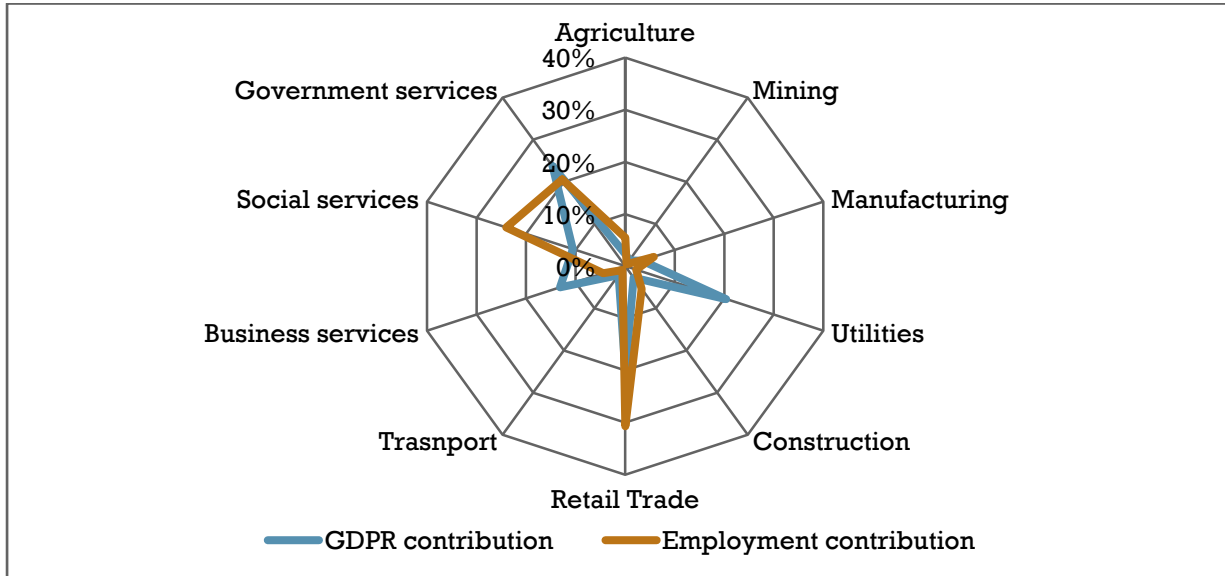
As discussed previously, the government and community services and wholes and retail trade sectors are the main roleplayers when considering employment, whereby more than three-quarters (76%) of all employment are concentrated in these sectors. The Tress Index for employment in the Aganang LM is 68.5, which is a less diversified split between employment and the sectors in which they are situated. Then compared to the Tress Index for the GDPR of Aganang (58.0), it becomes evident that the economic structure of the municipality is more diversified than the distribution of employment within these economic sectors.

In terms of historical growth, the Tress Index of 2001 showed a more diversified split in employment (54.6). By taking into consideration the diversification of employment in 2001 compared to that of 2011, the improvement has been marginal in nature, which can be termed as not being sufficient to distribute employment across all sectors of the economy. As stated above, more than 75% of all employment is concentrated in the government and community services and wholes & retail trade sectors, which places these sectors as primary employment opportunities in the municipality. In order to be able to facilitate combined growth across the board, it should be endeavoured to create more opportunities within other sectors through the education of people, skills training and growth in new businesses, SMME's and entrepreneurs.

Figure 3.26 is a representation of the relationship between the contributions made by employment and GDPR in the local economy of the Aganang LM in 2011.

In regards to Figure 3.26, the comparisons can be drawn that the government services sector, like the utilities and business services sectors require lower amounts of labour to produce higher amounts of GDPR output. The business service sector is a skilled and highly skilled intensive sector which would require lower amount of labour. The social services and retail sectors on the other hand have a larger labour force but produce smaller amounts of GDPR output. This could pose the argument that the labour employed in these sectors have lower income values, or that higher amounts of labour are required to produce the output required by these sectors.

FIGURE 3.26: CONTRIBUTION OF GDPR AND EMPLOYMENT TO AGANANG LM, 2011



Source: Kayamandi calculations based on Quantec Research, 2013

The table below sets out the labour productivity for the Aganang LM. The aim of this table is to provide an overview of the output generated by each labour unit during a calendar year.

TABLE 3.16: LABOUR PRODUCTIVITY, 2011

Region	Labour Productivity (R'000)
South Africa	267.1
Limpopo	354.1
Capricorn DM	340.5
Blouberg LM	266.2
Aganang LM	293.6
Molemole LM	233.0
Polokwane LM	383.7
Lepelle-Nkumpi LM	284.7

Source: Kayamandi calculations based on Quantec Research, 2013

The Polokwane LM showed a higher labour productivity value (GDP output per employed person) than the Limpopo Province for 2011, and has the highest production out of all the municipalities making up the Capricorn DM. Aganang LM had the second highest production value (R293 600 per person), followed by Lepelle-Nkumpi LM (R284 700 per person).

Section 4: Opportunity Analysis

The purpose of this Section is to identify opportunities for development within the Aganang LM's economy. An overview of the existing activities and strengths, as well as constraints to development, is provided for each economic sector, namely Agriculture, Mining, Manufacturing, Utilities & Construction, Transport & Communication, Wholesale and Retail Trade, as well as Tourism. Development potential for each sector will be identified, according to existing and latent comparative advantages and the latest market and technology trends.

4.1 Agricultural Sector

4.1.1 Overview of the Agricultural Sector

As defined by the Standard Industrial Classification (SIC), the Agriculture sector includes activities such as the growing of crops, market gardening, horticulture, farming of animals, forestry and logging and related services. Related sub-sectors of the Agriculture sector also comprise of commercial hunting, game proliferation, forestry, logging and fishing (SIC, 1993).

The Aganang Local Municipality is largely rural based and dependent on agricultural practices. The sector's contribution to the municipality's economy is very low for an area with medium agricultural potential. Agriculture production is mainly at a subsistence level, mainly composed of dry land (rain fed) crop production. Main crops grown in the area includes maize, cowpeas, sunflower, and groundnuts with low yields. According to an Agricultural Activity Assessment that was done for the Aganang LM as part of the initial LED process, eighty percent (80%) of the farmers in the municipality is inactive and 75% of arable land is not utilised to full potential.

Livestock production is a major activity with production of goats, sheep, cattle, pigs & poultry. Out of 108 villages there are about 27 associated broiler projects with an average capacity of 1000 chickens and 13 egg units. Overgrazing is rife with a stocking rate of 4LSU/ha² and poor grazing management practices.

Subsistence agriculture is the major land use being a rural municipality. The agricultural activities occurring include subsistence crop and livestock production. A number of group agricultural projects are being promoted in the municipality including horticulture, poultry and grain maize production. Individual commercial agricultural production efforts are also being promoted since group activities have not registered a lot of success. However approximately 66% of Aganang has low to medium potential agricultural soils. Low potential soils are neither suitable for cropping nor grazing as they normally occur on sloping areas or/and very poor and shallow soils. These soils are found in the area north of Madietane cluster. Medium potential soils are suitable for grazing, cultivation and fruit production and this are found on sloping area – areas south of Madietane cluster. High potential agricultural soils are very limited found mostly on the southern border of the Municipal area at Ga-Mashashane, a narrow strip of land between Madietane and Phufo, the floodplains of the Nokoyamatlala and Natse Rivers and a small portion of land located on the farm Dorstland 768 I.R. and Elandsfontein L.R.

² LSU = Large Stock Unit

Agricultural practices in the municipality is largely dependent on groundwater resources – mostly through boreholes using either electric or diesel pumps operated by a pump operator.

The table below offers a brief summary of the economic indicators that relate to the agricultural sector in the Aganang Local Municipality in comparison to those of the Capricorn District.

TABLE 4.1: AGRICULTURAL ECONOMIC INDICATORS, 2011

Sector share (2011)	Sector share in Aganang LM	Sector share in Capricorn DM	Contribution of Aganang LM sector to Sector of Capricorn DM	
Employment share	5.5%	5.2%	8.2%	
GDPR share	2.3%	1.9%	7.8%	
Sector Average Growth P.A (2001-2011)	Sector Growth in South Africa	Sector Growth in Limpopo	Sector Growth in Capricorn DM	Sector growth in Aganang LM
Employment	-7.7%	-10.6%	-8.7%	-1.8%
GDPR	2.1%	3.7%	6.0%	13.8%

Source: Kayamandi calculations based on Quantec Research, 2013

The table above indicates that the agriculture sector contributes 5.5% of the employment share of Aganang Local Municipality. In 2011 that entailed a total of approximately 770 jobs. As a whole, the Capricorn District also has an agricultural employment share of 5.2%. Aganang Local Municipality provides a small percentage of employment of less than a tenth (8.2%) in the agricultural sector for the Capricorn District. Finally, there has been an average decline in the Aganang LM’s employment share in agriculture of -1.8% from 2001 to 2011. In relation to the sector at national, provincial and municipal level this figure is understandable as employment in agriculture has decreased dramatically across all spheres.

The decline in employment could be a result of the recent economic recession where commercial farmers had to increase the use of machinery in the operations of the farm and decrease the number of employees to sustain their farming practice.

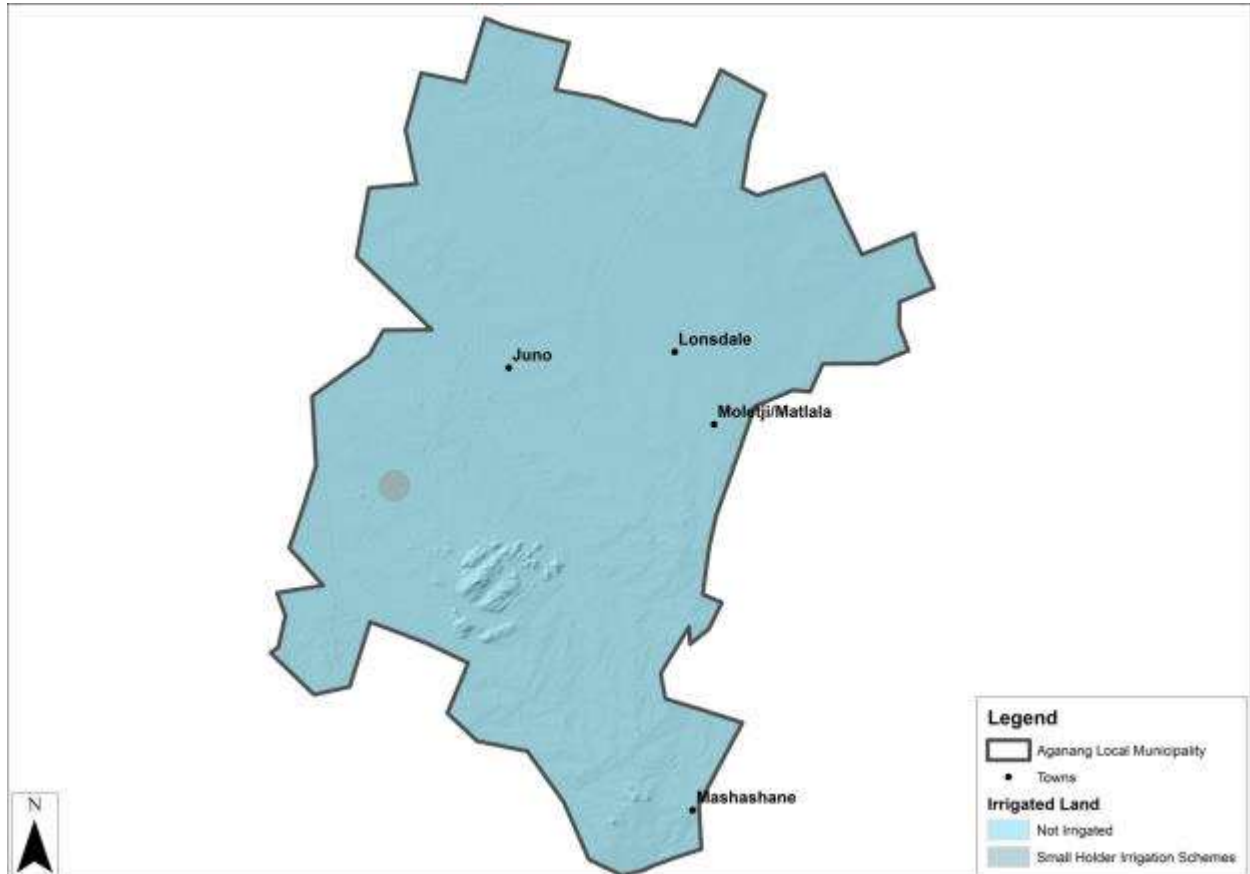
It is important to take into account that the agricultural sector absorbs a portion of the second economy population even though this population are not quantified into statistical information. Migrant labourers for seasonal work should also be kept in mind as part of employment rates in Aganang LM.

From the table it can also be noted that the agriculture sector contributes 2.3% to the GDPR of Aganang LM and 1.9% to the GDPR of the Capricorn District. Again Aganang Local Municipality offers a very low contribution to the GDPR of Capricorn District’s agriculture sector (7.8%). The sector’s average growth between 2001 and 2011 for Aganang Municipality is 13.8%. This is considerably higher than the average annual growth of agriculture in South Africa’s; Limpopo’s and Waterberg District’s GDPR. This growth rate shows a fair amount of potential for the agriculture sector to increase its GDPR contribution to that of the local municipality. The notable difference in growth between employment share levels (-1.8%) and GDP share levels (13.8%) may be because even though there has been a decrease in employment the GDP levels have not been affected as yet.

The Agricultural sector’s potential to contribute to employment and value added in the regional economy, exceeds that of many other sectors. Not only can it have significant multiplier effects throughout the entire regional economy, but it can also stimulate many other economic activities through its linkages to other sectors.

Figure 4.1 provides an illustration of the land within the Aganang Local Municipality that are irrigated. It is clear from the figure that there are various portions of land on the border of the Municipality that are irrigated, but no portions of land within the boundaries of the municipality are irrigated. Small holder irrigation schemes are also illustrated, and the Moletjie Irrigation Scheme falls within the boundaries of the Aganang LM. Expansion of the agricultural sector is limited by the availability of water. To stimulate agriculture, improved water use efficiency will be required.

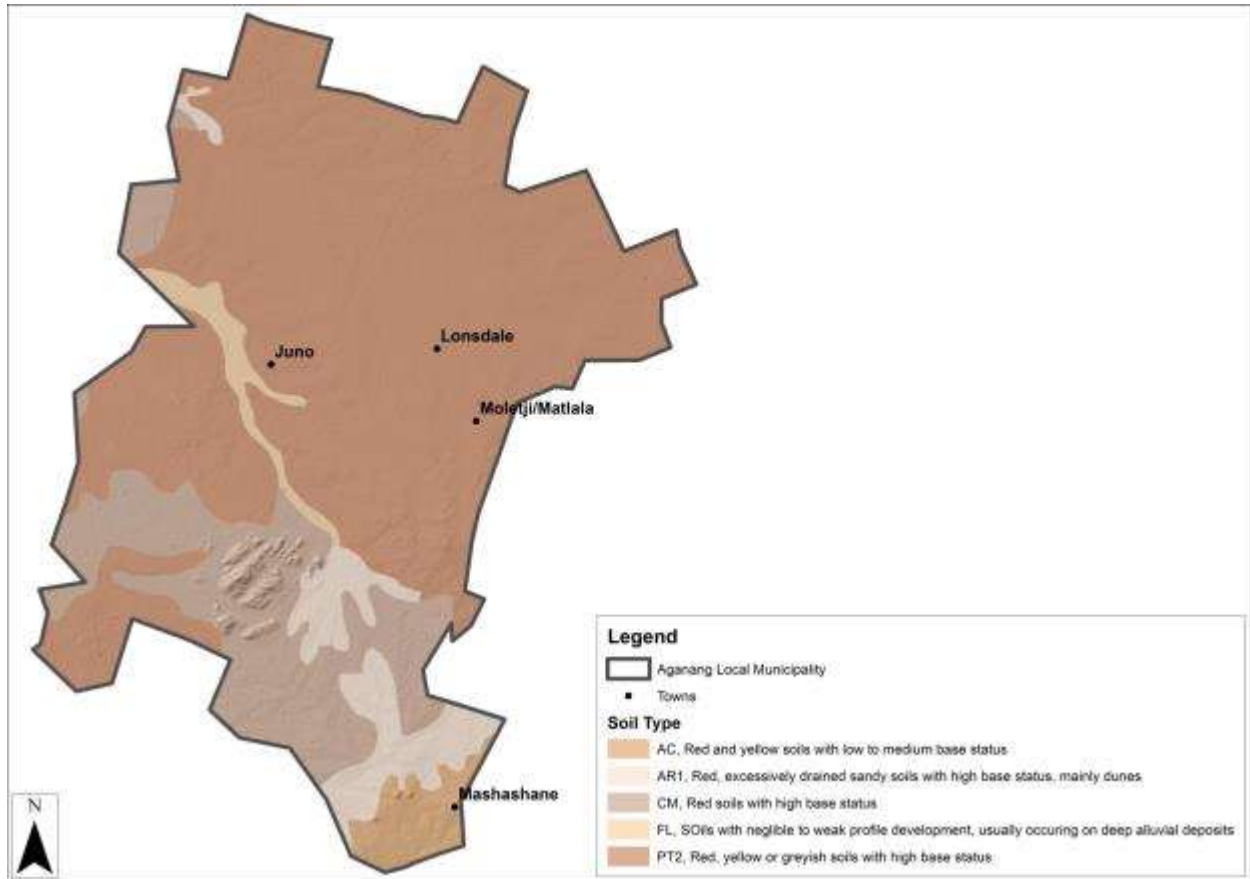
FIGURE 4.1: IRRIGATED LAND OF AGANANG LOCAL MUNICIPALITY



Source: Kayamandi, 2013, based on the AGIS Comprehensive Atlas, 2013

Figure 4.2 below represents the general soil patterns of Aganang Local Municipality.

FIGURE 4.2: GENERALISED SOIL PATTERNS FOR AGANANG LM



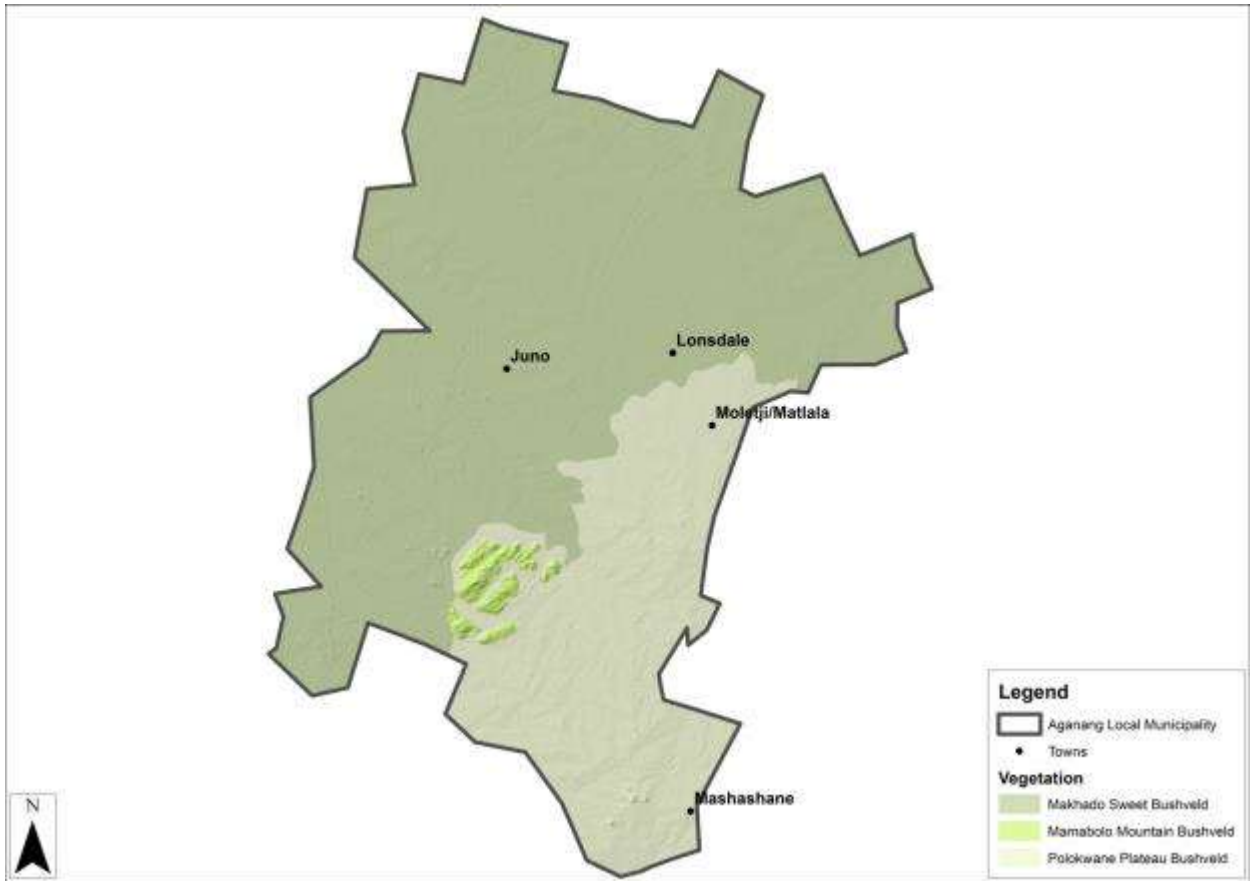
Source: Kayamandi, 2013, based on the AGIS Comprehensive Atlas, 2013

The soil pattern of the municipal area is largely characterised by red, yellow and/or greyish soils with high base status that covers the largest part of the municipal area towards to north and central part. Towards the southern part of the municipality there are also red soils with high base status as well as red, excessively drained sandy soils with high base status. . Three other contributing soil patterns (although very small capacity) in the area are: ‘soils with negligible to weak profile development’; ‘strongly structured cracking soils, mainly dark in colour and dominated by swelling clays’ and ‘red and yellow soils with low to medium base status’.

The soil patterns which are shown in colours red and light purple are soils with high base status and thus good for agriculture. The largest part of the municipal area is characterised by these soils.

Figure 4.3 is a map of the various vegetation biomes in Aganang Local Municipality.

FIGURE 4.3: VEGETATION BIOMES IN AGANANG LOCAL MUNICIPALITY



Source: Kayamandi, 2013, based on the AGIS Comprehensive Atlas, 2013

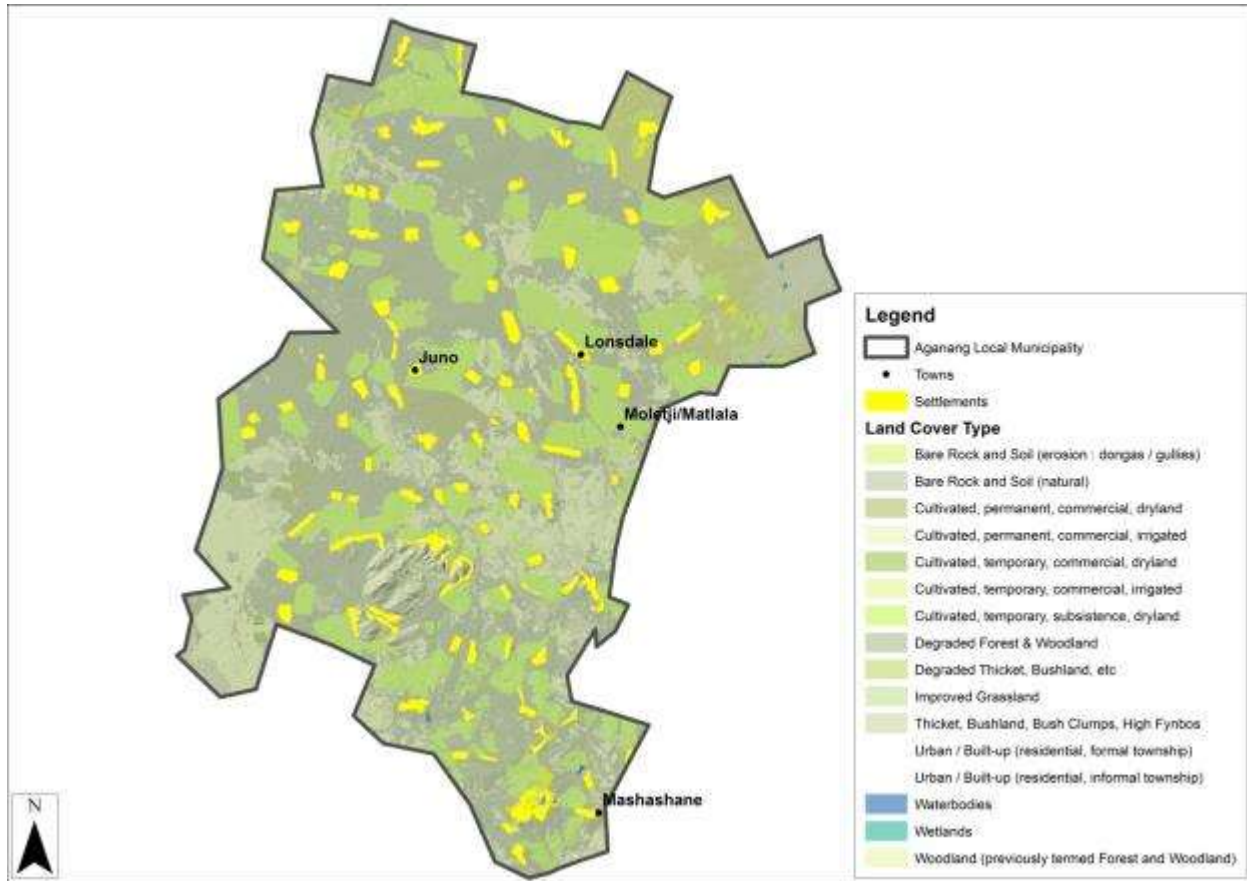
It is clear from the map that Aganang Local Municipality is characterized by Savanna vegetation. The predominant climate and soil type in the region does not allow for forest vegetation, and thus forestry is not an economic activity for Aganang Municipality. The savannah vegetation biome is typical to the climate region.

4.1.2 Agricultural Products and Produce

This part of the agricultural sector analysis, studies more closely the status quo of existing agricultural products and the potential for increased and diversified production. It provides information regarding land cover, land capability, specific agricultural regions and grazing capacity within Aganang Local Municipality. In this section the current situation with regards to agricultural products and produce is analysed in order to develop sound local economic strategies for this sector.

Figure 4.4 below indicates the land cover of Aganang Local Municipality.

FIGURE 4.4: LAND COVER OF AGANANG LOCAL MUNICIPALITY

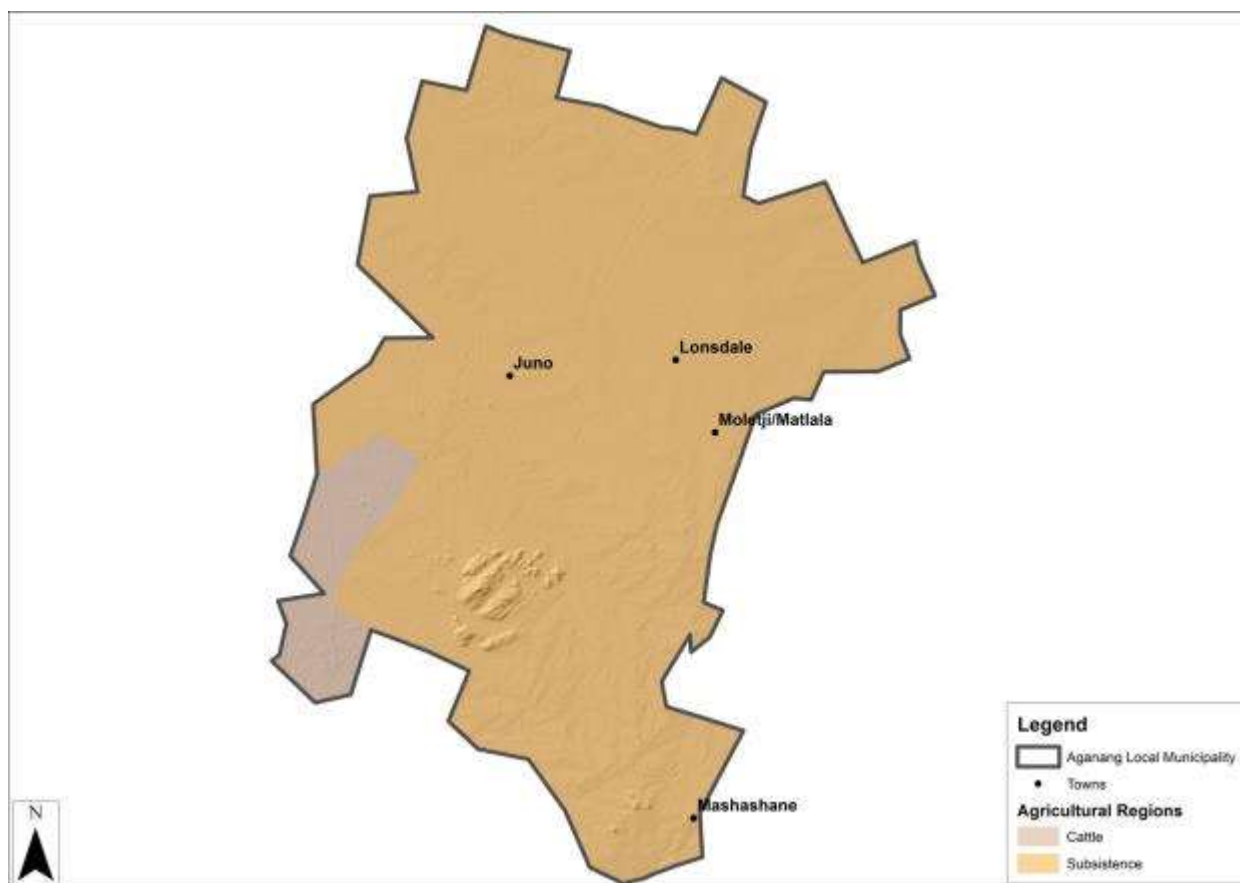


Source: Kayamandi, 2013, based on the AGIS Comprehensive Atlas, 2013

The above Figure indicates that Aganang Municipal area is mainly comprised of bare rock and soils due to sheet erosion, as well as degraded forest and woodlands. The remainder of the area comprises of scattered residential land uses and some cultivated agricultural areas.

Figure 4.5 presents the agricultural regions of the Aganang Local Municipality. It is clear from the figure that Aganang Local Municipality is characterised by two agricultural regions. Subsistence farming is dominating the region, with little cattle farming occurring. The subsistence farming region coloured in turquoise is distributed along the majority of the municipal area except for a small portion in the western corner of the Municipality. The cattle farming region is the orange coloured area which is present in the western corner of the municipality.

FIGURE 4.5: AGRICULTURAL REGIONS OF AGANANG LM

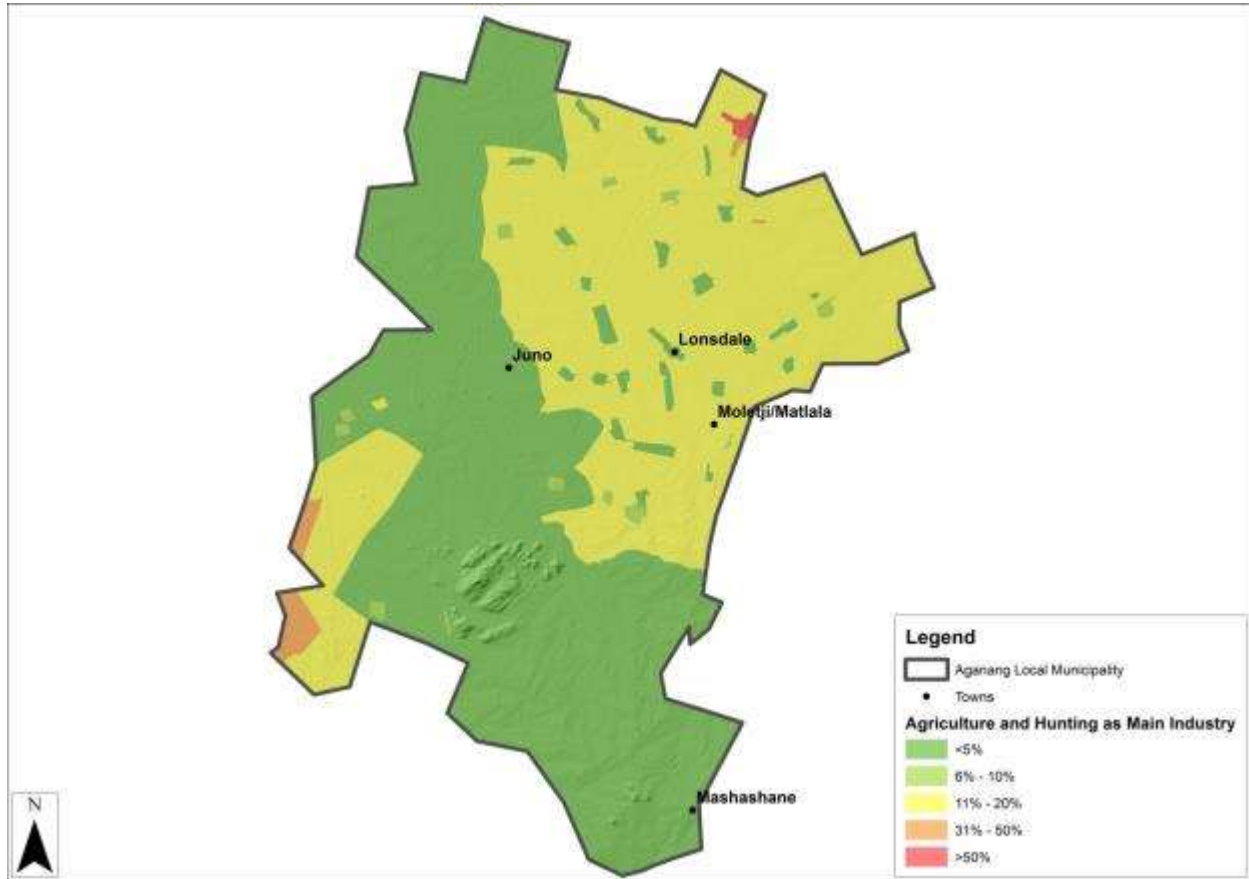


Source: Kayamandj, 2013, based on the AGIS Comprehensive Atlas, 2013

This map description highlights that agriculture (especially subsistence crops and livestock) is what constitutes the agricultural region in the municipality. This falls in line with the agricultural products which have been recorded in other documents.

Figure 4.6 presents agricultural and hunting as a main industry per sub place in Aganang LM. As a combination main industry in Aganang Local Municipality, agriculture and hunting is not dominant in the area, with a percentage range of less than 5% and 20%. Only a small portion on the western boundary of the municipality shows a larger contribution from the industry as it ranges between 31% and 50%.

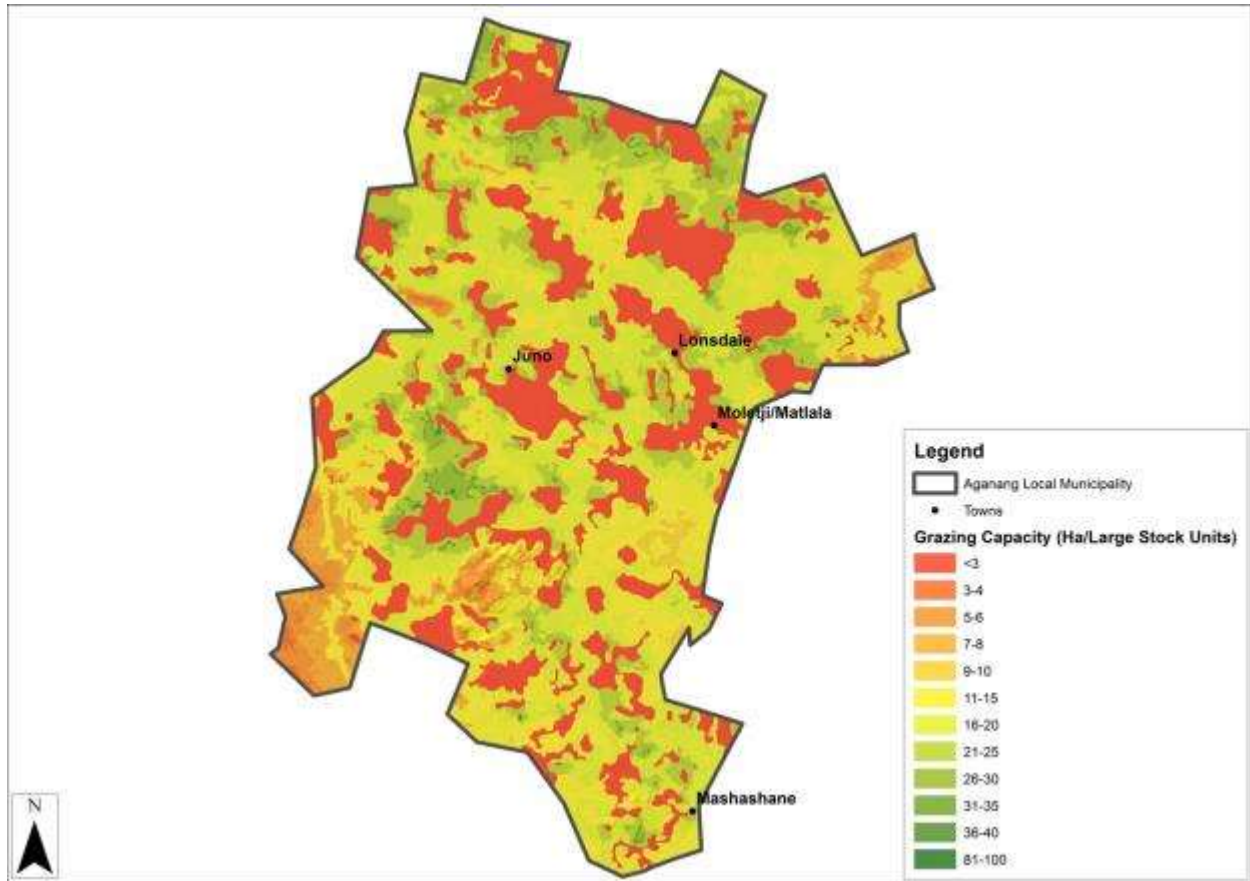
FIGURE 4.6: AGRICULTURE AND HUNTING AS MAIN INDUSTRY PER SUBPLACE: AGANANG LM



Source: Kayamandi, 2013, based on the AGIS Comprehensive Atlas, 2013

Figure 4.7 presents the grazing capacity of Aganang LM, which was last recorded and mapped by AGIS in 2007. The figure shows that the grazing capacity for the area has a wide range scale of between 3 and 30Ha/large stock unit. Various areas have a grazing capacity of less than 3 hectares per large stock unit, with the majority of the municipal area having a grazing capacity of between 9 to 20 hectares per large stock unit.

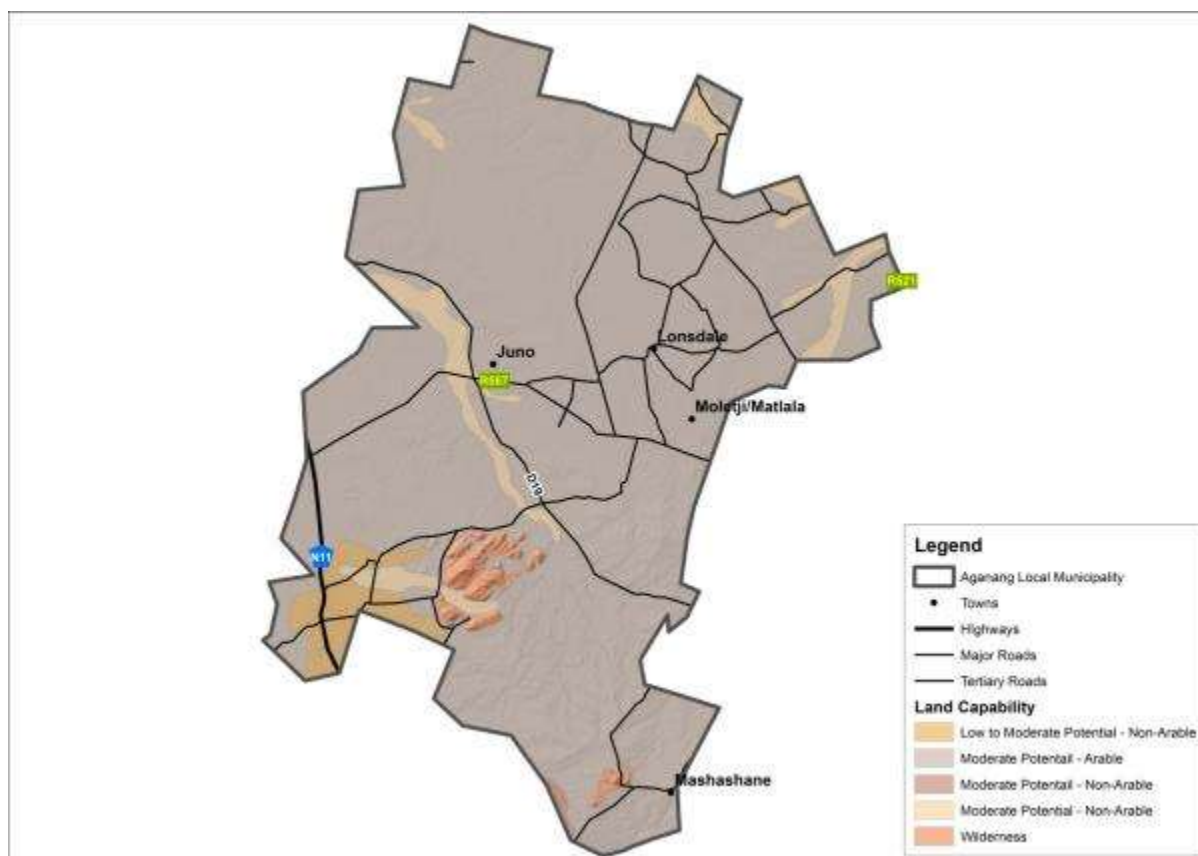
FIGURE 4.7: GRAZING CAPACITY OF AGANANG LM IN HA/LARGE STOCK UNIT, 2007



Source: Kayamandj, 2013, based on the AGIS Comprehensive Atlas, 2013

The capacity for agricultural production is dependent on many factors, namely climatic and soil conditions, access to ground and surface water, land cover and capacity. As a concluding analysis of the physical environment, Figure 4.8 is an indication of the land capacity for agricultural potential in the Capricorn District. It shows that Aganang Local Municipality has low-moderate; and moderate land capability.

FIGURE 4.8: LAND CAPABILITY FOR AGANANG LOCAL MUNICIPALITY



Source: Kayamandi, 2013, based on the AGIS Comprehensive Atlas, 2013

Table 4.2 presents the agricultural products/services in the Aganang LM.

TABLE 4.2: PRODUCTS/SERVICES IN AGANANG LM

Production level	Products/services
Commercial production	<ul style="list-style-type: none"> • None
Small-scale production	<ul style="list-style-type: none"> • Broiler projects (poultry meat & eggs) • Crop production cooperative projects
Subsistence farming	<ul style="list-style-type: none"> • Dry-land crop production (maize, cowpeas, sunflower, groundnuts) • Horticultural production (various vegetables) • Livestock farming (goats, cattle, sheep, pigs, poultry)

Source: Kayamandi, 2013

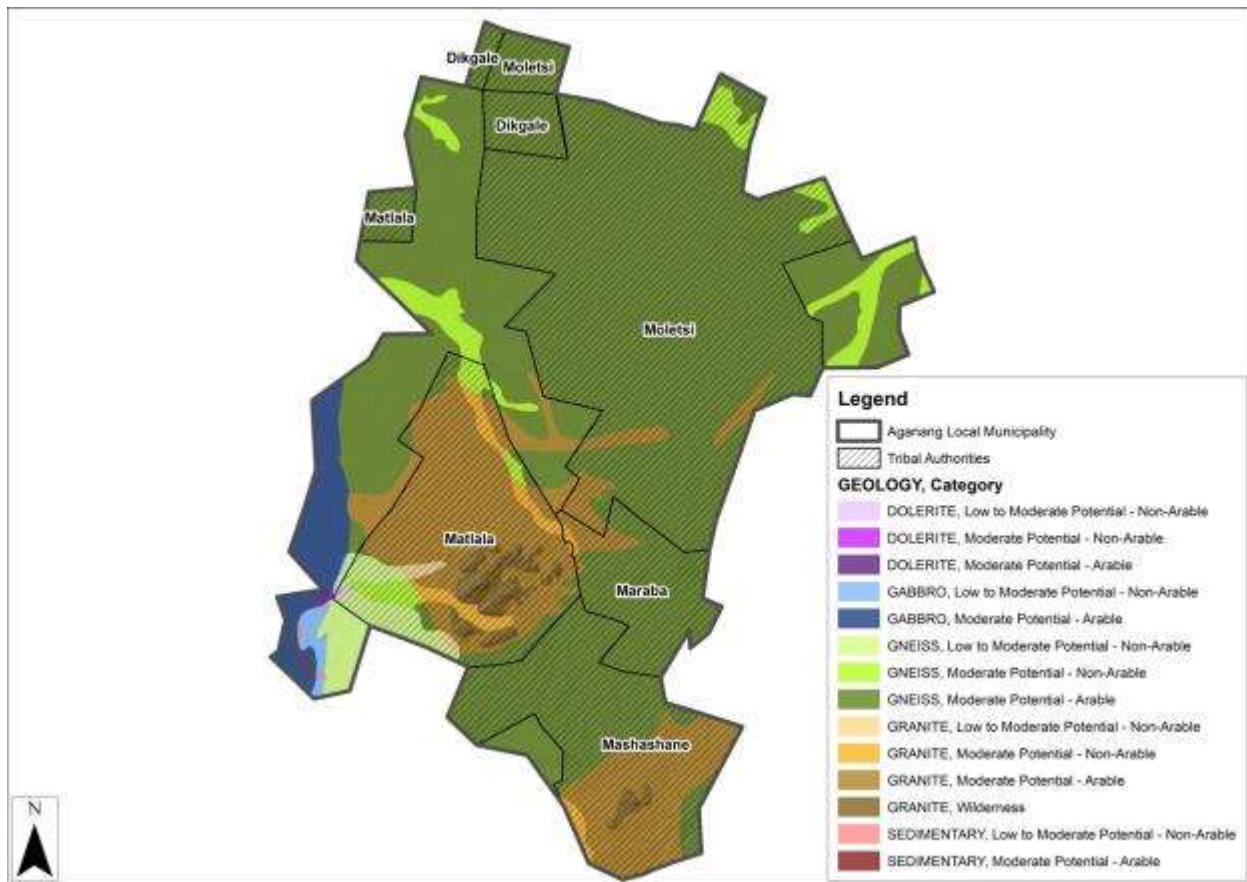
As can be seen from the table above, there are currently no commercial farming activities happening in the Aganang LM.

Subsistence level of production includes all those projects initiated for the survival of the community either by the community themselves, by the provincial Department of Agriculture, or the local municipality. Maize, vegetables, cattle, goats and chickens dominate this type of production.

Based on research conducted as part of the Limpopo Groundwater Resources Information Project (GRIP) and documented in the Capricorn District Groundwater Report, it has come to light that areas underlain by Houtrivier Gneiss, are most suitable for agriculture, as these areas have the highest yield in terms of groundwater. It has also been established that the Aganang area has ample water available in terms of its groundwater resources, for both domestic and agricultural use.

Based in the information obtained from Limpopo GRIP, the following Figure (Figure 4.9) presents the areas most suitable for arable agricultural use, based on the geology and land capability.

FIGURE 4.9: AREAS MOST SUITED FOR ARABLE AGRICULTURAL PRACTICES



Source: Kayamandi, 2013, based on the AGIS Comprehensive Atlas, 2013; SANBI Biodiversity GIS, 2009, and the Municipal Demarcation Board Data, 2011

Based on the figure above the Moletsi and Maraba areas are most suited for arable agriculture being underlain with gneiss and having moderate potential for arable farming based on the potential of the soil types.

4.1.3 Land Claims and Land Restitution

Land claims and land restitution greatly concerns the agricultural sector due to the fact that most land which is reclaimed is either farm or nature reserve land. Past evidence has shown that land claims have sometimes rendered commercially productive land, unproductive. Although land restitution is an important practice by government in an attempt to restore the balance of wealth among different races in South Africa, and economic activity or investment might slow over the short- or medium term, it should not however, impact the land over the long-term by rendering it unproductive.

The tables below provide information in respect to land claims in the Aganang LM as extracted from the Aganang SDF, 2010:

TABLE 4.3: OUTSTANDING LAND CLAIMS IN AGANANG LM

No	RLCC Claim No	Claimant	Farm	Gazetted/Researched
1	10740	Matlou	Unclear	Research
2	10988	M.R Tlou/ Magwai	Unclear	Research

No	RLCC Claim No	Claimant	Farm	Gazetted/Researched
3	511	D.R. Rampedi	Waterplaas 710 LS	Research
4	472	Nkhumishe Development Forum	Chlun 735 LS Swerwerskraal 736 LS Tweespalk 733 LS	Gazetted

Source: *Aganang LM SDF, 2010*

TABLE 4.4: SETTLED LAND CLAIMS IN AGANANG LM

No	Project	No of HH's	Beneficiaries	Properties restored	Total award	Settlement date
1	Skrikfontein Community	44	190	Chloe 587 LS	R2.8 million	30/08/2006

Source: *Aganang LM SDF, 2010*

TABLE 4.5: PARTLY DISMISSED LAND CLAIMS IN AGANANG LM

No	Claim	RLCC Claim No	Magisterial District	Properties Restored
1	Rampedi & Chokwe	483	Potgietersrus	Only the farm Prague 734 LR has been dismissed

Source: *Aganang LM SDF, 2010*

According to the SDF, the farms Chlun 735 L.S., Swerwerskraal 736 L.S. and Tweespalk 733 L.S. are of strategic importance as deposits of the minerals Platinum, Palladium, Nickel, and Copper might occur on these farms.

None of the other farms that are under claim are regarded as of strategic importance to the municipal community.

4.1.4 Current Associations, Initiatives and Projects

This section will firstly provide a list of associations currently involved in the agricultural sector in Aganang Local Municipality as they are regarded as important stakeholders and/or role players that either contribute to or have an influence in the sector. The list is provided below:

- Aganang Local Municipality (through the LED department)
- Limpopo Department of Agriculture (LDA)
- Limpopo Department of Economic Development, Environment and Tourism (LEDET)
- Limpopo Economic Development Agency (LEDA)
- Agri SA (Limpopo)
- Agricultural Research Council (ARC)

As has been illustrated earlier, Aganang LM has a relatively small agricultural sector. Production in the area is mostly focused on meat and crops for subsistence purposes. Most communities in Aganang plough maize and keep livestock like cattle, goats and sheep, for subsistence. The activity is done in almost every village in the Municipality. The success of crop farming is dependent on the amount of rain per rainy season.

There are a number of community based project initiatives that are running within the municipality. These range from poultry farming, goat and cattle projects, egg production and vegetable production.

Aganang Local Municipality – LED Strategy

The following table presents projects/initiatives for the Agricultural sector as identified within the IDP 2013/14, either by the Municipality or by other departments/organisations.

TABLE 4.6: AGRICULTURAL SECTOR PROJECT/INITIATIVES

Project	Location	2013/14 Budget allocation	Timeframe for completion	Responsible Agency	Source of Funding
Projects by Aganang LM – Support to Crop projects:					
Establishment of essential oil production pilot project	Aganang Municipality	R 250 000	June 2014	ALM	ALM
Project by the Department of Agriculture					
Renovation of poultry structures	Kagishano Trading	R 400 000	June 2014	DoA	DoA
Construction of 1000 capacity poultry house and electrification	Mashashane disabled project	R 100 000	June 2014	DoA	DoA
Construction of 29km fence	Aganang land care (Chloe livestock project)	R 1 073 562	June 2014	DoA	DoA
Vegetable, grains, and poultry projects. Provision of production inputs (seeds, fertilisers, insecticides, animal feeds, vaccines and medication)	Aganang vegetable, grain and poultry projects	R 590 300	June 2014	DoA	DoA

Source: Aganang IDP, 2013/14

4.1.5 Development Opportunities and Potential Projects

In order to identify possible opportunities within the agricultural sector, it is important to understand the strengths and constraints within the sector. Based on the above and through stakeholder consultation, a number of strengths and constraints have been identified, as tabled in Table 4.7.

TABLE 4.7: AGRICULTURE SECTOR STRENGTHS AND CONSTRAINTS

STRENGTHS	CONSTRAINTS
<ul style="list-style-type: none"> • Medium Potential agricultural land • Size of land available • Within reach of markets • Various already existing chicken broiler projects • Various already existing crop-production projects • Potential market through the Walk-in-25 Distribution Centre 	<ul style="list-style-type: none"> • Inadequate water availability in certain areas • Land ownership/tenure (traditional land) • Agricultural contraction <ul style="list-style-type: none"> ○ High fuel/diesel prices ○ Lack of support for land reform • Lack of funding • Lack of mechanisation and production inputs • Lack of equipment • Overgrazing and poor grazing management practices • Grazing camps are not fenced • Livestock theft • Lack of interested and educated youth in agricultural activities • Limited skills in best practices for production amongst beneficiaries • High input costs and expensive feed

STRENGTHS	CONSTRAINTS
	<ul style="list-style-type: none"> • Limited agricultural skills • Lack of support from Department of Agriculture and the relevant extension officers

Taking the above factors into account, together with national and provincial policy directives and previous research that has been conducted in the area and the province, this section seeks to identify a number of development opportunities that can address the current issues experienced within the agricultural sector as well as build on potential strengths.

The development opportunities/potential projects identified are:

- SMME and Cooperative Support & Training:
 - Skills development
 - Support & general equipment
 - Access to funding
 - Addressing land tenure/ownership issues
 - Conduct and assist with proper research and feasibility studies prior to project implementation
- Development of a Meat Cluster:
 - Feedlot
 - Feed production (agro-processing)
- Provision and manufacturing of local agricultural inputs:
 - Cattle feed, chicken feed, etc.
 - Fertilisers, chemicals, insecticides, etc.
- Promotion of dry-land crop farming:
 - Support to existing crop farming cooperatives
- Development of niche-market agricultural products:
 - Essential oils
 - Marula
 - Aloe
- Creating an enabling environment:
 - Revise and incentives rates & taxes
 - Policing of rural areas to combat crime and create a secure environment

4.2 Mining Sector

4.2.1 Overview of the Mining Sector

The mining sector referred to in this section can be classified as a combination between the definitions for “mine” and “mineral” as stated within the Minerals and Petroleum Resources Development Act, Act 28 of 2002 (MPRDA).

A Mine is defined as “any operation or activity for the purposes of winning any mineral on, in or under the earth, water or any residue deposit, whether by underground or open working or otherwise and includes any operation or activity incidental thereto”, whilst Mineral is defined as “any substance, whether in solid, liquid or gaseous form, occurring naturally in or on the earth or in or under water and

which was formed by or subjected to a geological process, and includes sand, stone, rock, gravel, clay, soil and any mineral occurring in residue stockpiles or in residue deposits, but excludes the following:

- Water, other than water taken from land or sea for the extraction of any mineral from such water,
- Petroleum, or
- Peat

The mining sector thus is the practice of extracting and beneficiation of minerals occurring naturally above, in or under the ground and includes solids, liquids, grease and crude petroleum being mined from an underground and/or surface mine, quarry or well extraction.

The largest contributor to the economy of the Limpopo Province is mining, contribution a 30% share of total GDP for the province for 2011 (Kayamandi calculations from Quantec Research, 2013). The mining sector further provides 13% of the formal employment in the province for 2011. The major minerals mined within the province are noted as platinum group metals, cobalt, nickel and copper, coal, iron ore and granite to name a few.

The Capricorn District Municipality does not have a major mining industry, with mining contributing only 4% to the District’s GDP and only 2% to formal employment for the year 2011.

The table below provides an indication of the latest available mining sector economic indicators.

TABLE 4.8: MINING SECTOR ECONOMIC INDICATORS, 2011

Sector share (2011)	Sector share in Aganang LM	Sector share in Capricorn DM	Contribution of Aganang LM sector to Sector of Capricorn DM	
Employment share	0.5%	2.3%	1.6%	
GDP share	1.4%	4.2%	2.1%	
Sector Average Growth P.A (2001-2011)	Sector Growth in South Africa	Sector Growth in Limpopo	Sector Growth in Capricorn DM	Sector growth in Aganang LM
Employment	3.9%	11.6%	10.3%	5.1%
GDP	0.0%	0.7%	-1.1%	-5.2%

Source: Kayamandi calculations based on Quantec Research, 2013

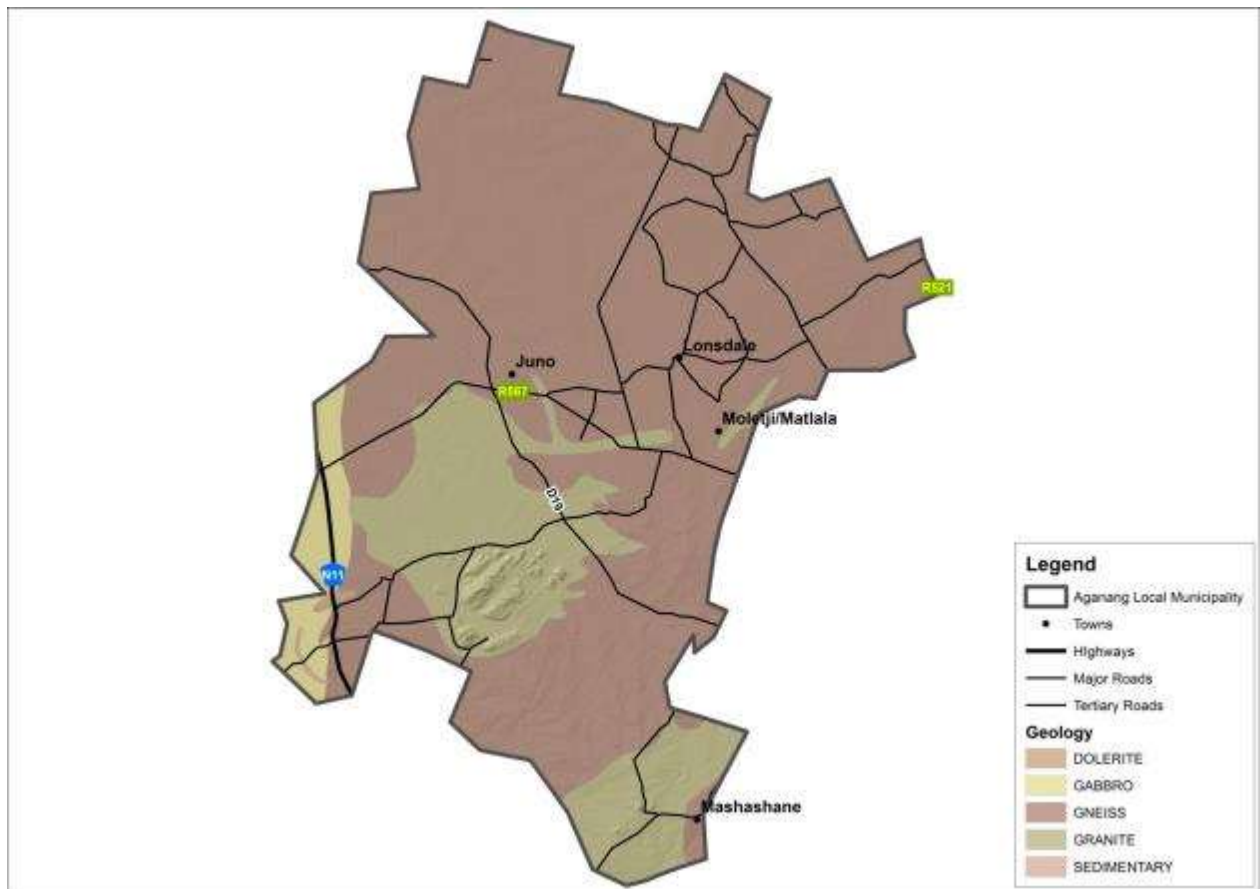
The table above shows that the mining sector within the Aganang Local Municipality does not contribute significantly to formal employment (0.5%) in the municipality, amounting to only 66 jobs within the mining sector for 2011. The mining sector however does not play a major role in employment creation within the Capricorn District Municipality either, as previously indicated, and therefore the sector is not regarded as a main role-player in the provision of employment opportunities. The table further illustrates that the Aganang Local Municipality contributes 1.6% to the total employment as well as providing 2.1% contribution to the total GDP of the district’s mining sector. The mining sector within Aganang Local Municipality has further shown a decline of -5.2% within the average GDP growth per annum. On the other hand, the mining sector has shown growth, however small, in employment between 2001 and 2011 with a 5.1% average annual growth. Based on the information above the mining industry of Aganang Local Municipality cannot be regarded as a major contributor towards GDP or employment.

4.2.2 Mineral resources and products

The Limpopo Province has a wide and extensive variety of mineral deposits, which occur in great abundance throughout the province. The major geological feature of the province, which enables the rich diversified mineral wealth, is the Bushveld Igneous Complex (BIC). The BIC is a large deposit and combination of various geological components and minerals. The BIC is a combination of various layers or suites, which combine to create the variety of minerals that are excavated. These layers or suites can be termed as the Lebowa Granite Suite, Rashoop Granphyre Suite, Rustenburg Layer Suite, Rooiberg Group and the Transvaal Sequence or Supergroup.

Figure 4.10 below shows the geology of the Aganang LM.

FIGURE 4.10: GENERAL GEOLOGY OF AGANANG LM



Source: Kayamandi, 2013, based on the AGIS Comprehensive Atlas, 2013

The general geology of the Aganang LM largely consists out of gneiss, granite, gabbro and dolerite. The municipal area is predominantly under laid by Leucocratic migmatite and gneiss, grey and pink hornblendebiotite gneiss, grey biotite gneiss, minor muscovite bearing granite, pegmatite and gneiss, Hout River gneiss of the swazian era. In the south west the area is under laid by fine grained grey to pink biotite granite, coarse grained and in places porphyritic of the Matlala granite. In the south east the area is under laid by medium grained porphyritic, grey to pink biotite granite of the Moletsi granite. In the west the area is bordered by magnetite gabbro, gabbro, anorthosite, olivine diorite, magnetite layer of the Rustenburg layered suite, Bushveld complex.

The Aganang LM's SDF identifies the following as potential important mineral deposits:

- **Platinum, Palladium, Nickel and Copper**
Significant sources of these important minerals are generally associated with the Bushveld Igneous Complex strata that occur in the extreme western portion of the Aganang municipal area. Deposits of these minerals are indicated on the farms Chlun 735 LS, Swerwerskraal 736 LS, and Tweespalk 733 LS, located on the western boundary of the study area, **Goedgevonden 732LR and Elberfield 731LR.**
- **Limestone**
Limestone, present as a significant thickness of calcrete, can be found along the floodplain of the Hout River in the extreme northeast of the municipal area. This material is used mainly in the cement industry and as a source of agricultural and road building lime. Limestone does not require expensive mining methods. The thickness, lateral extent and continuity, and mineralogical composition of the calcrete will however determine the precise worth of this deposit. These deposits are ideal for small-scale mining.
- **Dimension stone**
The Matlala, Lunsklip and Mapela Granite occurring in the central, south-eastern and eastern areas of the Aganang municipal area may be suitable for use in the dimension stone industry.
- **Building sand**
The flood plains of the streams and rivers in the northwest of the study area are covered by a significant thickness of alluvial deposits that may be suitable for use as building sand. These deposits are ideal for small-scale mining, but refining of the raw materials may be required to remove unwanted soil particles (i.e. gravel or fines).

The SDF further identifies the following as less important mineral deposits within the boundaries of the Aganang LM:

- **Copper**
A highly localised copper deposit is indicated to occur within veins and fractures in the Hout River Gneiss near the village of Mamehlabe in the extreme west of the study area. This is, however, not deemed to be of significant economic importance, as the deposit is very small.
- **Beryllium, Mica, Feldspar**
Highly localised pockets of beryllium crystals and grains occur with feldspar and mica within pegmatite bands in the Hout River Gneiss strata, especially to the east of the study area. Beryllium exhibits high resistance to corrosion and high yield strength and is utilised in the nuclear industry. However, its brittleness at low temperatures (i.e. room temperature) will require specialized mining methods to extract.
Feldspar is an important mineral in the glass- and ceramic industries and is generally mined through open-cast operations.
Mica is used mainly in the electrical, electronics, paint, drilling, vehicle manufacturing and cosmetics industries and is mined through open-cast operations.
- **Gold, Silver, Bismuth**
Highly localised pockets of gold, silver and bismuth occur within the greenstones of the Murchison Super Group and have been mined economically in some areas in the past. Deposits of these economically important minerals may be present in highly localised areas in the northeast and north of the Aganang municipal area. Although deemed to be of minor

importance, the value of these minerals makes it worthwhile to pursue further exploration in this regard, with the aim of small-scale mining activities only.

According to the latest information available from the Department of Mineral Regulations (DMR), there are no registered, operational mines within the boundaries of the Aganang Local Municipality. It has however been reported that various illegal sand mining activities occur within the municipal area for construction and road-building purposes.

4.2.3 Development Opportunities and Potential Projects

In order to identify possible opportunities within the mining sector, it is important to understand the strengths and constraints within the sector. Based on the above and through stakeholder consultation, a number of strengths and constraints have been identified, as tabled in Table 4.9.

TABLE 4.9: MINING SECTOR STRENGTHS AND CONSTRAINTS

STRENGTHS	CONSTRAINTS
<ul style="list-style-type: none"> • Potential available untapped mineral resources: <ul style="list-style-type: none"> ○ Platinum ○ Palladium ○ Nickel ○ Copper • Already existing transport linkages <ul style="list-style-type: none"> ○ N1 and N11 • Availability of skills and other inputs due to close proximity to other mining areas (such as Mogalakwena) 	<ul style="list-style-type: none"> • Illegal sand mining activities occurring especially along rivers and streams for housing and road construction • Difficulty in obtaining mining right/permit application approvals • Limited data and information available on extent and location of potential mineral resources

Taking the above factors into account, together with national and provincial policy directives and previous research that has been conducted in the area and the province, this section seeks to identify a number of development opportunities that can address the current issues experienced within the mining sector as well as build on potential strengths.

The development opportunities/potential projects identified are:

- Possible SMME development relating to mining support services. (e.g. transport services, cleaning services and catering, vehicle repairs, retail product suppliers and deliveries, spare parts, protective wear, etc.). These SMMEs should be identified in cooperation with the existing mines in the neighbouring municipalities.
- Training on mining-related skills such as artisans, possibly through the Mayor’s Bursary Fund
- Assisting with mining applications
- Legalising illegal mining activities

4.3 Manufacturing and Industrial Sector

4.3.1 Manufacturing Sector Overview

By definition, manufacturing is the chemical and physical transformation of materials or compounds into new products. Similarly it can be described as the process of turning raw material into a finished product. Manufacturing is usually undertaken through small or large-scale industrial operations.

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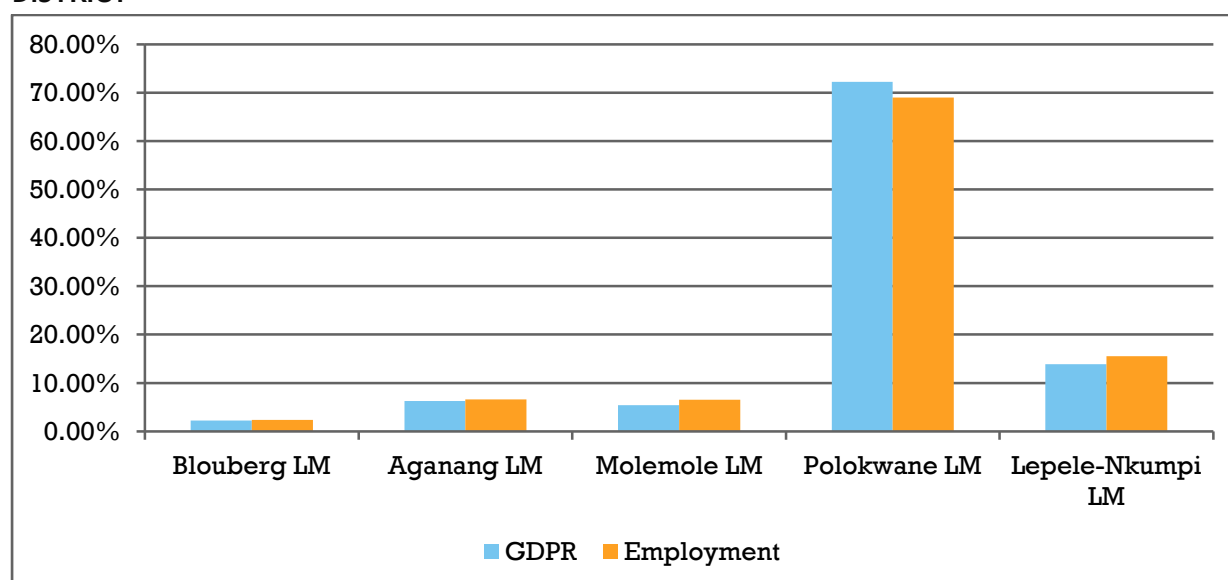
Table 4.10 below gives an indication of the employment share and GDP share that manufacturing provides as a sector in Aganang Local Municipality. While Figure 4.11 below shows the GDP and employment contribution of each local municipality to the Capricorn District’s manufacturing sector.

TABLE 4.10: MANUFACTURING SECTOR ECONOMIC INDICATORS, 2011

Sector share (2011)	Sector share in Aganang LM	Sector share in Capricorn DM	Contribution of Aganang LM sector to Sector of Capricorn DM	
Employment share	5.8%	6.9%	6.6%	
GDP share	3.4%	3.5%	6.3%	
Sector Average Growth P.A (2001-2011)	Sector Growth in South Africa	Sector Growth in Limpopo	Sector Growth in Capricorn DM	Sector growth in Aganang LM
Employment	-1.1%	-1.4%	-1.0%	1.3%
GDP	2.3%	2.3%	3.0%	4.8%

Source: Kayamandi calculations based on Quantec Research, 2013

FIGURE 4.11: GDP & EMPLOYMENT CONTRIBUTION OF MANUFACTURING TO THE CAPRICORN DISTRICT



Source: Kayamandi calculations from Quantec Research, 2013

The table and graph above shows that the GDP share which the manufacturing sector contributes to the total GDP of the Aganang Local Municipality is 3.4%. In the Capricorn District as a whole, manufacturing contributes 3.5% to the GDP share. The percentage share of the Aganang Local Municipality’s manufacturing sector shows that it contributes around 6.3% to the GDP share of manufacturing at a district level. The average growth per annum between 2001 and 2011, of the manufacturing sector’s GDP in Aganang Local Municipality shows a relatively good growth of 4.8% which is in agreement with South Africa, Limpopo and the Capricorn District in terms of positive growth.

The manufacturing sector in Aganang LM contributes 5.8% of the employment levels in the municipality which is higher than the GDP contribution. With regards to job creation, this sector is relatively important for the Aganang Municipality. In the Capricorn District, the share of employment by the manufacturing sector is 6.9%. The sector in Aganang Municipality contributes 6.6% to employment in the Capricorn District’s manufacturing sector. Employment within the manufacturing sector in Aganang

LM has an average per annum growth rate of 1.3% from 2001 to 2011, which is performing better than South Africa, Limpopo and the Capricorn District all experiencing a decrease in employment levels.

The Aganang LM Spatial Development Framework (SDF, 2010) acknowledges that industrial activities in Aganang are limited to service and light industries such as catering concern, bakeries, welding works, manufacturing of window frames, brick making, coal yards, vehicle repair, scrap yards, etc. It further acknowledges that as no industrial areas are found in rural areas, industrial activities are located within residential areas and in some instances (e.g. scrap yards, coal yards, welding works, etc.) these activities are not compatible with the residential land uses. The existing industrial activities within residential areas that are of a nuisance or noxious nature should be relocated outside or on the periphery of such settlements.

4.3.2 Manufacturing Sector Products, Existing Enterprise and Projects

As indicated in the preceding subsection, industrial activities in Aganang are limited to small service and light industries. There are currently no dedicated industrial area and industrial activities therefore are located within residential areas, and in some instances these activities are not compatible with residential land uses. The manufacturing sector in Aganang is too small to sustain and compete with large manufacturing industries in Polokwane and more specifically Gauteng, which are concentrated in a more vibrant and highly competitive region close to all other economic sectors that require manufactured goods. There are currently no incentives for industrialists to consider Aganang as a possible location, except maybe for the large labour pool that can be regarded as a potential attraction.

4.3.2.1 Existing Manufacturing Products and Enterprises

The table below provides numerical information of the employment and GDP contribution of the manufacturing subsectors to Aganang Local Municipality and the Capricorn District.

TABLE 4.11: MANUFACTURING SUB-SECTOR ECONOMIC INDICATORS, 2011

Sub-sector of Manufacturing	Employment share (%)		GDP share (%)	
	Sector share in Aganang LM	Sector share in Capricorn DM	Sector share in Aganang LM	Sector share in Capricorn DM
Food, beverages and tobacco	32%	29%	42%	37%
Textiles, clothing and leather goods	15%	9%	4%	2%
Wood, paper, publishing and printing	3%	8%	2%	5%
Petroleum products, chemicals, rubber and plastic	7%	5%	17%	16%
Other non-metal mineral products	14%	18%	12%	14%
Metals, metal products, machinery and equipment	15%	19%	12%	15%
Electrical machinery and apparatus	4%	2%	5%	2%
Radio, TV, instruments, watches and clocks	0%	1%	0%	1%
Transport equipment	4%	4%	4%	4%

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Sub-sector of Manufacturing	Employment share (%)		GDPR share (%)	
	Sector share in Aganang LM	Sector share in Capricorn DM	Sector share in Aganang LM	Sector share in Capricorn DM
Furniture and other equipment	6%	5%	2%	4%
Total	100%	100%	100%	100%

Source: *Kayamandi calculations based on Quantec Research, 2013*

The following subsectors, in descending order, offer the highest employment share in Aganang Municipality:

- Food, beverages and tobacco 32%
- Metals, metal products, machinery and equipment 15%
- Textiles, clothing and leather goods 15%
- Other non-metal mineral products 14%

Within the Capricorn District, the following sub-sectors have the largest employment share:

- Food, beverages and tobacco 29%
- Metals, metal products, machinery and equipment 19%
- Other non-metal mineral products 18%

The sub-sectors that contribute the most to the GDPR of the manufacturing sector of Aganang LM are:

- Food, beverages and tobacco 42%
- Petroleum products, chemicals, rubber and plastic 17%
- Metals, metal products, machinery and equipment 12%
- Other non-metal mineral products 12%

The GDPR shares of the highest contributing sub-sectors to the Capricorn District's manufacturing sector are:

- Food, beverages and tobacco 37%
- Petroleum products, chemicals, rubber and plastic 16%
- Metals, metal products, machinery and equipment 15%
- Other non-metal mineral products 14%

Only the most significant sub-sectors that contribute to the GDPR and employment rate of Aganang LM and the Capricorn DM manufacturing sector were provided above. Within each contribution type, the sectors remained almost constant as being the top contributors. It was only the Textiles, Clothing and Leather goods sub-sector that appeared only once as the third largest contributor to the manufacturing sector employment share to Aganang Municipality. Therefore, it can be concluded that the following sub-sectors, in descending order, contribute the most to employment and GDPR of Aganang LM:

- Food, beverages and tobacco
- Metals, metal products, machinery and equipment
- Other non-metal mineral products
- Petroleum products, chemicals, rubber and plastic
- Textiles, clothing and leather goods

As previously indicated, however, the Aganang LM does not have any major manufacturing companies operating within its borders and industrial uses or limited to small service and light industries. The contributions made by the subsectors, as listed above, can thus be attributed to small industries such as bakeries, welding services, vehicle repairs, etc.

4.3.2.2 Current initiatives, programmes and projects

The LEGDP (2009-2014) has an Industrial Development Programme, which identifies priority growth sectors in order ‘enhance the productive capability, capacity and efficiency of industrial sectors specifically the manufacturing sectors’. The purpose of this programme is to attain diverse export markets and products, to develop an efficient business environment with sophisticated levels of technology that will increase global competitiveness of Limpopo’s domestic industrial firms, and it aims to invest in physical infrastructure where necessary.

The Aganang LM’s SDF (2010) has identified Erf 1008 in Aganang Township as an area for future industrial development. Erf 1008 is located to the east of the “Business 1” erf (Erf 1006) and adjacent and to the north of District Road D3390 and is zoned “Industrial 1”. Erf 1008 is 25.25ha in extent and is therefore sufficient in size to provide in the needs for industrial development for a considerable time. It is however stated that it is important that a proper layout plan be designed for the industrial area to ensure that the land is optimally utilised and that the layout is conducive for industrial development.

Furthermore, the LED Unit of Aganang Local Municipality has in 2013 started implementing the Walk-in-25 Wholesale Distribution Project. A detailed business plan has already been developed and construction of the necessary infrastructure has already started to take place. The total budget for this project is approximately R26 million and will generate roughly 126 job opportunities.

4.3.3 Development Opportunities and Potential Projects

In order to identify possible opportunities within the manufacturing and industrial sector, it is important to understand the strengths and constraints within the sector. Based on the above and through stakeholder consultation, a number of strengths and constraints have been identified, as tabled in Table 4.11.

TABLE 4.11: MANUFACTURING AND INDUSTRIAL SECTOR STRENGTHS AND CONSTRAINTS

STRENGTHS	CONSTRAINTS
<ul style="list-style-type: none"> • Close proximity to major markets such as Polokwane • Transport linkages (N1 and N11) 	<ul style="list-style-type: none"> • No demarcated/dedicated industrial area • Backyard industrial activities has certain environmental risks • Lack of industrial incentives to attract industrial plants and SMMEs • Leakage of buying power <ul style="list-style-type: none"> ○ Manufacturing goods need local buying power

Taking the above factors into account, together with national and provincial policy directives and previous research that has been conducted in the area and the province, this section seeks to identify a number of development opportunities that can address the current issues experienced within the manufacturing sector as well as build on potential strengths.

The development opportunities/potential projects identified are:

- Development of Industrial area on Erf 1008 (Ceres intersection)
- Industrial Development Support:
 - Improving the enabling environment for industrial development, i.e. infrastructure, ICTs, business confidence and business environment
 - Addressing the market access through access to finance and information

- Investment incentives to promote investment in targeted industrial activities
- Provision of mentorship and support to SMMEs
- Ensure that projects are not duplicated and therefore over-flooding the market

4.4 Utilities and Construction Sector

4.4.1 Overview of the Utilities and Construction sectors

The utilities sector includes aspects such as the supply of electricity, gas, steam and hot water, as well as the collection, purification and distribution of water. Table 4.11 below provides an indication of the latest available utility sector economic indicators.

TABLE 4.11: UTILITY SECTOR ECONOMIC INDICATORS, 2011

Sector share (2011)	Sector share in Aganang LM	Sector share in Capricorn DM	Contribution of Aganang LM sector to Sector of Capricorn DM	
Employment share	2.2%	0.6%	27.0%	
GDPR share	20.4%	5.6%	23.2%	
Sector Average Growth P.A (2001-2011)	Sector Growth in South Africa	Sector Growth in Limpopo	Sector Growth in Capricorn DM	Sector growth in Aganang LM
Employment	1.8%	-3.9%	-1.5%	7.0%
GDPR	2.4%	3.9%	7.5%	16.8%

Source: Kayamandi calculations based on Quantec Research, 2013

The table above indicates that the utilities sector within the Aganang Local Municipality contributes significantly to the GDPR of the local economy (20.4%), but contributes less significantly to the employment of the local municipality (2.2%). The utilities sector of Aganang LM does however play a major role in GDPR and employment within the Capricorn District Municipality's sector, contributing 27% towards the sector's employment and 23.2% towards the sector's GDPR. The sector has shown significant growth in terms of GDPR (16.8%) and employment (7.0%), especially when compared to the growth rates at a national, provincial and district level. Employment within this sector in Limpopo and Capricorn DM has shown a negative growth rate over the last decade.

The construction sector involves aspects such as site preparation, building of complete constructions or parts thereof, civil engineering, building installation, building completion, and renting of construction or demolition equipment with operators. Table 4.12 below provides an indication of the latest available construction sector economic indicators.

TABLE 4.12: CONSTRUCTION SECTOR ECONOMIC INDICATORS, 2011

Sector share (2011)	Sector share in Aganang LM	Sector share in Capricorn DM	Contribution of Aganang LM sector to Sector of Capricorn DM	
Employment share	5.4%	6.7%	6.3%	
GDPR share	2.8%	3.5%	4.9%	
Sector Average Growth P.A (2001-2011)	Sector Growth in South Africa	Sector Growth in Limpopo	Sector Growth in Capricorn DM	Sector growth in Aganang LM
Employment	-0.2%	-1.7%	-2.6%	-4.9%
GDPR	7.7%	5.8%	4.9%	2.2%

Source: Kayamandi calculations based on Quantec Research, 2013

From the table above it is evident that the Construction sector has not played a major role in the local economy GDPR or employment in Aganang LM. Furthermore, it should also be noted that the

employment within this sector has shown negative growth from 2001 to 2011. The sector has shown marginal growth over the same time period in terms of GDP (2.2%), but it is small in relation to the growth shown on a national, provincial and district level.

The performance of the construction and utilities sector reflects strongly on the provision of infrastructure in the study area. Infrastructure investments must be focused on improving the availability and reliability of infrastructure services and must include spending on bulk water infrastructure, water supply networks and energy distribution.

4.4.2 Development Opportunities and Potential Projects

Taking the above into account, together with national and provincial policy directives and previous research/studies conducted in the area, a number of development opportunities can be identified for the Utilities and Construction sectors:

- Alternative energy sources:
 - Investigation of and development of alternative sources of energy and energy-saving techniques (such as solar and waste-to-energy alternatives)
- Construction material cluster:
 - Activities focused on servicing the construction sector (such as brick making and the production of other building materials)
- Creating an enabling environment:
 - Focus on providing an adequate and reliable supply of water and electricity through upgrading of current facilities
- Skills development programmes:
 - Focus on skills such as technical and artisanal skills, design skills and project management skills

4.5 Transport and Communications sector

4.5.1 Overview of the Transport & Communications sector

The transport and communications sectors are very important for the economic growth of an area. The transport sector is an essential component of the economy with strong effects on development and the welfare of populations. When transport systems are efficient, they provide socio-economic opportunities and benefits that result in positive multiplier effects such as better accessibility to markets, employment and additional investments. When transport systems are deficient in terms of capacity or reliability, they can have an economic cost such as reduced or missed opportunities.

Development in this sector is also supported by the importance of communication in the new global economy. The introduction of new technology to the area, i.e. logistics, information and communication technology (ICT), marketing channels, networking platforms, call centre, etc. can all contribute towards the development of various clusters and linkages within the local economy.

Table 4.13 below provides an indication of the latest available transport and communications sector economic indicators.

The Transport and Communications sector does not contribute significantly to the economy in Aganang LM in terms of GDP (2.2%) or employment (0.9%). It has also shown significant negative growth in production over the past decade (-8.8%) as well as in employment (-9.9%).

TABLE 4.13: TRANSPORT AND COMMUNICATIONS SECTOR ECONOMIC INDICATORS, 2011

Sector share (2011)	Sector share in Aganang LM	Sector share in Capricorn DM	Contribution of Aganang LM sector to Sector of Capricorn DM	
Employment share	0.9%	3.1%	2.3%	
GDPR share	2.2%	9.0%	1.5%	
Sector Average Growth P.A (2001-2011)	Sector Growth in South Africa	Sector Growth in Limpopo	Sector Growth in Capricorn DM	Sector growth in Aganang LM
Employment	2.2%	3.2%	-0.1%	-9.9%
GDPR	4.7%	4.7%	1.8%	-8.8%

Source: Kayamandi calculations based on Quantec Research, 2013

The most important road links within the Aganang Local Municipality are:

- The N11, which connects the Local Municipality with Botswana to the north, and with Mokopane (Mogalakwena) to the south.
- The R567, which connects the Local Municipality with Polokwane to the east

4.5.2 Development Opportunities and Potential Projects

Taking the above factors into account, together with national and provincial policy, a number of development opportunities can be identified for the Transport and Communications sectors:

- Upgrading of roads
 - Upgrading of roads, especially rural roads and roads that can create opportunities such as the N11
 - Contract local SMMEs in upgrading projects and road construction projects
- Promote the development of Information and Communications Technology (ICT):
 - Skills development especially in regards to communication skills and IT skills

4.6 Wholesale, Retail and Trade Sector

4.6.1 Overview of the Wholesale, Retail and Trade Sector

The Wholesale, Retail and Trade Sector can be classified as a division which “includes the resale (sale without transformation) of new and used goods to retailers, to industrial, commercial, institutional or professional user, or to other wholesalers, or acting as agents or brokers in buying merchandise to such persons or firms” (Standard Industrial Classification, 1993). The sector can further be classified into wholesale and retail trade and catering and accommodation. Thus the wholesale, retail and trade sector focuses on the primary provision and sale of products or goods to the households or persons for personal consumption and to any other business which redistributes and sells such products. The table below indicates the economic indicators for the Aganang LM wholesale, retail and trade sector.

TABLE 4.14: RETAIL AND TRADE SECTOR ECONOMIC INDICATORS, 2011

Sector share (2011)	Sector share in Aganang LM	Sector share in Capricorn DM	Contribution of Aganang LM sector to Sector of Capricorn DM	
Employment share	30.7%	22.6%	10.7%	
GDPR share	20.2%	11.7%	10.9%	
Sector Average Growth	Sector Growth	Sector Growth	Sector Growth	Sector growth

P.A (2001-2011)	in South Africa	in Limpopo	in Capricorn DM	in Aganang LM
Employment	1.2%	-1.8%	-4.7%	-0.2%
GDPR	3.6%	3.0%	-0.6%	4.7%

Source: Kayamandi calculations based on Quantec Research, 2013

The wholesale, retail and trade sector of Aganang LM contributed roughly 20% to the local economy during 2011, making it one of the main sectors of the local economy, alongside government services (24%) and the utilities sector (20%). The sector almost has a third share (31%) in the employment of the local economy, making it the largest employing sector within the municipal economy. The sector provided approximately 4 400 jobs in 2011. The GDPR contribution to this sector in terms of the district economy significantly drops to 12%, whilst it employs 23% of the districts workforce. Aganang LM’s wholesale, retail and trade sector contributes 11% to both the district’s GDPR and employment in the same sector.

The wholesale, retail and trade sector in Aganang LM has however shown a negative growth rate of -0.2% between 2001 and 2011 in employment. This may indicate the shrinking of businesses in the area. The sector has however shown significant growth of 4.7% in terms of GDPR over the same period.

When breaking the sector down into its two sub-sectors, 94% of the GDPR was contributed to the sector by the wholesale and retail trade, whilst catering and accommodation only contributed the remaining 6%. This exemplifies the importance of trade in wholesale and retail products within the municipality.

The informal sector within Aganang is a major component to the trade sector in the municipality. Informal trade is mostly characterised by the existence of spaza shops and hawkers who predominantly distribute smaller items such as food and beverages. The major issue identified is the limitation to space, formal trading areas and conflict which exists between shop-owners and hawkers.

4.6.2 Current Projects and Initiatives

The LEGDP (2009 – 2014) identified several initiatives related to enterprise development within the Limpopo Province. One of the main initiatives is focussed on the facilitation and promotion of SMME’s and Co-operatives within the province. The key strategic interventions identified are:

- **Micro-Enterprise Development Initiative (MEDI):**
The initiative focuses on the creation of micro-enterprise support groups within the same geographic location. The basis of this initiative is to create a support structure through which these micro-enterprises can assist and reach out to one another.
- **Limpopo Accelerated Strategic Capital Expenditure and Localisation Initiative (LASCELI):**
A Limpopo budget optimisation initiative. Boosting provincial SMME procurement opportunities through competitive supplier development programme (CSDP). The focus would be to create this programme to grow the supplier input community.
- **Sectoral SMME Growth Initiative:**
The LEGDP has developed an initiative called the Industrial Development Programme. Under this programme it would be possible for SMME development to occur within specific sectors based on the sector value position. SMME development initiatives will be created by considering issues related to backward and forward linkages found within the various value-chains that exist.
The sector SMME growth initiatives can be established in the following sectors:
 - Agro-processing SMME growth initiative
 - Mining and minerals SMME growth initiative

- Infrastructure SMME growth initiative
- Coal and energy SMME growth initiative
- ICT SMME growth initiative
- Tourism SMME growth initiative
- Defence and related industry SMME growth initiative
- Freight and logistics SMME growth initiative
- Creative industry SMME growth initiative
- **Limpopo SMME Information Programme:**

The scheme has been developed to create a basis from which SMME's could be informed concerning the support services and opportunities available, in order to be able to establish themselves and grow.
- **Limpopo SMME Observatory:**

This initiative has been designed to be a watchful eye over the problems, challenges and issues affecting SMME's throughout the province. The observatory will further focus on industry trends and the activities and developments of SMME's in the local economy.

To further promote the development of SMME's throughout the Limpopo Province, the Limpopo Provincial Government Department of Economic Development, Environment & Tourism created a SMME Strategy. The document has been drafted to provide a framework through which the development of small businesses can be facilitated and create a basis from which their role would contribute to the growth and development of the province. In the strategy a number of development strategies have been devised. These are listed below:

- **Provision of Appropriate Business Development Information:**
 - Research and development programmes on enterprises: This development strategy seeks to create a research database through which detailed information can be gathered and publicised to assist SMME's with information on opportunities and growth directives.
 - Information management and dissemination: The initiative focuses on providing entrepreneurs with information on how to start businesses as well as how to grow that business. This is focussed on providing support through a SMME database and information dissemination.
- **Co-ordination and Integration of Support Programmes:**
 - Integration: The strategy seeks to create a single one-stop service centre, which will be distributed throughout the network of service providers in the province. This will seek to minimise the extent to which entrepreneurs would have to travel between service centres.
 - Co-ordination and alignment to sectoral support strategies:
 - Agriculture: The alignment of SMME business development support to the agriculture sector through alignment with the Department of Agriculture in Limpopo. The strategy will further seek to create SMME's in the beneficiation of agricultural products and assistance in agro-processing.
 - Manufacturing: The initiative seeks to enable SMME's through the beneficiation of raw materials as well as create basis from which these businesses would be export ready.

- Tourism: The focus would be to identify the opportunities and the potential for SMME's to develop and grow within the tourism sector through the provision of business development support.
- Mining: Mining is a major industry for growth in the province and SMME's should be supported in the development of small scale mining enterprises.
- Transport: The focus would be to facilitate the small transport businesses into formal businesses operating in terms of business principles. The function would further be to provide business development support.
- Construction: The construction industry has a gap related to business support from agencies, as well as struggles with attaining position amongst the larger well established firms. Thus this programme seeks to support SMME's through support in inputs supply and business support.
- Information communication technology: This programme seeks to provide support to the ICT through business development and creating awareness of opportunities.
- **Increasing Competitiveness of Businesses:**
 - The main directive of this approach is to create capacity building within the SMME sector to allow these businesses to have technical skills advantages, high quality products and effective and efficient production. The strategy will seek to provide business support, improved quality of products and the encouragement of technology usage.
- **Increase Access to local and international markets:**
 - Increase access to international markets.
 - Develop capacity building programmes:
 - Facilitate linkages between big and small businesses.
 - Identification of SMME needs and opportunities within the various economic sectors.
 - Improvement of the marketing skills and competencies of SMME's
 - Marketing of SMME products locally and internationally.
 - SMME opportunities created through BEE.
 - Ensure that the export readiness programme can be co-ordinated.
 - Establish linkages and models with international SMME practices.
 - Alignment of SMME strategies with provincial development strategies.
 - Training of SMME's on the Small Exporters Programme.
 - Monitoring and evaluation of trade initiatives.
 - Determine SMME's that can scoop up opportunities for international trade.
 - Identification of factors that may hamper the intrusion of local SMME's into international markets.
- **Increase access to procurement opportunities:**
 - The creation of a procurement monitoring programme to encourage the empowerment of small enterprises.
 - Educating SMME's on BEE issues and opportunities
 - Assistance to SMME's to be able to benefit from BEE opportunities.
 - Assisting SMME's to be able to function in the inputs sectors of procurement.
- **Increase Access to Financial Resources:**

- Develop appropriate funding programme for the different categories of SMME’s.
 - Identify different financial needs for different SMME categories.
 - Identify available funding programmes
 - Develop programmes to bridge the gaps in funding.
- Improve capacity to service business loans: This programme seeks to create a facilitation process from which an SMME is assisted from the time a loan is received to the end of establishment to ensure that the business is sustainable, to improve performance and to develop an aftercare support programme.
- Increase access to a wider range of funding programmes: The identification of new funding programmes is the main goal of this strategy. It also envisages the incorporation into development programmes.
- **Entrepreneurship Development and Promotion:**
 - Awareness and education campaigns: These campaigns will be solicited to enable SMME’s and entrepreneurs to be informed about the opportunities available out there as well as the services and financial support that can be gained.
 - Targeted programmes: The targeted programmes are aimed at the categories of woman, youth, disabled and survivalist. These targeted programmes are made to address the unique needs of each category in the SMME realm.

The previous LED of Aganang (2007) identified the promotion of the informal (second) economy and its integration into the first economy as a key focus area for the economic development of the municipality. The recommended interventions that was identified for the LED Unit of Aganang in order to promote the informal economy is summarised in the table below.

TABLE 4.15: INFORMAL SECTOR INTERVENTIONS (LED, 2007)

Institutional Development Tasks	Structural Development Tasks
<ul style="list-style-type: none"> ● Identify informal entrepreneurs and facilitate their organisation to form/affiliate to a traders association. Facilitate the establishment of an Informal Economy Forum 	<ul style="list-style-type: none"> ● Demarcate Sufficient informal business zones and sites at appropriate places
<ul style="list-style-type: none"> ● Develop and implement training programmes for informal entrepreneurs on business development and life skills 	<ul style="list-style-type: none"> ● Provide appropriate structures and zones and sites
<ul style="list-style-type: none"> ● Develop and implement appropriate access to micro business financing 	
<ul style="list-style-type: none"> ● Assess opportunities for co-operative buying 	
<ul style="list-style-type: none"> ● Mobilise resources for informal economy support programmes 	
<ul style="list-style-type: none"> ● Deal effectively with crime in the context of the informal economy 	
<ul style="list-style-type: none"> ● Provide the requisite positions for informal economy promotion on the organogram and recruit suitable persons for this purpose 	
<ul style="list-style-type: none"> ● Draft an informal economy promotion policy that integrates the needs of informal entrepreneurs with the imperatives of municipal management 	

4.6.3 Backward and Forward Linkages

The linkage system in terms of wholesale, retail and trade is specifically focussed on the interaction between these business types as well as the local economic sectors such as agriculture, manufacturing and tourism.

The backward linkages or inputs into this sector are predominantly constructed out of the provision of products by wholesalers to the local retailers in the municipality. Thus retail inputs are gained from the local or regional wholesalers, whilst wholesalers in the municipality would predominantly go outside the municipality, district and province (such as getting products from Gauteng) to attain products.

Limited manufacturing and beneficiation of raw products occur within the Aganang Local Municipality, thus creating a limited base from which locally produced products are bought from the region.

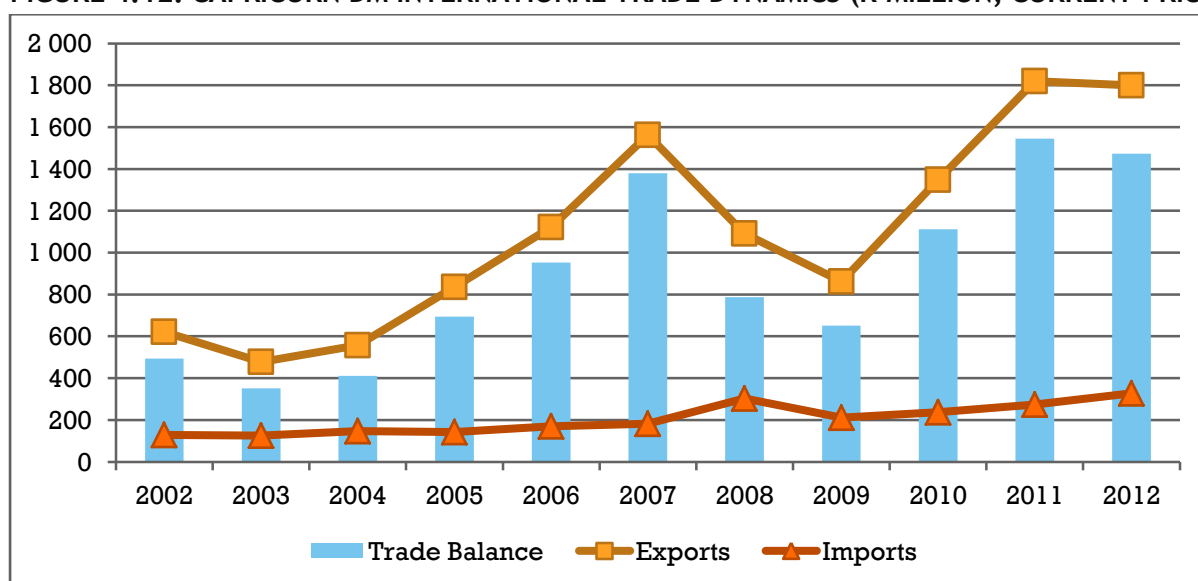
Informal trade may apply the same causalities, when providing products from a general dealer. Other distinctions can be made by considering trade done by the informal sector whereby produce from local farmers are distributed to the local communities. This creates a backward linkage between the existing farming and the local community traders whereby local produce is then distributed within the communities.

Forward linkages in this respect refer to the selling of products from the local traders, retailers and wholesalers to the local public in the municipality. The informal trade sector in the municipality, as mentioned above, is largely focussed on the provision of groceries by general dealers. The products are largely limited within the rural areas as a result of limited local distribution, and the limited capital made by these traders as a result of the limited consumer base who choose to purchase their products locally (within the rural areas) and would rather travel to the urban centre of Polokwane or adjacent municipalities.

The Capricorn District Municipality also plays a role in the export and import of products to and from the district. The identification of the countries to which local products are exported provides a clear definition of the demand for the local products, as well as possible linkages and gaps from where value-chain development can be facilitated.

The figure below shows the trade balance for the Capricorn District Municipality between the years 2002 and 2012.

FIGURE 4.12: CAPRICORN DM INTERNATIONAL TRADE DYNAMICS (R'MILLION, CURRENT PRICES)



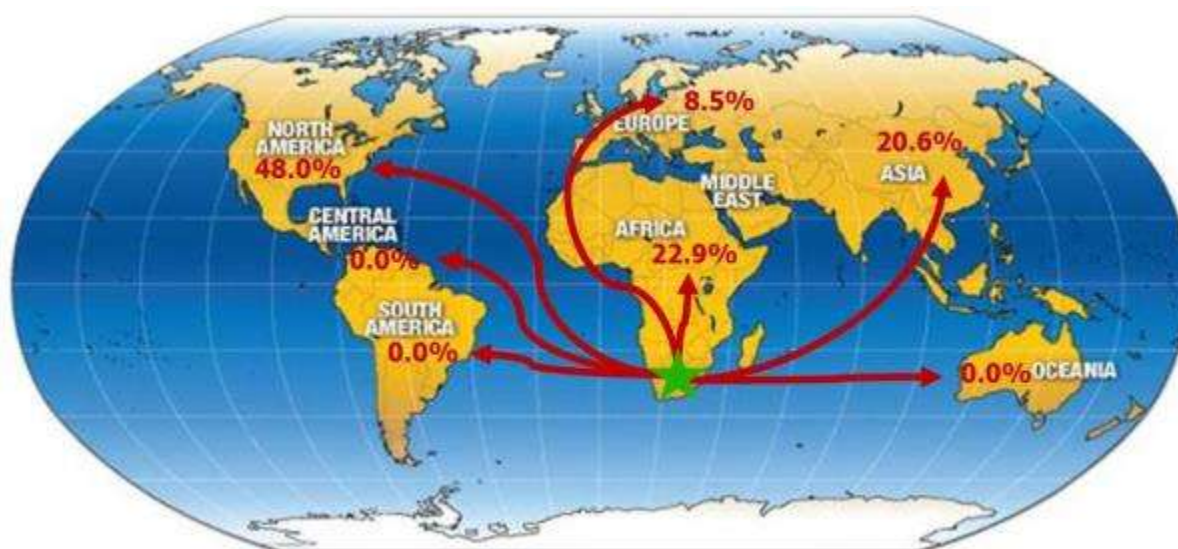
Source: Kayamandi calculations based on Quantec Research, 2013

In 2011, the trade balance within the Capricorn District accounted for 4% of the total GDP. This was slightly higher than the 2010 results, which was estimated at 3%. The trade balance share as a part of the GDP of the District between the years 2002 and 2011 has been nominal, accounting for never more than five percent. In the backdrop, the South African trade balance has not yet since 2003 shown a positive value, indicating that the Capricorn District does not have nominal advantages when considering exported items and the amount imported. The products and services imported to the district however may not be directly imported, but may be purchased from the other Provinces within South Africa.

The imports/exports values for 2012 in the Capricorn District showed that total international trade for the district amounted to R 2 127 million of which 85% were exports and the remaining 15% were imports.

Figure 4.13 illustrates the export regions of the Capricorn District and the share in values per region.

FIGURE 4.13: CAPRICORN DISTRICT MUNICIPALITY EXPORT FLOWS



Source: Kayamandi calculations based on Quantec Research, 2013

Of the total share of exports to other countries, North America is the main export region for the Capricorn District with a combined share of 48% of total exports, followed by Africa, Asia and Europe with 22.9%, 20.6% and 8.5% respectively. The Capricorn District has very nominal share in exports to Central America, South America and Oceania.

The main export from the Capricorn District during 2012, according to the Quantec Database 2013, is products of the chemical or allied industries, which accounts for approximately 69% of total exports. Of these inorganic chemicals, precious metal compounds and isotopes is the main product exported; followed by soaps, lubricants, waxes, candles, modelling pastes and other miscellaneous chemical products. The remainder of the products exported from the district is listed below in terms of its size (importance) in exports. These products are:

- Prepared foodstuffs; beverages, tobacco and associated products (10.5%)
- Animal or vegetable fats & oils and associated products (7.9%)
- Vegetable products (6.2%)
- Base metals and articles of base metal (3.6%)

- Works of art, collector’s pieces and antiques (0.5%)
- Live animals, animal products (0.3%)
- Plastics and articles thereof; rubber and articles thereof (0.3%)
- Machinery & mechanical appliances; electrical equipment and associated products (0.3%)
- Raw hides & skins, leather and associated products (0.2%)
- Pulp of wood or of other fibrous cellulosic materials (0.2%)
- Vehicles, aircraft and associated transport equipment (0.2%)
- Mineral products (0.1%)
- Optical, photographic and associated products (0.1%)
- Miscellaneous manufactured articles (0.1%)

4.6.4 Development Opportunities and Potential Projects

The Limpopo Provincial Government Department of Economic Development, Environment and Tourism did a study in 2007 of the Status of Rural Trade in Limpopo (SRTL). The study sought to determine the attributes, components, restrictions, gaps and fundamental challenges faced by SMME’s, whilst also determining the status of rural trade and the impact on SMME’s. The SRTL (2007) document determined that 86% of the Limpopo population can be classified as living in rural areas, and that rural SMME’s can be utilised as an instrument of economic growth within rural areas, as well as a tool initialised to narrow the gaps within the socio-economic divide. In terms of the above mentioned, it would be worthwhile to consider the information and conclusions determined from the study.

The study reveals, as shown in Table 4.16 below, that within CDM, 40% of SMME businesses have been classified as general dealers, whilst supermarket (limited variety), bottle stores and clothing stores were determined at 13%, 13% and 10% respectively. Some of the smaller classifications within the district contribution are fast-food (7%), bakery (4%) and hardware (3%). The rural sector in this instance shows that, products and services provided to the local communities are based on general consumption by private households. This may be viewed as standard practice within rural areas, as the provision of services and products are made to provide the community with the basic essentials to continue day to day living.

TABLE 4.16: SERVICE DESCRIPTION IN CAPRICORN DISTRICT

Service Description	Percentage
Clothing	10%
General dealer	40%
Supermarket	13%
Hardware	3%
Fast-food	7%
Bakery	4%
Bottle store	13%
Other	10%
Total	100%

Source: SRTL, 2007

Consumers in the district formed part of the survey and their responses have been tabled below in Table 4.17. Within the Aganang LM, rural areas of, Naledi, Mashashane, Maraba and Kalkspruit were considered. The results showed that the largest need within Aganang LM for businesses were Fruit & Veg, Butchery, Bakery and Financial services. This indicates that the local supply of these services are

not located within the rural areas and people have to travel to adjacent urban centres (such as Polokwane and Mokopane) to attain these services. Services that seem to be easily attainable in within these rural areas are phone shops, general dealers, tailors and vehicle spares.

The totals for the Capricorn District in relation to the services used by rural respondents but not found within the rural areas have also been tabulated below. The data shows fruit & veg and butcheries are the services generally used by rural respondents, but are not found within the rural areas. In association with the services required locally, respondents were asked whether they buy their products locally or in an urban centre. It was noted that 69% of respondents travel to an urban area, whilst the remaining 31% purchase their good locally. Also, of the rural consumers within the CDM, 60% travel to Polokwane to purchase goods, 4% travel to Lebowakgomo, 2% travel to Mankweng and 1% travel to Makhado.

TABLE 4.17: SERVICES MADE FREQUENT USE OF, BUT NOT AVAILABLE IN RURAL AREAS OF AGANANG LM AND CAPRICORN DM

Service	Aganang LM				Capricorn DM
	Naledi	Mashashane	Maraba	Kalkspruit	
Clothing	81%	-	-	-	49%
General dealer	13%	-	-	-	4%
Supermarket	100%	-	-	-	43%
Salon	75%	24%	56%	40%	24%
Tailor	13%	24%	-	-	6%
Fast food	63%	18%	22%	30%	22%
Financial	56%	29%	56%	80%	49%
Vehicle spares	31%	6%	-	-	6%
Bakery	63%	100%	67%	60%	53%
Bottle store	31%	-	11%	-	9%
Phone shop	-	-	-	-	4%
Service station	44%	-	11%	-	19%
Butchery	81%	65%	100%	80%	66%
Fruit & Veg	81%	100%	100%	70%	69%

Source: SRTL, 2007

The study further noted challenges faced by SMME's within the rural areas. The rural SMME's in the settlement of Kalkspruit within Aganang LM listed that they are faced with competition from urban owned businesses, followed by market-related issues and a lack of non-financial support. Crime was of minimal concern for local SMME's.

Furthermore, as mentioned previously, the economic structure within Aganang LM is largely limited by the fact that limited beneficiation activities are currently found in the municipality. This statement directly relates to the development of the value-chain within the local economy and as such also the diversification of the local economy and continued growth and development. This poses as a major gap in the local economy by which local traders acquire their inputs from outside the municipal borders, and that the municipal local economy do not provide products which can be distributed throughout the district, province and country.

Gaps further exist in the skills development of entrepreneurs and SMME’s within the Aganang LM. The Limpopo Business Support Agency (LIBSA) is the main driver of skills development targeted at SMME’s and entrepreneurs in the area. The limited skills available for business development in the area, as well as functional management and facilitation of new and emerging businesses, pose constraints in the successful development of new businesses. Based on this the gap exists for the establishment of several support agencies or centres through which business support and skills development can happen.

In conjunction with the previous discussion, SMME growth and development within rural areas, may also be a gap to consider. Based on the study of rural trade within Limpopo, it has become clear that needs exists in terms of butcheries, fruit & vegetable stores and financial services. It is also apparent that the rural inhabitants are also tasked with travelling long distances in order to do shopping. The gap exists to encourage the development of rural SMME’s which would provide supportive economies in the local rural communities. In line with this, further potential exists for the drafting of SMME and informal sector development strategies.

In order to identify possible opportunities within the wholesale and retail trade sector, it is important to understand the strengths and constraints within the sector. Based on the preceding information and through stakeholder consultation, a number of strengths and constraints have been identified, as tabled in Table 4.18.

TABLE 4.18: MANUFACTURING AND INDUSTRIAL SECTOR STRENGTHS AND CONSTRAINTS

STRENGTHS	CONSTRAINTS
<ul style="list-style-type: none"> • Recently established Wholesale Warehouse • Existing transport linkages • Aganang Business Chamber 	<ul style="list-style-type: none"> • Close proximity to Polokwane – leakage of buying power • Limited knowledge of existing businesses and economic trends • Shortage of business services • Limited capacity to support local SMME development

Taking the above factors into account, together with national and provincial policy, a number of development opportunities can be identified for the Wholesale, Retail and Trade sector:

- Promotion of existing wholesale & retail:
 - Development of a SMME Strategy for Aganang LM
 - Development of a Marketing & Investment Strategy for Aganang LM
- Agricultural inputs & Agro-processing:
 - Establish businesses (SMMEs) for the selling of agricultural inputs, such as seeds, pesticides, equipment, feed, livestock and game medicine and care products
 - Establish businesses (SMMEs) that can provide packaging material
- Informal sector:
 - Drafting an Informal Rural SMME Strategy for Aganang LM (building on the LSRT, 2007 document)
 - Formalise the informal trade sector
 - Provide trading areas for informal SMME traders
 - Encourage business (SMME) development in informal/rural areas, especially related to butcheries, fruit & veg and financial services

4.7 Tourism Sector

4.7.1 Tourism Sector overview

Tourism is not an economic sector on its own, but forms part of other sectors, especially the Trade, Transport and Finance sectors. However, due to its importance as an income and employment generator, it is believed that this sector should be discussed separately from the other sectors. Tourism includes travel for a variety of reasons, amongst others leisure and recreation, business, education, health and healing, religious pilgrimages, sport, visiting friends and relatives, meetings and conferences.

The Tourism sector is increasingly being recognised as an industry which has the economic potential to contribute to the reduction of poverty in developing countries and in remote rural areas, particularly as a result of its labour intensive nature, as well as the fact that many of the natural and heritage attractions are located in these rural areas, giving them a comparative advantage. There are a number of reasons why tourism is especially suitable for economic development in the Least Developed Countries, and by extension rural areas, and include:

- Tourism is consumed at the point of production, which means that the tourist has to go to the destination, opening up opportunities for local businesses and ensuring local benefits
- Tourism is a more diversified industry than many others, allowing linkages with and support for other economic activities
- Tourism is labour intensive and supports a wide range of skills
- It creates opportunities for small and micro entrepreneurs
- Apart from the material benefits, tourism also provides the poor with cultural pride, creating greater awareness of the natural environment and its economic value
- The infrastructure required by tourism can also benefit poor communities.

The Tourism sector is, therefore, seen as “an engine of employment creation, poverty eradication, ensuring gender equality and protection of the natural and cultural heritage. Tourism is a market led industry, where demand and market requirements inform the development of tourism supply. A brief analysis of current trends in tourism demand for the Limpopo Province will therefore provide direction for future tourism product development in the Province and allow for a more focussed approach in its marketing efforts. Detailed market information and tourism demand statistics even for the Limpopo Province, never mind Capricorn District and Aganang municipality, is limited, and the analysis is largely based on information obtained from South African Tourism, discussions with tourism authorities in the Province, and local tourism roleplayers.

As aforementioned, tourism is not a standalone economic sector; it relies on other economic sectors for functionality. In an attempt to understand the economic contribution of tourism in Aganang, the GDPR and employment of the accommodation and catering sub-sector were analysed.

Table 4.19 below depicts the employment and GDPR growth of the accommodation and catering subsector.

As depicted by Table 4.19, the contribution made by the sub-sector to GDPR and employment in Aganang LM and the district is almost insignificant. The table further indicate that there has been a negative growth in employment from this sector in the Municipality, District, Province and Country from 2001 to 2011. The Municipality has however shown significant growth (7.5%) in regards to the sector’s

GDPR between 2001 and 2011, which corresponds with the positive growth shown in the Province and the Country, whereas the Capricorn District’s sector has recorded a negative growth rate for the same period.

TABLE 4.19: ACCOMMODATION & CATERING SUB-SECTOR ECONOMIC INDICATORS, 2011

Sector share (2011)	Sector share in Aganang LM	Sector share in Capricorn DM	Contribution of Aganang LM sector to Sector of Capricorn DM	
Employment share	1.4%	1.3%	8.3%	
GDPR share	1.3%	0.7%	11.0%	
Sector Average Growth P.A (2001-2011)	Sector Growth in South Africa	Sector Growth in Limpopo	Sector Growth in Capricorn DM	Sector growth in Aganang LM
Employment	-1.1%	-4.8%	-7.6%	-4.0%
GDPR	5.0%	4.9%	-1.0%	7.5%

Source: Kayamandi calculations based on Quantec Research, 2013

4.7.2 Existing tourist attractions and facilities

Aganang has no established tourism attractions at present. It only has scattered taverns, restaurants and accommodation facilities located in the villages mainly patronized by local residents and business people venturing out into rural areas. There are no significant tourism flows passing through Aganang destination. There is potential to develop tourist area of attraction in Matlala area around the Mogoshi Mountains. There is a proposal to develop a Botanical Garden in the Matlala area which could be a catalyst to develop other tourism products in the area.

Aganang is poor in sites that can be classified in the must see tourism attraction category as highlighted in the Capricorn District Municipality (CDM) Tourism Development Plan, 2003. The area however has two nature reserves namely Ratang Baeng Nature Reserve and Bakone Nature Reserve. Some potential for tourism have been identified for future development such as:

- Lower income residents of Limpopo have no access to appropriate recreational and leisure facilities
- Research amongst peri-urban and rural communities revealed a demand for day visitor facilities that is family friendly, fun and affordable
- A young adventure market segment interested in mountain biking, hiking, rock climbing, kayaking and other water based activities
- Another market segment that will emerge with the development of the Polokwane Conference and Convention is the need to cater for accompanying persons for delegates and attendees from overseas
- Demand for day excursions from Polokwane are expected to increase – Aganang can offer attractive cultural heritage experiences with ease as it is near to Polokwane
- Mogoshi Mountain and valley offers opportunities for recreation, relaxation and both hard and soft adventure activities in the form of a small-scale resort development which can include: a central building with dining area, fast food kitchen, retail for snacks and refreshments, public toilets & sport and entertainment area with big screen, accommodation facilities e.g. self-catering chalets for families, small dormitory block, camping area with ablutions, “hermit huts” etc., recreational facilities such as swimming pool, braai sites, thatched shade umbrellas, food preparation facilities, an amphitheatre/lapa, open game area for ball games, and hawker stalls; Activity centre offering mountain bikes for hire, climbing wall, small lecture theatre, base for

guided walks, climbs and biking trails within Mogoshi Mountain; and an education centre to interpret nature, history and culture of the Mountain and surrounding areas. The area is 3300ha.

- Aganang could be part of the clustering concept where Mogoshi could be included in a route that takes Makapan, Masebe and the sites in the Blouberg, having inter-municipality linkages in selling the destination.

An abundance of local myths and legends and some interesting natural features and habitats exist in the Aganang municipal area. According to the CDM Tourism Development Plan, 2003 the area that has most appeal and is reasonably accessible is Ga-Mashashane. It is possible that a short cultural circuit, that would include a village “walkabout”, could be offered to tourists who are going to the Percy Fyfe Nature Reserve. The Mashashane area has some very striking rock formations and it is possible that places of archaeological interest may be available in the local hills. The latter should however be investigated.

According to the CDM Tourism Development Plan, 2003 the areas in and around Matlala, Mogoshi mountain and the village of Madietane has tourism potential. Apparently the local Chief requested the former Lebowa Government some years ago to declare a botanical reserve around Mogoshi Mountain to protect the wild flowers and other special plants in the area. The community did however not want the mountain to be fenced so the reserve was never formally demarcated. A network of walking trails could be built up and around the mountain and neighbouring hills, with care being taken not to allow any path to reach the summit where visitors may well disintegrate.

A local legend has it that this is the fate that will befall anyone climbing to the top of what is a very impressive peak. The rock formations in the hills surrounding Madietane are very photogenic and some historical or archaeological sites may also exist in these hills. An enormous wild fig tree is located in a dry river bed near the village that could be included in any future „Tree Route“ around Limpopo Province (CDM Tourism Development Plan, 2003).

The CDM Tourism Development Plan, 2003 proposed that a small resort be developed near Matlala to provide recreational facilities for day visitors from neighbouring communities. The facilities should include basic playground equipment for children, a small swimming pool, picnic and braai sites, an entertainment arena, a fast food outlet and shop selling refreshments including liquor, ablutions, thatched umbrellas for shade and a few appropriate indoor games. The resort should only open over weekends using part-time workers.

The Aganang Municipality is connected by both the N11 and the Polokwane-Gilead (R567) roads which connect the municipality with other municipalities such as Mogalakwena and Polokwane, but also with Botswana. These corridors/connections can be strategic linkages to these potential tourist sites.

4.7.3 Development Opportunities and Potential Projects

In order to identify possible opportunities within the tourism sector, it is important to understand the strengths and constraints within the sector.

Based on the above and through stakeholder consultation, a number of strengths and constraints have been identified, as tabled in Table 4.20.

TABLE 4.20: TOURISM SECTOR STRENGTHS AND CONSTRAINTS

STRENGTHS	CONSTRAINTS
<ul style="list-style-type: none"> • Good road accessibility and linkages (N1, N11, R567) • Existing nature reserves and associated potential 	<ul style="list-style-type: none"> • No significant tourism flows • No major leisure attraction base • No iconic tourist attraction • No major economic centre • Lack of tourism capacity, funding and investment • Limited craft/cultural amenities • Poor roads • Lack of clean water • Lack of political and government support • Lack of maintenance of facilities (public and private) • No sport facilities (recreational facilities) • Poor basic services from Local Municipality • Lack of accommodation in Aganang

Taking the above factors into account, together with national and provincial policy directives and previous research that has been conducted in the area and the province, this section seeks to identify a number of development opportunities that can address the current issues experienced within the tourism sector as well as build on potential strengths.

The development opportunities/potential projects identified are:

- Recreation & leisure tourist activities for low-income groups (local market)
- Day visitor facilities
- Adventure tourism (mountain biking, hiking, rock climbing, etc.)
- Catering and Hospitality
- Mogoshi Mountain
- Matlala Resort
- Botanical and Tourism Centre (Matlala)

4.8 Conclusion

The purpose of this section was to provide an overview of each economic sector within the Local Municipality, and to identify each sector’s strengths, weaknesses and relative comparative advantages. Following from the analysis and overview of each sector, specific development opportunities (or potential projects) were identified. These opportunities were selected according to their ability to exploit the existing strengths of the local economy, and their ability to create linkages between industries. Some opportunities/projects also address issues of the enabling environment, such as infrastructure and support services.

The next step towards reviewing the LED strategy for the Aganang Local Municipality is to develop a Strategic Framework for Local Economic Development in the Local Municipality.

Section 5: LED Framework

5.1 Introduction

This section forms the backbone of the strategy and provides the LED vision for the municipality, a set of objectives, development thrusts, programmes and projects identified through Section 4. These projects are then prioritised. The structure of the Section is as follows:

- LED vision and objectives
- Development Thrusts, Programmes and Projects
- Public and Private Sector Projects
- Project Prioritisation

5.2 LED Vision and Objectives

In order to achieve sustained economic development in the Aganang Local Municipality, it is very important to envision a clear future for the municipality and to establish a clear path to achieve the desired future.

This visioning should be done in a realistic manner through acknowledging and incorporating the strengths and opportunities embedded within the Aganang Local Municipality. This will enable the local community to set up attainable objectives and reach them – thus achieving economic development and community upliftment. It is important that the LED vision and objectives be aligned with that of the Local Municipality's IDP.

The vision and objectives as set out by the IDP are presented below.

IDP Vision:
“A unified and effective Municipality with sustainable quality of life for all”.

IDP mission:
“To provide integrated quality services to all Communities through Community participation, good governance, efficient administration and Local Economic Development

Core values of the municipality:

- *Transparency*
- *Accountability*
 - *Loyalty*
 - *Honesty*
- *Sense of urgency*
- *Responsibility*

The LED vision, mission and prioritised goals of the Aganang Municipality as documented in the previous LED Strategy (2007) are as follows:

LED Vision:
“to improve and promote economic growth and quality of life.”

LED mission:

“to create and sustain employment opportunities and to foster a stable and diversified economy.”

LED Prioritised goals:

- *Develop infrastructure to create a conducive environment for local economic development and investment*
- *Promote local economic development capacity within the municipality and among the community*
- *Create a local development information database*
- *Encourage entrepreneurship through education and enhanced opportunities*
- *Promote existing business and provide their needs*
- *Provide small business support*
- *Reduce the prevalence of HIV/Aids and its impact on the local economy*

5.3 Development Thrusts, Programmes and Projects

The LED Strategy for the Aganang Local Municipality is based on both the comparative and competitive advantages of the area. The strategy is also based on the opportunities the area has to offer as identified in the preceding sections. In order to maximise the spin-off effects from these advantages, as well as to intensify the local community benefit and enhance the competitiveness of the municipality, the strengths and opportunities that have been identified in Section 4 are grouped into strategic thrusts. Thrusts can be defined as: “Planned actions aimed at creating impetus and a critical mass in the local economic environment in order to generate momentum in the economy.”

Within each thrust, a number of programmes have been identified which are aimed on specific areas of development. These programmes were formulated specifically to obtain the overall goals set for the LED Strategy. Furthermore, each programme has a number of projects and facilitation issues that need to be implemented and addressed. These projects and facilitation actions are aimed specifically at enabling the municipality to achieve the targets that have been set by the various development programmes and thrusts.

The thrusts are therefore formulated and packaged in such a way that an integrated approach towards development and growth in the municipality is possible. The various thrusts also enable projects and other development initiatives to be linked to the different thrusts identified, so as to enable a more focused and coordinated approach to economic development.

While issues such as the expansion of economic infrastructure, improved institutional capacity and good governance do have a critical role to play in ensuring the effective economic development does take place, these issues are considered to be supportive elements that will not in its own result in the expansion of the economic base, and are therefore not included in the strategic thrusts.

The following table presents the key thrusts and programmes of the reviewed Aganang Local Municipality LED Strategy.

TABLE 5.1: THRUSTS AND PROGRAMMES

LED THRUSTS		
Agricultural Development & Expansion	Tourism and Green Economy Development & Promotion	SMME and Informal Business Development and Promotion
LED PROGRAMMES		
<ul style="list-style-type: none"> • Sustainable and diversified agricultural development • Emerging farmer support and skills development • Agro-processing and niche produce development • Promoting partnerships with Traditional Authorities 	<ul style="list-style-type: none"> • Tourism Growth and Development • Tourism Marketing and Organisation • Green Economy Promotion • Mitigate and prevent negative environmental impacts 	<ul style="list-style-type: none"> • Education and Skills Development • Mentorship and Support • SMME and Business development • Municipal Marketing Platforms • Retail Trade Promotion and Informal sector development

As can be seen in the above table, there are three thrusts, and each have a number of supporting programmes. The following sub-sections details upon the three thrusts, the programmes associated with each of the thrusts and all of the projects and actions associated with each of the programmes.

5.3.1 Thrust 1: Agricultural Development and Expansion

The Aganang Local Municipality, being largely rural based, is dependent on agricultural practices. Although the sector’s current contribution towards the economy of the area is not substantial, it holds potential for growth and further expansion. The objective of this thrust is to grow the current subsistence farming agricultural activities in the area into viable small-scale agricultural units, and furthermore to add value to local raw materials through the establishment of local beneficiation activities.

The thrust is aimed at the development and expansion of the agricultural sector, to enable improved efficiency and diversification. The following programmes have been identified under the agricultural development and expansion thrust:

- Sustainable and diversified agricultural development
- Emerging farmer support and skills development
- Agro-processing and niche produce development
- Promoting partnerships with Traditional Authorities

5.3.1.1 Sustainable and Diversified Agricultural Development

The aim of this Programme is to ensure that the municipality becomes more self-sufficient in terms of its agricultural production and to diversify the agricultural output of the municipality thereby increasing the impact of the agricultural sector as a source of income for the local communities.

As has been mentioned before, the rural communities of Aganang Local Municipality is largely dependent on agriculture practices, these are however largely subsistence farming practices. These subsistence agricultural activities include livestock farming, dry crop production and vegetable production.

Many opportunities in the agricultural sector relate to the municipality becoming more self-sufficient, i.e. less dependent on imports of agricultural produce that can be produced locally. The objective of this programme therefore is to grow the subsistence farming activities that occur in the area by

providing support to the farmers, and thereby promoting food security in the area. The aim of the programme is to enhance the overall productivity of agricultural activities in the area.

The following projects were identified to address the current issues faced by subsistence farmers in the area:

- **Project 1:** Conduct an audit to determine the size of local cattle production/rearing
- **Project 2:** Develop small-scale livestock farming cooperatives, identify land for livestock farming and align to Department of Agriculture initiatives
- **Project 3:** Establish vegetable production cooperatives focusing on produce suitable to the area such as spinach, cabbage, potatoes, tomatoes, etc. Obtain mentorship for these cooperatives from the current cooperatives practising vegetable production. Furthermore, investigate possible tunnel production for certain everyday vegetables that is not suitable for cultivation in the climate of the area.
- **Project 4:** Develop a poultry cluster, focusing on support and development of the existing and struggling poultry farming cooperatives in the area. Conduct an audit to determine the needs of and constraints faced by these cooperatives.
- **Project 5:** Investigate, identify and develop agricultural cooperatives that can supply agricultural produce to the Walk-in-25 Wholesale Warehouse Distribution Centre such as livestock (cattle and poultry), by-products (eggs, goats-milk, etc.) and vegetables.

The actions requiring facilitation to support this programme include:

- Facilitate the creation of support groups with mentorship and training programmes for farmers seeking to diversify their farming activities
- Facilitate and assist with continuous research for agriculture diversification and the introduction of new products
- Entice communities to start chicken farming, drought-resistant crops, cowpeas farming, etc.
- Facilitate the establishment of a cattle support centre/group that will support and provide guidance to new cattle farmers
- Ensure continued discussion with institutions like SEDA and with national institutions like the IDC and the dti to formulate financing mechanisms for the establishment of BBBEE farming enterprises and cooperatives
- Establish a livestock improvement and fattening programme

5.3.1.2 Emerging Farmer Support & Skills Development

The establishment of stronger linkages between the farmers in Aganang Municipality, the traditional authorities and the Department of Agriculture, and drawing the communal farmers into the first economy is important for the development of the agricultural sector in Aganang Local Municipality. These linkages are vital for economic development. However, the communal and emerging farmers in the rural areas face several constraints to develop sustainable ventures. These include a lack of adequate transportation, lack of business management skills, lack of access to external markets, existing levels of small-scale production, lack of access to financing for improvement, and lack of knowledge of existing opportunities.

It is vital that sustainable farming practices become a central feature of the farming activities undertaken in the rural economies. A key aspect facing the agricultural sector in the rural areas is the

large percentage of aged persons whom are currently practising agriculture and linked to this the lack of interest of youth to be involved in agriculture. A dire need exists for the development of a farming succession plan.

There are also several government-owned/initiated agricultural projects that are operating considerably below potential. In this regard it would be important to liaise with the relevant departments for the successful implementation of agricultural projects through the integration of efforts from several government departments at various levels as well as support service agencies.

The projects supporting the achievement of this programme are as follows:

- **Project 1:** Develop a database of existing cooperatives/farming practices within the municipal area to enable monitoring
- **Project 2:** Develop a central mentorship programme for emerging farmers to enable them to effectively manage a productive farming unit
- **Project 3:** Develop a business skills development programme aimed specifically at young/emerging farmers
- **Project 4:** Create a farming education and information sharing centre for farmers to share information on farming practices, attend training seminars and access local and affordable inputs for farming
- **Project 5:** Establish a cooperative for hiring of farming implements, small-scale processing equipment, tools and machinery and other equipment
- **Project 6:** Establish a local manufacturer of agricultural fertilisers and pesticides
- **Project 7:** Monitor and Ensure that an agricultural expert (an Department of Agriculture official/extension officer) visit each emerging farmer/cooperative once or twice a year to assess the farming practices and techniques and to give practical advise and on-site training and guidance

The actions requiring facilitation to support this programme include:

- Ascertain continued discussion with institutions like SEDA, LEDA, DBSA, Land Bank, GIZ, IDC and dti to formulate financing mechanisms to establish BBBEE farming enterprises
- Facilitate the acquisition of suitable land for sustainable small farming enterprises through negotiations and consultation with Traditional Authorities and the Department of Agriculture
- Develop a community rural support node and facilitate the provision of self-sustaining and community economic support training programmes and rural populations
- Organise working groups among the same type livestock, horticulture and poultry owners
- Facilitate emerging farmers and cooperatives meeting requirements
- Facilitate the formation of farmer based community associations and agri-business entities for farmer support, to ensure full participation in local economic development opportunities
- Facilitate access to training for seasonal farmers and farm workers during off-peak seasons
- Facilitate provision of information on how to access funding such as CASP
- Promote farmer utilisation of extension officers
- Initiate shared transport and machinery scheme to support emerging farmers

5.3.1.3 *Agro-processing and niche produce development*

This programme is aimed at the development and promotion of agro-processing/value-adding activities in the municipality as well as the development of niche produce. Various opportunities exist to taking the production of raw material in the Municipality as inputs into the development of local value-adding activities to produce both intermediate and final products, especially linked to the Walk-in-25 Wholesale Warehouse concept.

In response to declining agricultural profits, the general trend is for producers to develop new products with higher profit margins. Certain opportunities have been identified for the production of niche produce that are well adapted to the climatic conditions of the Municipality, and already grow freely in the area such as the Sisal plants.

The following projects were identified in support of this programme:

- **Project 1:** Facilitate the development of partnerships for the development of agro-processing facilities
- **Project 2:** Undertake a feasibility to establish a centralised goats milk cheese cooperative linked to the Walk-in-25 Distribution Warehouse with all the necessary cooling facilities/transport
- **Project 3:** Investigate the rejuvenation of the abandoned sisal farming project, as the sisal grow freely within the local municipal area without much water and other inputs. Furthermore, investigate agro-processing/beneficiation opportunities such as the manufacturing of rope/twine, or the manufacturing of a strengthening agent to be used in composite materials associated with various industries such as the automotive industry
- **Project 4:** Implement and support the Essential Oils Pilot project and the roll-out of the projects once the cultivars have been determined
- **Project 5:** Investigate the feasibility of establishing production cooperatives practising fruit productions (such as peaches and oranges) in areas with sufficient water availability such as the northern portions of Aganang municipal area
- **Project 6:** Establish a cattle feed production plant that will use processed chicken manure from broiler and poultry cooperatives/projects as primary input

Development facilitation issues to be addressed in support of this programme include:

- Research and promote various opportunities for poultry, crop and horticulture processing and promote maximum processing of agricultural products
- Facilitate public-private partnerships and joint venture establishments for development of agro-processing facilities

5.3.1.4 *Promoting Partnerships with Traditional Authorities*

A major concern identified in the municipal area in terms of economic development, is the lack of participation and inclusion of traditional authorities in decision making. Local Economic Development must be seen as a joint effort of all community structures. And Traditional Authorities, being the custodians of the land in Aganang Local Municipality, plays a major role, and without their participation, no development can take place in these rural areas. The aim of this programme is therefore to promote partnerships between the various traditional authorities and the local municipality.

The following projects were identified in support of this programme:

- **Project 1:** Implement a capacity building programme

- **Project 2:** Train and education traditional leaders/councils and rural communities on the subject of economic and socio-economic development, and the role that the Traditional Authority plays
- **Project 3:** Disseminate information to traditional authorities and rural communities on planned and proposed development projects

Development facilitation issues to be addressed in support of this programme include:

- Engage with the local house of the Limpopo Provincial House of Traditional Leaders on a continued basis to promote partnerships with the Traditional Authorities in the area
- Define the roles and functions of the Traditional Authorities and the Municipality within local economic development
- Promote participation of Traditional Authorities/leaders in decision-making and planning with regards to the local economic development of Aganang LM

5.3.2 Thrust 2: Tourism and Green Economy Development and Promotion

The objective of this thrust is to promote economic development through promotion of the tourism industry and development the green economy.

Currently, the economy of Aganang Local Municipality is largely dependent on certain sectors, such as government and community services. In order to address this dependency it is vitally important that the Municipality diversify by developing and supporting the underdeveloped sectors within the area. These sectors include Tourism and Green Economy sectors.

The following programmes have been identified under the Tourism and Green Economy Development and Promotion Thrust:

- Tourism Growth & Development
- Tourism Marketing and Organisation
- Green Economy Promotion
- Mitigation and Prevention of Negative Environmental Impacts

5.3.2.1 *Tourism Growth and Development Programme*

The Tourism sector has been identified as a key focus area for the Aganang Local Municipality by the previous LED Strategy and current IDP. The Tourism sector is increasingly being recognised as an industry which has the economic potential to contribute to the reduction of poverty in developing countries and in remote rural areas, particularly as a result of its labour intensive nature, as well as the fact that many of the natural and heritage attractions are located in these rural areas, giving them a comparative advantage

Although, the Municipality does not currently have any major tourism attractions, various opportunities exist for tourism development, especially with regards to the existing, undeveloped nature reserves and its natural features. The aim of this programme is therefore to develop the tourism sector within the Aganang Local Municipality, by creating and developing new tourism products and activities.

The key principles in developing new tourism products is to ensure, firstly, that markets for such products have been identified, and, secondly, that the new product will be located along strategic tourism corridors or flows or within, or adjacent to, established destinations. Any resource that lies too

far from main routes and flows, or is not close to a place already visited by tourists, will need to have exceptional drawing power to attract viable flows of visitors.

The following projects were identified in support of this programme:

- **Project 1:** Apply for funding to develop the Matlou-Matlala Nature Reserve. Develop the Nature Reserve into a viable tourist destination with game viewing, overnight facilities, guided trails, teambuilding/conferencing, etc.
- **Project 2:** Erect tourism signage and establish information landmarks along the main routes to ensure effective destination branding of Aganang
- **Project 3:** Formulate hospitality training programmes aimed at the youth as well as individuals currently involved in the hospitality industry. These training programmes should be marketed by providing a link on the municipal website
- **Project 4:** Establishment of an adventure camp and youth development centre with environmental and tourism awareness education at Utjane Dam
- **Project 5:** Investigate and implement one or two possible hiking circuits with proper signage indicating location and routes
- **Project 6:** Develop day visitor facilities and recreational infrastructure aimed at promoting local tourism

Development facilitation issues to be addressed in support of this programme include:

- Facilitate training in the hospitality industry through accredited SETAs
- Facilitate and implement tourism development support systems for emerging entrepreneurs
- Create private sector awareness of opportunities in developing potential partnerships with the rural communities/ traditional authorities
- Promote the establishment of a major annual event linked to the Matlou-Matlala Nature Reserve once established and operational

5.3.2.2 *Tourism Marketing & Organisation*

The purpose of this programme is to address the tourism organisation and marketing needs of the Aganang Local Municipality. The programme is focussed on commissioning a tourism research programme that will provide essential information on the health and well-being of the local tourism industry. A marketing plan and a strategic marketing alliance at a regional or district level is also required.

The following projects were identified in support of this programme:

- **Project 1:** Undertake tourism market demand and trends analysis of the local and surrounding areas
- **Project 2:** Develop a local tourism marketing plan

Development facilitation issues to be addressed in support of this programme include:

- Liaise with neighbouring destinations
- Facilitate tourism awareness campaigns at schools
- Establish an appropriate performance evaluation and monitoring system for the tourism industry within the destination

5.3.2.3 *Green Economy Promotion*

A green economy is one that results in improved wellbeing and social equity, while significantly reducing environmental risks and ecological scarcities. The underlying principle is to reduce the reliance of economic development on the increased consumption of, and damage to, natural resources and the environment, while meeting social needs and understanding inequities.

The development of the green economy has become a significant topic and focus throughout South Africa and government. In order to obtain sustainable development and to ensure the future of our towns and country, it is vitally important that all development actions should include green practices such as carbon reduction measures.

This programme therefore seeks to harvest an environmentally responsible community.

The following projects were identified in support of this programme:

- **Project 1:** Establish various recycling collection points (plastic, paper and household and commercial waste) at the Walk-in-25 shops within the various settlements. Linked thereto, establish recycled goods manufacturing cooperatives that produce plastic furniture, gifts, arts and crafts and handmade paper, etc. at the Wholesale Distribution Centre
- **Project 2:** Establish building material manufacturing cooperatives (bricks, biodegradable materials)
- **Project 3:** Undertake a feasibility for the establishment of refuse buy-back voucher centres, undertake pilot and once successful roll-out to other communities
- **Project 4:** Investigate the use of renewable energy at cooperatives/projects implemented through the LED Strategy (such as solar heaters) and investigate the establishment of cooperatives specialising in the manufacturing, installation and maintenance of such renewable energy sources/infrastructure

Development facilitation issues to be addressed in support of this programme include:

- Facilitate training for the production of bio-degradable (green) building materials
- Liaise with National Government to secure funding and gain support for green municipal service interventions

5.3.2.4 *Mitigation and Prevention of Negative Environmental Impacts*

An issue of major concern to the Local Municipality and a factor that can greatly impact on economic development in the area is that of land degradation. The Aganang Local Municipality is characterised by land degradation mainly caused by inefficient agricultural practices, overgrazing and food paths. The aim of this programme is to focus on mitigating and preventing negative environmental impacts in the municipal area.

Development facilitation issues to be addressed in support of this programme include:

- Mitigate and prevent land degradation through creating awareness regarding causes (such as overgrazing) and developing capacity building initiatives within rural communities to address challenges faced
- Mitigate and prevent environmental impacts related to illegal mining through assisting in legalising illegal sand mining for construction purposes, and by identifying, marketing and supporting new/proposed mining developments

5.3.3 Thrust 3: SMME & Informal Business Development

This thrust is focussed on the expansion, development and support of local businesses to ensure that the needs of local communities are sufficiently served from within the Municipality. It is also important that local businesses are supported in their development and growth and that the development of new SMMEs is stimulated. Many local businesses experience constraining factors such as a lack of business and financial management skills. The Municipality should, therefore, provide support in the provision of skills training.

The programmes forming the basis of this Thrust include:

- Education and Skills Development
- Mentorship and Support
- SMME and Business Development
- Municipal Marketing Platforms
- Retail Trade Promotion and Informal Sector development

5.3.3.1 *Education and Skills Development*

The training of local entrepreneurs can ensure that local businesses are competitive and can be sustainable. Many businesses do not possess the skills to effectively manage their businesses. The lack of business and financial management skills is a major constraining factor and it is important that these skills shortages are effectively addressed to ensure the sustainability and growth of local businesses. Training programmes should, therefore, specifically address these shortcomings.

The Municipality should also encourage and facilitate the development of relevant training programmes which develop skills in particularly the Agricultural, Wholesale and Retail, and Tourism-related sectors of the local economy. The curriculum of local schools, colleges and training facilities should also be reviewed to ensure that the skills developed are practical and relevant. In this respect, accredited training agencies should be utilised in providing entrepreneurs with learnership and training opportunities. Practical community training is also regarded as being cornerstone to progression and specific industries such as candle making, home sewing and baking industries, is essential.

Skills development needs to form an essential part of the programmes and projects that originate from the LED in order to attain success. The link between the Department of Labour and all relevant SETAs play an important role in ensuring the development of skills in the municipality.

The projects supporting the achievement of this programme are as follows:

- **Project 1:** Undertake a skills audit to identify the skills need within the rural communities
- **Project 2:** Undertake a feasibility for the establishment of a SMME incubator where basic and technical skills can be transferred to the unemployed and the youth
- **Project 3:** Develop a Computer Learning Centre to link up with the services provided by the Walk-in-25 Distribution Warehouse

The actions requiring facilitation to support this programme include:

- Facilitate access to ABET training and liaison with SETAs
- Create a task team that can liaise with the local business sector and the community to identify gaps and opportunities with regards to skills

- Promote training in business ownership and financial management skills through the Business Support Centre
- Facilitate skills development in manufacturing, bricklaying, painting, plumbing, construction industry, etc.

5.3.3.2 Mentorship & Support

In promoting the competitiveness of the Municipality, it is critical that local entrepreneurs are capacitated to survive and grow into sustainable SMMEs, which stay competitive and expand. It is, therefore, important that the type and extent of business support required by local businesses is determined by the Municipality in order to ensure that the most appropriate support services are established locally.

Local businesses should also be mentored in their fields to assist in the management, growth and expansion of their businesses. A database of business mentors should therefore be developed to allow local entrepreneurs access to networking opportunities. A mentorship programme should also be developed in consultation with NAFCOC, the labour council, and other organisations such as local businesses, social agencies, and students from colleges and high school and internationally trained professionals and skilled workers. Creating networks is also another important business tool for small and medium sized companies to work together to boost their bottom line. It would be important to ensure that larger companies outsource procurement of goods and services, undertake market development initiatives that work closely with buyers and agents to develop SMMEs, compile data base of emerging farmers, small business, and youth in need of mentorship and companies, individuals, and retired business persons willing to provide mentorship. The business support centres should co-ordinate meetings of mentors and those desiring mentorship. It would also be vital to ensure that commercial farmers become mentors for emerging farmers, etc.

The projects supporting the achievement of this programme are as follows:

- **Project 1:** Establish a local youth drop-in centre for youth to explore entrepreneurship and help them identify growth opportunities within local community
- **Project 2:** Identify informal businesses, compile them into a central database and encourage the registration and association with the Aganang Hawkers Association to enable inclusion in role-player discussions on business development opportunities, cooperatives, SMMEs and entrepreneurship
- **Project 3:** Compile and maintain a funding resource database that can be distributed to entrepreneurs within rural areas and used to facilitate lobbying for financial resources for SMMEs
- **Project 4:** Establish and maintain an unemployment desk with a skills register. The unemployment desk should support job placements and also include a rating system whereby temporary placed workers are rated
- **Project 5:** Introduce and facilitate industrial/manufacturing incentives for investors such as providing efficient service delivery and infrastructure requirements for business development
- **Project 6:** Establish a local Business Support Centre for central access to different support agencies, support services, government support services, etc.

- **Project 7:** Compile and maintain a Aganang Gateway 2 Opportunity database that will consist of a referral database of local maintenance and service providers with an associated list of references. A link to this database should be provided on the municipal website to ensure accessibility to the public

The actions requiring facilitation to support this programme include:

- Facilitate the development of community support cooperatives
- Support the integration of disadvantaged or hard-to-place workers
- Undertake 'buy local' campaigns assisting marketing and consumption of local products
- Facilitate the development of investor networks that link entrepreneurs and financiers (incl. finance institutions, corporate investors and individual investors)
- Enhance the roles of intermediaries/business consultants to play a stronger role in providing start-up support to entrepreneurs
- Facilitate the establishment of local forums and sectoral discussion platforms, such as a LED, business, industrial forums to facilitate group learning activities, explore joint marketing and networking opportunities
- Establish a local business support centre for central access to different support agencies, support services, government support services, etc.
- Facilitate linkages between e.g. SEDA and the local business chamber, SMMEs, entrepreneurs and business support structures
- Provide support and facilitate development and effective operation of one dedicated business chamber

5.3.3.3 SMME and Business Development

In ensuring the sustainability and growth of many small businesses in the Municipality, it is essential that entrepreneurs are supported in not only developing new SMME's, but also that SMME's are supported in gaining access to markets outside of the municipal boundaries. Many local businesses experience constraining factors such as the lack of access to the support provided by existing National and Provincial business support agencies. It is therefore essential that the establishment of local offices of these support services should therefore be encouraged and facilitated.

In ensuring that the business base of the Municipality continually expands and that entrepreneurs successfully develop new business enterprises, it is essential that technical know-how is transferred to up-coming business men and women.

Apart from providing the support for the establishment of new enterprises, the public and potential entrepreneurs should also be made aware of specific opportunities that exist for the establishment of new businesses. In this respect, the Municipality should make available and actively promote projects identified in this LED Strategy for implementation, thereby enticing new businesses to develop.

The projects supporting the achievement of this programme are as follows:

- **Project 1:** Investigate and identify possible women empowerment cooperative projects such as bakery, sewing and handiworks, crèche services, etc.
- **Project 2:** Undertake feasibility for the development of community cooperatives in the transport sector for transport of people and goods

- **Project 3:** Promote the establishment of IT-related SMMEs providing support services to individuals and the Walk-in-25 centre on issues related to technology and internet services and connectivity

The actions requiring facilitation to support this programme include:

- Assist with the lobbying of financial sources
- Provide assistance to informal retailers/hawkers in the form of storage facilities, formal trading stalls, etc.
- Launch annual entrepreneur of the year competition and annually identify start-ups in tourism, agriculture and wholesale & retail as nominees

5.3.3.4 Municipal Marketing Platforms

The municipalities LED unit together with their internal communication and marketing division should work together with regards to marketing and promotion of the investment opportunities in the area. Marketing of the opportunities provided in this LED strategy will enable maximisation of the benefits of the LED strategy to the Aganang Local Municipality.

The aim of this programme is for the municipality to make the public, potential businesses, start-ups, etc. aware of the opportunities identified within this LED and the benefits of these. This programme will thus focus on the municipality creating awareness of the potential opportunities that have been identified in this LED strategy that would be implemented within that calendar year, as well as any related programmes being implemented by support agencies during that timeframe.

The projects supporting the achievement of this programme are as follows:

- **Project 1:** Establish a municipal website and service desk/call centre where complaints as well as suggestions can be logged and tracked on the website
- **Project 2:** Launch an LED opportunities marketing campaign by distributing poster/providing links on the municipal website to attract investors/entice business start-ups in projects identified in the LED strategy

5.3.3.5 Retail Trade Promotion and Informal Sector Development

The Wholesale, retail and trade sector is a major focus area for the Aganang Local Municipality. This sector in particular has major potential to create linkages with other focus areas in the Municipality, such as agriculture and tourism, as well as manufacturing. This sector also provides opportunities for growth in the informal sector.

The following projects were identified in support of this programme:

- **Project 1:** Undertake a municipal-wide retail demand study to identify gaps and prevent leakages
- **Project 2:** Develop an informal trade policy and strategy to identify trade zones, and trade structures
- **Project 3:** Promote and Support the Walk-in-25 Wholesale Warehouse project through continued support and assistance, identifying local suppliers to be developed and supported, developing a locally-produced brand and brand products developed and sourced locally, promoting local produce through the provision of incentives (such as lower prices) and facilitating local supplier contracts to the warehouse

- **Project 4:** Develop a Competitive Cluster around the Wholesale Warehouse, which can include an Agricultural Inputs Cluster (fertilisers, chemicals, seedlings, etc.) and/or an Agri-equipment cluster (tractors, ploughs, etc.)
- **Project 5:** Development of a Transport & Logistics cluster

Development facilitation issues to be addressed in support of this programme include:

- Market retail opportunities and facilitate processing of applications
- Undertake ‘buy-local campaigns to assist with marketing of local products
- Assist with securing funding for the complete implementation of the Walk-in-25 Wholesale Warehouse project

The following subsection provides a summary of the Development Framework’s thrusts, programmes, projects and development facilitation actions as discussed in the preceding subsections.

5.3.4 Summary of Thrusts, Programmes, Projects and Facilitation Actions

Having described the aims of each of the thrusts and specific programmes required to ensure the successful implementation of the Thrusts, Table 5.2 – 5.4 provides a summary of all the strategic programmes, projects (or potential local community-owned businesses) and development facilitation actions developed per Thrust as part of the LED Framework presented by this Strategy.

TABLE 5.2: SUMMARY OF THRUST 1: AGRICULTURAL DEVELOPMENT & EXPANSION

PROGRAMMES	PROJECTS & DEVELOPMENT FACILITATION
Sustainable and diversified agricultural development	Projects
	<ul style="list-style-type: none"> • Conduct an audit to determine the size of the local cattle production/rearing • Develop small-scale livestock farming cooperatives, identification of land for livestock farming and alignment to DoA initiatives • Establish various vegetable production cooperatives focusing on produce suitable to the area such as spinach, cabbage, potatoes, tomatoes, etc. <ul style="list-style-type: none"> ○ Obtain mentorship from the current vegetable production cooperatives ○ Investigate possible tunnel production for certain everyday vegetables not suitable to be cultivated in the climate of the area • Develop a poultry cluster, focusing on the existing and struggling poultry farming cooperatives in the area • Investigate, identify and develop agricultural cooperatives that can supply agricultural produce to the Walk-in-25 Distribution Warehouse: <ul style="list-style-type: none"> ○ Meat (such as cattle, sheep and poultry) ○ By-products (such as eggs, goats-milk, etc.) ○ Vegetables
	Development Facilitation
	<ul style="list-style-type: none"> • Facilitate the creation of support groups with mentorship and training programmes for farmers seeking to diversify their farming activities • Facilitate and assist with continuous research for agriculture diversification and the introduction of new products • Entice communities to start chicken farming, drought-resistant crops, cowpeas farming, etc. • Facilitate the establishment of a cattle support centre/group that will support and provide guidance to new cattle farmers • Ensure continued discussion with institutions like SEDA and with national institutions like the IDC and the dti to formulate financing mechanisms for the establishment of BBBEE farming enterprises and cooperatives

PROGRAMMES	PROJECTS & DEVELOPMENT FACILITATION
Emerging farmer support and skills development	<ul style="list-style-type: none"> Establish a livestock improvement and fattening programme
	<p>Projects</p> <ul style="list-style-type: none"> Develop a database of existing cooperatives/farming practices within the municipal area to enable monitoring Develop a central mentorship programme for emerging farmers to enable them to effectively manage a productive farming unit Develop a business skills development programme aimed specifically at young/emerging farmers Create a farming education and information sharing centre for farmers to share information on farming practices, attend training seminars and access local and affordable inputs for farming Establish a cooperative for hiring of farming implements, small-scale processing equipment, tools and machinery and other equipment Establish a local manufacturer of agricultural fertilisers and pesticides Monitor and Ensure that an agricultural expert (an Department of Agriculture official/extension officer) visit each emerging farmer/cooperative once or twice a year to assess the farming practices and techniques and to give practical advise and on-site training and guidance
	<p>Development Facilitation</p> <ul style="list-style-type: none"> Ascertain continued discussion with institutions like SEDA, LEDA, DBSA, Land Bank, GIZ, IDC and dti to formulate financing mechanisms to establish BBBEE farming enterprises Facilitate the acquisition of suitable land for sustainable small farming enterprises through negotiations and consultation with Traditional Authorities and the Department of Agriculture Develop a community rural support node and facilitate the provision of self-sustaining and community economic support training programmes and rural populations Organise working groups among the same type livestock, horticulture and poultry owners Facilitate emerging farmers and cooperatives meeting requirements Facilitate the formation of farmer based community associations and agri-business entities for farmer support, to ensure full participation in local economic development opportunities Facilitate access to training for seasonal farmers and farm workers during off-peak seasons Facilitate provision of information on how to access funding such as CASP Promote farmer utilisation of extension officers Initiate shared transport and machinery scheme to support emerging farmers
Agro-processing and niche produce development	<p>Projects</p> <ul style="list-style-type: none"> Facilitate the development of partnerships for the development of agro-processing facilities Undertake a feasibility to establish a centralised goats milk cheese cooperative linked to the Wlak-in-25 Distribution Warehouse with all the necessary cooling facilities/transport Investigate the rejuvenation of the abandoned sisal farming project, as the sisal grow freely within the local municipal area without much water and other inputs <ul style="list-style-type: none"> Once the project is operational, investigate agro-processing/beneficiation opportunities such as the manufacturing of rope/twine, or the manufacturing of a strengthening agent to be used in composite materials associated with various industries such as the automotive industry

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PROGRAMMES	PROJECTS & DEVELOPMENT FACILITATION
	<ul style="list-style-type: none"> • Implement and support the Essential Oils Pilot project and the roll-out of the projects once the cultivars have been determined • Investigate the feasibility of establishing production cooperatives practising fruit productions (such as peaches and oranges) in areas with sufficient water availability such as the northern portions of Aganang municipal area • Establish a cattle feed production plant that will use processed chicken manure from broiler and poultry cooperatives/projects as primary input
	Development Facilitation <ul style="list-style-type: none"> • Research and promote various opportunities for poultry, crop and horticulture processing and promote maximum processing of agricultural products • Facilitate public-private partnerships and joint venture establishments for development of agro-processing facilities
Promoting Partnerships with Traditional Authorities	Projects <ul style="list-style-type: none"> • Implement a capacity building programme • Train and education traditional leaders/councils and rural communities on the subject of economic and socio-economic development, and the role that the Traditional Authority plays • Disseminate information to traditional authorities and rural communities on planned and proposed development projects
	Development Facilitation <ul style="list-style-type: none"> • Engage with the local house of the Limpopo Provincial House of Traditional Leaders on a continued basis to promote partnerships with the Traditional Authorities in the area • Define the roles and functions of the Traditional Authorities and the Municipality within local economic development • Promote participation of Traditional Authorities/leaders in decision-making and planning with regards to the local economic development of Aganang LM

TABLE 5.3: SUMMARY OF THRUST 2: TOURISM AND GREEN ECONOMY DEVELOPMENT AND PROMOTION

PROGRAMMES	PROJECTS & DEVELOPMENT FACILITATION
Tourism Growth & Development	Projects <ul style="list-style-type: none"> • Apply for funding to develop the Matlou-Matlala Nature Reserve. Develop the Nature Reserve into a viable tourist destination with game viewing, overnight facilities, guided trails, teambuilding/conferencing, etc. • Erect tourism signage and establish information landmarks along the main routes to ensure effective destination branding of Aganang • Formulate hospitality training programmes aimed at the youth as well as individuals currently involved in the hospitality industry. These training programmes should be marketed by providing a link on the municipal website • Establishment of an adventure camp and youth development centre with environmental and tourism awareness education at Utjane Dam • Investigate and implement one or two possible hiking circuits with proper signage indicating location and routes • Develop day visitor facilities and recreational infrastructure aimed at promoting local tourism
	Development Facilitation <ul style="list-style-type: none"> • Facilitate training in the hospitality industry through accredited SETAs • Facilitate and implement tourism development support systems for emerging entrepreneurs
	<ul style="list-style-type: none"> • Create private sector awareness of opportunities in developing potential

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PROGRAMMES	PROJECTS & DEVELOPMENT FACILITATION
	<p>partnerships with the rural communities/ traditional authorities</p> <ul style="list-style-type: none"> Promote the establishment of a major annual event linked to the Matlou-Matlala Nature Reserve once established and operational
Tourism marketing and organisation	<p>Projects</p> <ul style="list-style-type: none"> Undertake tourism market demand and trends analysis of the local and surrounding areas Develop a local tourism marketing plan
	<p>Development Facilitation</p> <ul style="list-style-type: none"> Liaise with neighbouring destinations Facilitate tourism awareness campaigns at schools Establish an appropriate performance evaluation and monitoring system for the tourism industry within the destination
Green economy promotion	<p>Projects</p> <ul style="list-style-type: none"> Establish various recycling collection points (plastic, paper and household and commercial waste) at the Walk-in-25 shops within the various settlements <ul style="list-style-type: none"> Linked thereto, establish recycled goods manufacturing cooperatives that produce plastic furniture, gifts, arts and crafts and handmade paper, etc. at the Wholesale Distribution Centre Establish building material manufacturing cooperatives (bricks, biodegradable materials) Undertake a feasibility for the establishment of refuse buy-back voucher centres, undertake pilot and once successful roll-out to other communities Investigate the use of renewable energy at cooperatives/projects implemented through the LED Strategy (such as solar heaters): <ul style="list-style-type: none"> Establish cooperatives specialising in the manufacturing, installation and maintenance of such renewable energy sources/infrastructure
	<p>Development Facilitation</p> <ul style="list-style-type: none"> Facilitate training for the production of bio-degradable (green) building materials Liaise with National Government to secure funding and gain support for green municipal service interventions
Mitigate and prevent negative environmental impacts	<p>Development Facilitation</p> <ul style="list-style-type: none"> Mitigate and prevent land degradation: <ul style="list-style-type: none"> Improve awareness regarding causes (such as overgrazing) Capacity building initiatives within rural communities to address challenges faced Mitigate and prevent environmental impacts related to illegal mining: <ul style="list-style-type: none"> Assist in legalising illegal sand mining for construction purposes Identify, market and support new/proposed mining developments

TABLE 5.4: SUMMARY OF THRUST 3: SMME & INFORMAL BUSINESS DEVELOPMENT

PROGRAMMES	PROJECTS & DEVELOPMENT FACILITATION
Education and skills development	<p>Projects</p> <ul style="list-style-type: none"> Undertake a skills audit to identify the skills need within the rural communities Undertake a feasibility for the establishment of a SMME incubator where basic and technical skills can be transferred to the unemployed and the youth Develop a Computer Learning Centre to link up with the services provided by the Walk-in-25 Distribution Warehouse
	<p>Development Facilitation</p> <ul style="list-style-type: none"> Facilitate access to ABET training and liaison with SETAs Create a task team that can liaise with the local business sector and the community to identify gaps and opportunities with regards to skills

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PROGRAMMES	PROJECTS & DEVELOPMENT FACILITATION
	<ul style="list-style-type: none"> Promote training in business ownership and financial management skills through the Business Support Centre Facilitate skills development in manufacturing, bricklaying, painting, plumbing, construction industry, etc.
Mentorship & Support	Projects
	<ul style="list-style-type: none"> Establish a local youth drop-in centre for youth to explore entrepreneurship and help them identify growth opportunities within local community Identify informal businesses, compile them into a central database and encourage the registration and association with the Aganang Hawkers Association to enable inclusion in role-player discussions on business development opportunities, cooperatives, SMMEs and entrepreneurship Compile and maintain a funding resource database that can be distributed to entrepreneurs within rural areas and used to facilitate lobbying for financial resources for SMMEs Establish and maintain an unemployment desk with a skills register. The unemployment desk should support job placements and also include a rating system whereby temporary placed workers are rated Introduce and facilitate industrial/manufacturing incentives for investors such as providing efficient service delivery and infrastructure requirements for business development Establish a local Business Support Centre for central access to different support agencies, support services, government support services, etc. Compile and maintain a Aganang Gateway 2 Opportunity database that will consist of a referral database of local maintenance and service providers with an associated list of references. A link to this database should be provided on the municipal website to ensure accessibility to the public
SMME and Business development	Development Facilitation
	<ul style="list-style-type: none"> Facilitate the development of community support cooperatives Support the integration of disadvantaged or hard-to-place workers Undertake 'buy local' campaigns assisting marketing and consumption of local products Facilitate the development of investor networks that link entrepreneurs and financiers (incl. finance institutions, corporate investors and individual investors) Enhance the roles of intermediaries/business consultants to play a stronger role in providing start-up support to entrepreneurs Facilitate the establishment of local forums and sectoral discussion platforms, such as a LED, business, industrial forums to facilitate group learning activities, explore joint marketing and networking opportunities Establish a local business support centre for central access to different support agencies, support services, government support services, etc. Facilitate linkages between e.g. SEDA and the local business chamber, SMMEs, entrepreneurs and business support structures Provide support and facilitate development and effective operation of one dedicated business chamber
SMME and Business development	Projects
	<ul style="list-style-type: none"> Investigate and identify possible women empowerment cooperative projects such as bakery, sewing and handiworks, crèche services, etc. Undertake feasibility for the development of community cooperatives in the transport sector for transport of people and goods Promote the establishment of IT-related SMMEs providing support services to individuals and the Walk-in-25 centre on issues related to technology and internet

PROGRAMMES	PROJECTS & DEVELOPMENT FACILITATION
	services and connectivity
	<p>Development Facilitation</p> <ul style="list-style-type: none"> • Assist with the lobbying of financial sources • Provide assistance to informal retailers/hawkers in the form of storage facilities, formal trading stalls, etc. • Launch annual entrepreneur of the year competition and annually identify start-ups in tourism, agriculture and wholesale & retail as nominees
Municipal Marketing Platforms	<p>Projects</p> <ul style="list-style-type: none"> • Establish/upgrade the municipal website and service desk/call centre where complaints as well as suggestions can be logged and tracked on the website • Launch an LED opportunities marketing campaign by distributing poster/providing links on the municipal website to attract investors/entice business start-ups in projects identified in the LED strategy
	<p>Projects</p> <ul style="list-style-type: none"> • Undertake a municipal-wide retail demand study to identify gaps and prevent leakages • Develop an informal trade policy and strategy to identify trade zones, and trade structures • Promote and Support the Walk-in-25 Wholesale Warehouse project: <ul style="list-style-type: none"> ○ Provide continued support and assistance ○ Identify local suppliers to be development and supported ○ Develop a locally-produced brand and brand products developed and sourced locally ○ Promote local produce through the provision of incentives (such as lower prices) ○ Facilitate local supplier contracts to the warehouse • Develop a Competitive Cluster around the Wholesale Warehouse: <ul style="list-style-type: none"> ○ Agricultural Inputs Cluster (fertilisers, chemicals, seedlings, etc.) ○ Agri-equipment cluster (tractors, ploughs, etc.) • Transport & Logistics cluster <p>Development Facilitation</p> <ul style="list-style-type: none"> • Market retail opportunities and facilitate processing of applications • Undertake 'buy-local campaigns to assist with marketing of local products • Assist with securing funding for the complete implementation of the Walk-in-25 Wholesale Warehouse project
Retail Trade Promotion & Informal sector development	

5.4 Project Prioritisation

The Projects and Development Facilitation Actions were prioritised based on the level of importance as judged by the relevant stakeholders of the LED of Aganang Local Municipality. Further internal deliberations finalised the list of projects and actions that tackle the most pressing needs in the Municipality, that will have the largest impact within the local economy and which thus need to be implemented first (within the 5-year timeframe of the LED Strategy). As such, the projects and actions were prioritised in terms of those that need to be implemented immediately in order to create an immediate impact on the local economy.

5.4.1 Prioritised Projects

Nine projects were identified as key priority projects and these are provided in Table 5.2. These projects should be implemented as a priority, requiring the facilitation of actions to commence

immediately after approval of this LED Strategy. **Annexure A** can be consulted for a list of potential funding sources for the priority and other projects.

TABLE 5.2: PRIORITISED PROJECTS AND DEVELOPMENT FACILITATION ACTIONS PER THRUST

THRUST 1: AGRICULTURAL DEVELOPMENT & EXPANSION
<ul style="list-style-type: none"> • Rejuvenation of the abandoned Sisal project • Central Mentorship Programme for Emerging Farmers • Development, Support, and Expansion of Vegetable Production Cooperatives • Essential Oils Production Project support and roll-out
THRUST 2: TOURISM AND GREEN ECONOMY DEVELOPMENT AND PROMOTION
<ul style="list-style-type: none"> • Funding and Support for the Matlou-Matlala Nature Reserve • Walk-in-25 Recycling Cooperative
THRUST 3: SMME AND INFORMAL BUSINESS DEVELOPMENT
<ul style="list-style-type: none"> • Compile and Maintain a Aganang Gateway 2 Opportunity database • Establish a local Youth Drop-in and Development Centre • Establishment of ICT-related SMME's

For each of the priority projects, the following two sheets are provided to assist with marketing and implementation:


- **Project Marketing Information Sheet:**
 - Project description
 - Proposed location and beneficiaries
 - Strengths and Opportunities
 - Potential impacts
 - Target market
 - Role-players
 - Approximate capital cost
- **Project Implementation Sheet:**
 - Position of project in strategy
 - Project priority
 - Key success factors
 - Key risks and challenges
 - Key implementers
 - Potential funding and training sources
 - Facilitation actions
 - Implementation actions
 - Total project implementation budget
 - Municipal budget per financial year

The project information sheets are in shades of green, while the project implementation action sheets are in shades of blue. These are provided hereunder.

PROJECT MARKETING SHEET	
PROJECT	Compile and Maintain a Aganang Gateway 2 Opportunity Database
PROJECT DESCRIPTION	
<p>The project consists of the compilation and maintenance of a Gateway 2 Opportunity (G2O) database for the Aganang Local Municipality. The database will focus on the creation of a database of local service providers and local businesses directory. The envisioned results of the project are to set-up the database and that the database be linked to the municipal website, whereby marketing of this website can be done through word-of-mouth (such as like through local radio stations and internal communication channels). The database would then allow businesses and/or individuals to register on the database.</p>	
<p>The project will aim to create the business database which will contain information about all businesses within the Aganang Local Municipality. The project will entail the identification of all businesses as well as to attain further information of those businesses such as contact information, business description, services, needs and advantages. The information gathered, will be compiled into a central database which provides added advantages such as; reducing complexity; centralisation of information; distribution of information; marketing and advertising of local businesses; and enabling networking and linkages. The database will further act as a mechanism for creating linkages and information sharing opportunities between local businesses within the municipality.</p>	
<p>In conjunction to the business database, a skills, talents and abilities audit should be done in order to fully understand the supply of skills within the various towns and villages within the municipality. The database will be linked to the G2O database to enable networking, linkages and targeted job opportunities.</p>	
<p>The G2O database will, through the registration of individuals and businesses on the database, provide individuals the opportunity to access employment, training and skills development. The benefits of the G2O database extend to both employers and employees through which both parties will be linked to available skills development and employment opportunities in the municipality from a central system. The system will in turn provide comprehensive career guidance information, inclusive of industry trends and occupational outlooks, linking job seekers with all available job opportunities in the area and enabling employers to recruit on-line and immediately access the candidate database for suitable applicants.</p>	
STRENGTHS AND OPPORTUNITIES	POTENTIAL IMPACTS
<ul style="list-style-type: none"> • Access to training and mentorship improved • Business start-ups and sustainability increased • Access to start-up capital and funding improved • Access to larger markets and contracts improved 	<ul style="list-style-type: none"> • Procurement of locally produced products and services • Centralised business support
POTENTIAL BENEFICIARIES	TARGET MARKET
<ul style="list-style-type: none"> • Unemployed skilled work seekers • Local emerging businesses & entrepreneurs 	<ul style="list-style-type: none"> • Local small and micro businesses • Unemployed, yet skilled individuals
ROLEPLAYERS	APPROXIMATE CAPITAL COST
<ul style="list-style-type: none"> • Aganang Local Municipality LED Office • Capricorn District Municipality • Business Chamber 	<p>R 200 000 - The capital cost will include the development of the database as well as the skills audit</p> <p>R 20 000 per year for updating and maintenance of database thereafter</p>




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PROJECT IMPLEMENTATION SHEET												
PROJECT	Compile and Maintain a Aganang Gateway 2 Opportunity Database											
THRUST	SMME & Informal Business Development											
PROGRAMME	Mentorship & Support											
PROJECT PRIORITY	1											
KEY SUCCESS FACTORS						KEY RISKS AND CHALLENGES						
<ul style="list-style-type: none"> Buy-in from business support agencies Up-to-date and relevant information Support from local radio stations Support from communities Linkages to proposed youth drop-in centre 						<ul style="list-style-type: none"> Limited involvement by support agencies Exclusivity of support to specific sectors 						
POTENTIAL SOURCES OF FUNDING												
<ul style="list-style-type: none"> IDC DTI SEDA www.fundinetwork.org.za 												
KEY IMPLEMENTERS												
<ul style="list-style-type: none"> Aganang Local Municipality LED Unit Aganang Local Municipality IT department/web-developer 												
FACILITATION ACTIONS	2014		2015		2016		2017		2018		COST	
Identify responsible internal person/entity for database											Internal	
Liaise with local business forums/chambers to identify their involvement												
Liaise with www.fundinetwork.org.za												
TOTAL DEVELOPMENT FACILITATION BUDGET					Internal							
IMPLEMENTATION ACTIONS	2014		2015		2016		2017		2018		COST	
Create a database for all members											R 200 000	
Link up database on web												
Undertake marketing of database through local radio stations												
Maintenance and updating of database											R 80 000	
TOTAL IMPLEMENTATION BUDGET					R 280 000							
MUNICIPAL BUDGET PER FINANCIAL YEAR	2014		2015		2016		2017		2018		COST	
	R 200 000		R 20 000		R 20 000		R 20 000		R 20 000		R 280 000	

PROJECT MARKETING SHEET	
PROJECT	Rejuvenation of the abandoned Sisal project
PROJECT DESCRIPTION	
<p>This project involves the rejuvenation of the abandoned sisal projects next to (and to the south of) the R567 (Gilead Road), Palmietfontein Sisal Project (West of De Loskop Mountain, South Eastern part of Zanput 202LS). The sisal projects were agricultural initiatives of the previous government, and were abandoned due to a lack of finance; however, today some sisal plants have remained in the areas. Sisal (<i>Agave Americana</i>), being a coarse and strong fibre, is increasingly being used in composite materials for cars, furniture and construction as well as in plastics and paper products. Sisal is a renewable resource and absorbs more carbon dioxide than it produces over its lifecycle. During processing, it generates mainly organic wastes and leaf residues that can be used to generate bioenergy produce animal feed, fertiliser and ecological housing material and, at the end of its life cycle, sisal is 100% biodegradable. Moreover, sisal plants reduce soil erosion through its extensive root system and contribute positively to watershed management.</p> <p>Sisal has a wide variety of applications include:</p> <ul style="list-style-type: none"> • Traditionally twine, ropes, string, yarn, (which can also be woven into carpets, mats, handicrafts, etc.) • Sisal pulp and paper (e.g. cigarette paper filters, teabags, etc.) • Textiles (buffing cloth for steel) • Reinforcing composites – substitute or enhance fibre-glass used to reinforce plastic in automobiles, etc.; used to add strength to cement mixtures, used as insulation material • Plastic and rubber composites (automotive components and other furniture, dart boards) • Sisal waste products (can be used for making biogas, pharmaceutical ingredients, building material, etc.) <p>Sisal has a promising future not only because of the new uses of this fibre but also because of growing public awareness that natural fibres, like sisal, are environmentally friendly. The growth of sisal for use in non-traditional markets indicates that sisal is becoming increasingly recognised as a valuable and diverse resource material. It is proposed that a partnership be formed with Rebtex South Africa being a major role-player in the processing of sisal, as they are involved with communities in re-establishing areas of sisal fibre agricultural industry.</p>	
STRENGTHS AND OPPORTUNITIES	POTENTIAL IMPACTS
<ul style="list-style-type: none"> • Already existing but abandoned sisal plantations • Sisal grows and can be harvested throughout the year • Sisal has an unlimited local market (for the fibre) • Sisal receives a good final price • Labour intensive farming 	<ul style="list-style-type: none"> • Creating new job opportunities • Creating a new niche product and industry in Aganang LM
POTENTIAL BENEFICIARIES	TARGET MARKET
<ul style="list-style-type: none"> • The local community • Local unemployed, especially women, youth & disabled 	<ul style="list-style-type: none"> • Local market • Automotive industry
ROLEPLAYERS	APPROXIMATE CAPITAL COST
<ul style="list-style-type: none"> • Agricultural Research Council (ARC) • Industrial Development Corporation (IDC) • Department of Agriculture • Aganang Local Municipality • Local communities and Traditional Authorities • Rebtex South Africa 	<p>R 50 000 is budgeted to allow for negotiations with Rebtex to develop the proposed project. The costs for developing the Business Plan is estimated to be R 50 000, and an additional R 100 000 is budgeted for initial start-up costs. Further funding/capital costs to be determined and obtained through CASP or Rebtex</p>

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PROJECT IMPLEMENTATION SHEET						
PROJECT	Rejuvenation of the abandoned Sisal Project					
THRUST	Agricultural Development & Expansion					
PROGRAMME	Agro-processing and niche produce development					
PROJECT PRIORITY	2					
KEY SUCCESS FACTORS			KEY RISKS AND CHALLENGES			
<ul style="list-style-type: none"> Obtaining support from ARC Obtaining buy-in from Traditional Authorities and local communities Partnership with Rebtex South Africa Obtaining funding Determining the focus product (e.g. ropes, etc.) 			<ul style="list-style-type: none"> Access to funding and training Lack of extension services and support Access to land Access to markets 			
POTENTIAL SOURCES OF FUNDING						
<ul style="list-style-type: none"> Aganang Local Municipality Capricorn District Municipality Department of Agriculture DTI IDC DBSA 						
KEY IMPLEMENTERS						
<ul style="list-style-type: none"> Aganang Local Municipality LED Unit Capricorn District Municipality LED Unit Department of Agriculture Rebtex SA 						
FACILITATION ACTIONS	2014	2015	2016	2017	2018	COST
Negotiate with Rebtex SA to implement project						R 50 000
Identify lessons learnt from existing producers						Internal
Identify potential beneficiaries and markets						
Facilitate development of cooperative						
TOTAL DEVELOPMENT FACILITATION BUDGET			R 50 000			
IMPLEMENTATION ACTIONS	2014	2015	2016	2017	2018	COST
Undertake business plan						R 50 000
Negotiate contracts with markets						
Rejuvenate abandoned sisal plantation						R 100 000
Obtain funding for implementation/ expansion of project						Internal
Monitor project						
TOTAL IMPLEMENTATION BUDGET			R 150 000			
MUNICIPAL BUDGET PER FINANCIAL YEAR	2014	2015	2016	2017	2018	COST
	R 50 000	R 150 000	R 0	R 0	R 0	R 200 000

PROJECT MARKETING SHEET	
PROJECT	Central Mentorship Programme for Emerging Farmers
PROJECT DESCRIPTION	
<p>Due to the large dependency of the local communities of Aganang on agriculture, it is home to various subsistence farming practices, which include livestock farming as well as crop farming. Due to the large dependency on agriculture as well as the various opportunities that exist in creating employment within agriculture, the Aganang Local Municipality has established and developed various small-scale agricultural cooperatives.</p> <p>The purpose of this action is to facilitate the development of a central mentorship programme and support structure for specifically emerging farmers to teach them how to breed quality cattle, conduct suitable crop selection, farm sustainably and adopt abattoir/retailer specifications.</p> <p>Specialised support and advice from the local abattoirs/retailers, knowledgeable Department of Agriculture officials, as well as skills transfer will assist in enabling struggling and/or emerging farmers to effectively manage a productive farming unit.</p>	
	<p>The idea behind this action is to establish a farming education and information sharing network where farmers can share information on sustainable farming practices, methods to increase production, product care and – improvement, sources of funding, establishing partnerships, marketing, sales, and basic business skills on a monthly basis, where a topic/theme can be proposed for each month. Knowledge pertaining to the aforementioned will empower farmers and enable them to successfully compete in the market and obtain higher prices for their products.</p>
STRENGTHS AND OPPORTUNITIES	POTENTIAL IMPACTS
<ul style="list-style-type: none"> • Existing and upcoming farming community • Opportunity to provide farmers with knowledge and skills and improve their ability to run a productive farming unit 	<ul style="list-style-type: none"> • Increase farming productivity • Ability to enter and effectively compete in the market
POTENTIAL BENEFICIARIES	TARGET MARKET
<ul style="list-style-type: none"> • Local communities of Aganang Local Municipality 	<ul style="list-style-type: none"> • Current emerging farmers/agricultural cooperatives • Subsistence farmers
ROLEPLAYERS	APPROXIMATE CAPITAL COST
<ul style="list-style-type: none"> • Capricorn District Municipality • Aganang Local Municipality LED Office • Department of Agriculture Extension Officers • Emerging farmers/established agricultural cooperatives • Local community • Walk-in-25 Wholesale Warehouse Distribution Centre 	<p>This action aims to establish a communication channel between knowledgeable farmers and emerging farmers and Department of Agriculture extension officers. Facilitation is required in terms of meeting coordination, establishing a database of mentors and beneficiaries, etc.</p> <p>The capital costs are an estimated R 100 000 per year for the next 5 years (R 500 000). This money will be utilised for the expenditure accrued by the responsible LED Officer and/or mentors</p>

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PROJECT IMPLEMENTATION SHEET						
PROJECT	Central Mentorship Programme for Emerging Farmers					
THRUST	Agricultural Development & Expansion					
PROGRAMME	Emerging Farmer Support and Skills Development					
PROJECT PRIORITY	3					
KEY SUCCESS FACTORS			KEY RISKS AND CHALLENGES			
<ul style="list-style-type: none"> Adequate skills transfer to, and training of emerging farmers and subsistence farmers Support from, and willingness of knowledgeable farmers to share information Willingness of beneficiaries to learn & receive advise Good facilitation by Aganang LM 			<ul style="list-style-type: none"> Poor buy-in from knowledgeable farmers and extension officers from the Department of Agriculture Poor involvement by emerging and subsistence farmers Unwillingness to accept/share knowledge 			
POTENTIAL SOURCES OF FUNDING			KEY IMPLEMENTERS/FACILITATORS			
<ul style="list-style-type: none"> Capricorn District Municipality Aganang Local Municipality LED Office 			<ul style="list-style-type: none"> Knowledgeable and skilled farmers Aganang LED Unit Department of Agriculture Extension Officers 			
IMPLEMENTATION ACTIONS	2014	2015	2016	2017	2018	COST
Identify responsible internal LED facilitator						R 500 000
Facilitate access to internal funding						
Liaise with farmers and retailers/abattoirs to determine interest in the programme						
Identify possible mentors						
Negotiate with extension officers & knowledgeable farmers to ascertain buy-in						
Advertise public meeting to kick-start project and entice involvement						
Facilitate induction meeting						
Compile database of mentors and beneficiaries						
Provide information regarding workshops on the municipal website						
Facilitate monthly mentorship workshops						
Facilitate regular feedback sessions						
Monitor and evaluate the success of the project						
TOTAL IMPLEMENTATION BUDGET			R 500 000			
MUNICIPAL BUDGET PER FINANCIAL YEAR	2014	2015	2016	2017	2018	COST
	R 100 000	R 100 000	R 100 000	R 100 000	R 100 000	R 500 000


PROJECT MARKETING SHEET	
PROJECT	Establish a local Youth Drop-in and Development Centre
PROJECT DESCRIPTION	
<p>The project is focused on the development of a local youth drop-in and development centre which will function as a place where the youth can come to relax as well as attain skills for personal development. The youth centre will provide programmes that are specifically related to life skills, entrepreneurial skills and business development skills.</p> <p>It is further proposed that the youth drop-in centre be linked to the proposed Computer Learning Centre and internet services provided by the Walk-in-25 Wholesale Warehouse Distribution Centre, and furthermore should investigate possible community e-centres through partnerships/sponsorships with the Vodacom Foundation and/or Microsoft. The lack of ICT (Information and Communication Technology) related development in rural regions of South Africa is a major concern. Access to ICT related services would enable skills development through sharing and access as well as online schooling in rural areas. The linkage will provide small businesses/entrepreneurs of the youth drop-in centre with access to use make use of these facilities/services.</p>	
	<p>The youth drop-in centre could provide an array of skills and programmes such as supplementary tutoring, mentoring, career guidance, computer literacy, HIV and Life skills and media image and expression programmes which would allow the youth to be informed with the necessary skills self-belief to access tertiary education and/or employment. Career guidance is also proposed to be initiated at local high schools in the municipality so that the target market of the youth drop-in centre is attracted as well as to provide a platform of knowledge creation.</p>
STRENGTHS AND OPPORTUNITIES	POTENTIAL IMPACTS
<ul style="list-style-type: none"> • The availability internet and computer services provided by the Walk-in-25 Wholesale Warehouse • The opportunity to link with the Vodacom Mobile Education Programme 	<ul style="list-style-type: none"> • Entrepreneurial development of the youth • Online schooling • Small business development
POTENTIAL BENEFICIARIES	TARGET MARKET
<ul style="list-style-type: none"> • Local young people • Local emerging entrepreneurs 	<ul style="list-style-type: none"> • The young people of Aganang Local Municipality
ROLEPLAYERS	APPROXIMATE CAPITAL COST
<ul style="list-style-type: none"> • SEDA • LEDA • Department of Basic Education • Department of Social Development • Department of Labour • Capricorn District Municipality LED Office • Aganang Local Municipality LED Office 	<p>R 100 000 is proposed for the development of a feasibility study for the project and initial start-up costs, whilst an additional R 50 000 is proposed for running costs per year thereafter.</p>

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PROJECT IMPLEMENTATION SHEET												
PROJECT	Establish a local Youth Drop-in and Development Centre											
THRUST	SMME & Informal Business Development											
PROGRAMME	Mentorship & Support											
PROJECT PRIORITY	4											
KEY SUCCESS FACTORS						KEY RISKS AND CHALLENGES						
<ul style="list-style-type: none"> • Sponsorship/funding • Experienced and qualified trainers and mentors • Monitoring and evaluation candidates • Entrepreneurial development • Youth development • Small business development 						<ul style="list-style-type: none"> • Lack of funding • Lack of training (youth development coordinator) • Lack of a FET institution to provide training and mentorship 						
POTENTIAL SOURCES OF FUNDING						KEY IMPLEMENTERS						
<ul style="list-style-type: none"> • Department of Education • Department of Social Development • National Youth Service • Vodacom/Microsoft 						<ul style="list-style-type: none"> • Aganang Local Municipality LED Office • Capricorn District Municipality LED Office • SEDA • LEDA 						
FACILITATION ACTIONS	2014		2015		2016		2017		2018		COST	
Undertake discussions and obtain buy-in with key stakeholders/ roleplayers											Internal	
Obtain information on potential sponsors, e.g. Vodacom, Microsoft, etc.												
Apply for sponsorships												
Consult and approach relevant partners: SEDA, etc.												
TOTAL DEVELOPMENT FACILITATION BUDGET						Internal						
IMPLEMENTATION ACTIONS	2014		2015		2016		2017		2018		COST	
Do feasibility study											R 100 000	
Identify vacant building/ building to share												
Equip building (if necessary)												
Identify mentors and training programme through SEDA, etc.												
Promote the centre through local radio stations												
Ensure continued support, promotion and services/ training programmes												
TOTAL IMPLEMENTATION BUDGET						R 300 000						
MUNICIPAL BUDGET PER FINANCIAL YEAR	2014		2015		2016		2017		2018		COST	
	R 100 000		R 50 000		R 50 000		R 50 000		R 50 000		R 300 000	


PROJECT MARKETING SHEET	
PROJECT	Development, Support, and Expansion of Vegetable Production Cooperatives
PROJECT DESCRIPTION	
<p>The objective of this project is provide support to existing vegetable production cooperatives, as well as establishing new cooperatives, in order to ensure a constant supply of fresh, locally produced vegetables to the Walk-in-25 Wholesale Warehouse Distribution Centre. The aim of the project is to ensure sustainable living through sustainable food production.</p> <p>The envisioned development support services that will be provided to the cooperatives are as follows:</p> <ul style="list-style-type: none"> • Skills development • Mentoring from existing and knowledgeable vegetable farmers • Capacity building • Support to access finance and markets • Agricultural farming practice training 	
	<p>Produce suitable to the climate and soils of Aganang Local Municipality, and which are currently being grown by the cooperatives, include spinach, cabbage, potatoes, tomatoes, chillies, etc.</p> <p>It is proposed that in addition to the produce currently being grown, the opportunity be investigated to establish a tunnel per cooperative to plant vegetables that are not necessarily suitable to the area, and that can be harvested during off-peak seasons.</p>
STRENGTHS AND OPPORTUNITIES	POTENTIAL IMPACTS
<ul style="list-style-type: none"> • Available market (Walk-in-25 Wholesale Warehouse) • Availability of labour 	<ul style="list-style-type: none"> • Food security • Increase in local spending • Promotion of entrepreneurship • Skills development • Contributing towards a greener economy
POTENTIAL BENEFICIARIES	TARGET MARKET
<ul style="list-style-type: none"> • Local communities • Local unemployed – especially women, youth and disabled 	<ul style="list-style-type: none"> • Walk-in-25 Wholesale Warehouse Distribution Centre • Household consumption/local communities • Local schools and businesses
ROLEPLAYERS	APPROXIMATE CAPITAL COST
<ul style="list-style-type: none"> • Agricultural Research Council (ARC) • Department of Agriculture • Aganang LED Unit • Existing vegetable farmers/cooperatives 	<p>R 50 000 for the development of a business plan</p> <p>A further R 20 000 per year thereafter to provide support and mentorship to the cooperative members.</p> <p>Further funding for equipment, infrastructure, etc. should be obtained through CASP</p>

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PROJECT IMPLEMENTATION SHEET												
PROJECT	Development, Support, and Expansion of Vegetable Production Cooperatives											
THRUST	Agricultural Development & Expansion											
PROGRAMME	Sustainable and Diversified agricultural development											
PROJECT PRIORITY	5											
KEY SUCCESS FACTORS						KEY RISKS AND CHALLENGES						
<ul style="list-style-type: none"> Constant and sufficient supply of fresh produce Reliable supply of electricity Sufficient water for irrigation 						<ul style="list-style-type: none"> Limited involvement from existing farmers Access to funding and training Lack of extension services and support Water shortage and cost of water 						
POTENTIAL SOURCES OF FUNDING												
<ul style="list-style-type: none"> Aganang LM Capricorn DM Department of Agriculture - CASP DBSA 												
KEY IMPLEMENTERS												
<ul style="list-style-type: none"> Aganang LED Unit Department of Agriculture Local farmers 												
FACILITATION ACTIONS	2014		2015		2016		2017		2018		COST	
Identify lessons learnt from existing cooperatives											Internal	
Identify potential beneficiaries												
Facilitate development of start-up/cooperative												
TOTAL DEVELOPMENT FACILITATION BUDGET						Internal						
IMPLEMENTATION ACTIONS	2014		2015		2016		2017		2018		COST	
Develop Business Plan											R 50 000	
Develop and equip cooperative farming unit											Cost to be determined per cooperative – Funding through CASP	
Undertake training of cooperative members												
Negotiate contracts with Walk-in-25 for supply												
Provide support and mentorship to cooperatives											R 80 000	
TOTAL IMPLEMENTATION BUDGET						R 130 000						
MUNICIPAL BUDGET PER FINANCIAL YEAR	2014		2015		2016		2017		2018		COST	
	R 50 000		R 20 000		R 20 000		R 20 000		R 20 000		R 130 000	


PROJECT MARKETING SHEET	
PROJECT	Walk-in-25 Recycling Cooperative
PROJECT DESCRIPTION	
<p>The aim of this project is to establish a recycling cooperative linked to the Walk-in-25 Wholesale Warehouse Distribution Centre. The project entails the establishment of recycling collection points at each of the “quick marts” connected to the Walk-in-24 Wholesale Warehouse, as well as a Recycled Good Manufacturing Centre/Cooperative at the Distribution Centre (DC).</p> <p>As and when the DC delivers products to the various shops, they collect the recycled goods at the same time. The recycled goods are then transported to the Manufacturing Centre/Cooperative, where they will be processed and various products can be manufactured from the recycled goods, such as plastic furniture, gifts, arts and crafts, and handmade paper.</p>	
	<p>Through this project, a culture of recycling will be developed within the local municipality. A lot of money is spent yearly to clear up litter and illegally dumped rubble which could have been better utilised for socio-economic development. Separating recyclable materials, glass, paper, metals and plastics out of the waste streams, reduces the bulk of waste going to landfills, eases the strain on natural resources, and helps to create employment in both the informal and formalised waste reclamation sectors.</p>
STRENGTHS AND OPPORTUNITIES	POTENTIAL IMPACTS
<ul style="list-style-type: none"> • The established Walk-in-25 Wholesale Warehouse Distribution Centre and quick marts • Established transport/product delivery from DC to quick marts • Improving the overall state of the environment 	<ul style="list-style-type: none"> • Income generation to total communities • Cleaner environment • Showcasing the Municipality as “going green” and concerned with sustainability and community involvement • Partnership with the Walk-in-25 Wholesale Warehouse
POTENTIAL BENEFICIARIES	TARGET MARKET
<ul style="list-style-type: none"> • The local communities of Aganang • Local unemployed – especially women, youth and disabled 	<ul style="list-style-type: none"> • Shops linked to the Walk-in-25 Wholesale Warehouse • National Recycling Forum, and/or its associated members
ROLEPLAYERS	APPROXIMATE CAPITAL COST
<ul style="list-style-type: none"> • Walk-in-25 Management Services • Aganang Local Municipality • Local communities • Department of Environmental Affairs 	<p>R 300 000 for the recycling bins at the Walk-in-25 Quick Marts and for the establishment of the Recycling Centre/Cooperative</p>

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PROJECT IMPLEMENTATION SHEET												
PROJECT	Walk-in-25 Recycling Cooperative											
THRUST	Tourism and Green Economy Development & Promotion											
PROGRAMME	Green Economy Promotion											
PROJECT PRIORITY	6											
KEY SUCCESS FACTORS						KEY RISKS AND CHALLENGES						
<ul style="list-style-type: none"> Buy-in from local communities and awareness amongst them Partnership between Recycling Manufacturing Centre/Cooperative and Walk-in-25 Management Services 						<ul style="list-style-type: none"> Buy-in and cooperation from local community Reluctance of people to work in a dirty environment 						
POTENTIAL SOURCES OF FUNDING												
<ul style="list-style-type: none"> Capricorn District Municipality Aganang Local Municipality Department of Environmental Affairs Recycling Industries 												
KEY IMPLEMENTERS												
<ul style="list-style-type: none"> Aganang Local Municipality Walk-in-25 Wholesale Warehouse Management Services Department of Environment Affairs 												
FACILITATION ACTIONS	2014		2015		2016		2017		2018		COST	
Identify LED Facilitator											Internal	
Liaise with potential roleplayers to attain buy-in												
Create awareness and enthusiasm												
TOTAL DEVELOPMENT FACILITATION BUDGET						Internal						
IMPLEMENTATION ACTIONS	2014		2015		2016		2017		2018		COST	
Undertake Business Plan											R 300 000	
Establish a cooperative/centre for the manufacturing of recycled products												
Facilitate the finalisation of partnership between the recycling cooperative and Walk-in 25 Management Services												
Continue working with community to establish and maintain a recycling culture												
Monitor and evaluate project												
TOTAL IMPLEMENTATION BUDGET						R 300 000						
MUNICIPAL BUDGET PER FINANCIAL YEAR	2014		2015		2016		2017		2018		COST	
	R 0		R 0		R 300 000		R 0		R 0		R 300 000	


PROJECT MARKETING SHEET	
PROJECT	Essential Oils Production Project support and roll-out
PROJECT DESCRIPTION	
<p>The Aganang Local Municipality, in partnerships with BioAfrica, is currently in the process of developing an Essential Oils Production Project within the municipality. The project is however in its initial stages, and trials still need to be planted, it is however envisaged that the main essential oil to be cultivated is geranium oil. The organic geranium oil produced in the Aganang District is expected to be of the highest quality, the area is pristine as far as production of organic geranium oil is concerned. Any essential oil meeting the organic criteria commands an excellent price. In general there is a world shortfall in essential oil production, demand is far greater than supply, this is particularly so of organic geranium oil</p>	
<p>BioAfrica is responsible for providing the following services to the project:</p> <ul style="list-style-type: none"> • Initiation of professional relationship between BioAfrica and the Cooperative; as well as the Aganang Municipality and the essential oils marketplace as a whole • Expertise necessary in planning and construction of an oils extraction plant, a bottling and packaging facility as well as a nursery for plant propagation; • Training and skills transfer for senior officers in business and technical skills, technical training and skills transfer in essential oil extraction and production, technical training and skills transfer in plant propagation, technical training and skills transfer in machinery and equipment operation and maintenance; • Design, manufacture and supply of essential oils machinery and equipment; • Formulation of a marketing strategy; • Professional expertise; Professional fees; • Future development 	
<p>The marketing of essential oils produced by the Project will be in the hands of BioAfrica, BioAfrica will arrange to sell this oil as it does for many other clients. Currently, BioAfrica purchase essential oils for onward transmission to overseas clients. Obviously the oil purchased has to meet certain stringent standards. Some of the oils that BioAfrica produce are sold within the country to other end users and to end users overseas. The normal practice is to offer oil to a prospective buyer overseas; if the buyer is interested a small sample is sent by courier. After the sample has been analysed a price will be agreed upon and the oil will be dispatched by air, shortly after which payment will be received. In business transactions such as these trust on both sides has to be established, this can take a number of years to achieve.</p>	
STRENGTHS AND OPPORTUNITIES	POTENTIAL IMPACTS
<ul style="list-style-type: none"> • Partnership with BioAfrica • Labour-intensive 	<ul style="list-style-type: none"> • Development of a niche, high quality product • Skills development & training
POTENTIAL BENEFICIARIES	TARGET MARKET
<ul style="list-style-type: none"> • Local communities 	<ul style="list-style-type: none"> • Local market • International market
ROLEPLAYERS	APPROXIMATE CAPITAL COST
<ul style="list-style-type: none"> • Aganang Local Municipality • BioAfrica • South Africa Essential Oils Producers Association • CSIR 	<p>The anticipated capital budget for the project is approximately R 12.8 million</p>

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PROJECT IMPLEMENTATION SHEET						
PROJECT	Essential Oils Production Project support and roll-out					
THRUST	Agricultural Development & Expansion					
PROGRAMME	Agro-processing and niche produce development					
PROJECT PRIORITY	7					
KEY SUCCESS FACTORS			KEY RISKS AND CHALLENGES			
<ul style="list-style-type: none"> • Proper crop management (fertilisers, chemicals, etc.) • Obtaining support from ARC • Readily available labour • Good opportunities for value-added products • Shortage of essential oils in local and international markets 			<ul style="list-style-type: none"> • Water availability • Access to funding and training • Lack of extension services and support • Lack of skills • Pest control 			
POTENTIAL SOURCES OF FUNDING						
<ul style="list-style-type: none"> • DBSA • DTI • Aganang LM • Capricorn DM 						
KEY IMPLEMENTERS						
<ul style="list-style-type: none"> • Department of Agriculture • Aganang LM LED Unit • BioAfrica • CSIR 						
FACILITATION ACTIONS	2014	2015	2016	2017	2018	COST
Facilitate access to land						Internal
Assist with finalisation of ownership						
Monitor project						
TOTAL DEVELOPMENT FACILITATION BUDGET			Internal			
IMPLEMENTATION ACTIONS	2014	2015	2016	2017	2018	COST
Trails phase 1						R 1 918 000
Trails phase 2, Business plan development & Business/ cooperative registration						R 3 163 000
Develop required infrastructure						R 5 719 000
Operational Phase						R 2 000 000
Mentorship						
TOTAL IMPLEMENTATION BUDGET			R 12 800 000			
MUNICIPAL BUDGET PER FINANCIAL YEAR	2014	2015	2016	2017	2018	COST
	R1.918 million	R3.163 million	R2.860 million	R2.859 million	R2.000 million	R 12.800 million


PROJECT MARKETING SHEET	
PROJECT	Establishment of ICT-related SMME's
PROJECT DESCRIPTION	
<p>As part of the implementation and roll-out of the Walk-in-25 Wholesale Warehouse Project, a "Network Provider Model" is being implemented by a National Network operator called Jenny Internet. Jenny Internet is a licensed national telecommunication and network operator, and provides services such as wireless and ADSL internet. This allows the Walk-in-25 Quick mart shops to have access to phone and data services at a cheaper price than offered by other cellphone and telecommunications operators.</p> <p>This also creates a secondary benefit to all other businesses, schools, the four Traditional Authorities and civil organisations in the area as they will be able to tap into inexpensive telecommunications through the service provided.</p> <p>The aim of the project is to promote the establishment of SMMEs in the ICT sector that can provide services to the local community/businesses, such as installations, on-going support and servicing.</p>	
  	
STRENGTHS AND OPPORTUNITIES	POTENTIAL IMPACTS
<ul style="list-style-type: none"> • Availability of telecoms services through Jenny • Limited competition • Improved access to facilities and services not currently readily available in the area 	<ul style="list-style-type: none"> • Access to internet in rural areas • Increased level of education due to online schooling • SMME Development • Income generation in rural communities
POTENTIAL BENEFICIARIES	TARGET MARKET
<ul style="list-style-type: none"> • Local communities/unemployed • Local businesses 	<ul style="list-style-type: none"> • Upcoming entrepreneurs • Businesses and households
ROLEPLAYERS	APPROXIMATE CAPITAL COST
<ul style="list-style-type: none"> • Aganang LM • Capricorn DM • Walk-in-25 Wholesale Warehouse • Jenny Internet 	<p>The approximate capital costs for the establishment of two SMMEs is R 500 000 (R 250 000 each), which includes the training, equipment and registration of business.</p>

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PROJECT IMPLEMENTATION SHEET						
PROJECT	Establishment of ICT-related SMME's					
THRUST	SMME & Informal Business Development					
PROGRAMME	SMME & Business Development					
PROJECT PRIORITY	8					
KEY SUCCESS FACTORS						
<ul style="list-style-type: none"> Buy-in from Walk-in-25 Effective management, structures and procedures Skilled labour to take care of installations, etc. 						
KEY RISKS AND CHALLENGES						
<ul style="list-style-type: none"> Buy-in from local community/businesses Access to funding and training 						
POTENTIAL SOURCES OF FUNDING						
<ul style="list-style-type: none"> Department of Social Development Aganang LM Jenny Internet Walk-in-25 Wholesale Warehouse 						
KEY IMPLEMENTERS						
<ul style="list-style-type: none"> Aganang LM Capricorn DM 						
FACILITATION ACTIONS	2014	2015	2016	2017	2018	COST
Undertake awareness campaigns to entice SMME development						Internal
Facilitate establishment of SMME's						
Facilitate access to support agencies for registration of businesses						
TOTAL DEVELOPMENT FACILITATION BUDGET			Internal			
IMPLEMENTATION ACTIONS	2014	2015	2016	2017	2018	COST
Identify requirements to establish SMMEs in consultation with Jenny and Walk-in-25 MS						R 500 000
Assist in recruiting and organising interested parties						
Provide ICT training to SMME members						
Finalise ownership						
Establish management structure, procedures and policies						
Register business						
TOTAL IMPLEMENTATION BUDGET			R 500 000			
MUNICIPAL BUDGET PER FINANCIAL YEAR	2014	2015	2016	2017	2018	COST
	R 500 000	R 0	R 0	R 0	R 0	R 500 000

PROJECT MARKETING SHEET	
PROJECT	Funding and Support for the development of the Matlou-Matlala Nature Reserve
PROJECT DESCRIPTION	
<p>The main existing/proven economic resource available on which the project is based is a very striking mountain massif surrounded by attractive hiking and nature-based outdoor activities that would be the basis for a small tourism, recreational and educational centre.</p> <p>The primary products/outputs of the project will be as follows:</p> <ul style="list-style-type: none"> • Effective conservation of a very attractive and valuable bio-region • Development of a small tourist complex aimed mainly at special interest visitors and those in search of quiet outdoor recreation • Construction of a small conference venue and attendant facilities • Establishment of an indigenous plant nursery to enable the proposed reserve to be re-stocked with indigenous trees and plants, and to sell plants to the public as part of a 'greening' programme within the Aganang Municipality. <p>The secondary products of the project will be:</p> <ul style="list-style-type: none"> • To create an Environmental Education Centre in order to stimulate enhanced awareness of the fragile nature of the Earth and how man's impacts can be modified to live in greater harmony with the environment on a sustainable basis • To build hiking and mountain bike trails to stimulate village tourism opportunities that will allow the surrounding communities to derive some benefits from the sector • To develop a wetland in order to indicate how 'grey' water may be used for environmental purpose and to attract birds and new animal species into the Reserve <p>The project will be implemented and managed by the Aganang Local Municipality in associated with an appropriate service provider. At this stage the Village Tourism Trust has been identified as the 'most likely' partner as a result of previous work that they have done in the conceptual planning and utilisation of this new reserve.</p>	
STRENGTHS AND OPPORTUNITIES	TARGET MARKET
<ul style="list-style-type: none"> • A once proclaimed nature reserve • Buy-in from the Traditional Authority and local community • Partial funding committed by the IDC 	<ul style="list-style-type: none"> • Young adventure seeking visitors from within Limpopo and Gauteng Provinces • Leisure travellers seeking a quiet getaway in a scenic natural environment • Special interest travellers in search of plant, bird and animal life. The geology of the area is also very striking • Groups of young people on short and medium term environmental awareness courses • Participants in outdoor leadership adventure courses • Visitors seeking a culture heritage experience • Buyers of trees and plants from the nursery • Traditional leaders and other senior village leaders to be exposed to the process of wise conservation and organic vegetable gardening
POTENTIAL IMPACTS	
<ul style="list-style-type: none"> • Approximately 69 job opportunities during the establishment phase, and approximately 30 job opportunities on an on-going basis • Recreational and outdoor activities for the people of the local communities 	
POTENTIAL BENEFICIARIES	
<ul style="list-style-type: none"> • Local communities living around the Mogoshi Mountain and Matlou-Matlala Nature Reserve 	
ROLEPLAYERS	APPROXIMATE CAPITAL COST
<ul style="list-style-type: none"> • IDC • Aganang Local Municipality • Department of Environmental Affairs • Limpopo Tourism Agency 	<p>The project is already being funded R 400 000 by the Industrial Development Corporation for the development of the Business Plan.</p> <p>The capital costs associated with the project can only be determined and finalised once the Business Plan has been developed</p>

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PROJECT IMPLEMENTATION SHEET																
PROJECT	Funding and Support for the development of the Matlou-Matlala Nature Reserve															
THRUST	Tourism and Green Economy Development & Promotion															
PROGRAMME	Tourism Growth and Development															
PROJECT PRIORITY	9															
KEY SUCCESS FACTORS						KEY RISKS AND CHALLENGES										
<ul style="list-style-type: none"> Support from the Limpopo Tourism Agency Availability of funding for the development of the proposed products On-going maintenance and up-keep of the nature reserve and facilities 						<ul style="list-style-type: none"> Securing funding for the development of the project Project after-care and maintenance 										
POTENTIAL SOURCES OF FUNDING																
<ul style="list-style-type: none"> Department of Tourism Limpopo Tourism Agency DBSA IDC 																
KEY IMPLEMENTERS																
<ul style="list-style-type: none"> Aganang Local Municipality Village Tourism Trust 																
FACILITATION ACTIONS	2014			2015			2016			2017			2018			COST
Secure funding for the implementation of the project	█	█														Internal
Develop a detailed Business Plan		█	█	█												R 400 000
Appoint a professional service provider to assist in the implementation of the project				█												Internal
TOTAL DEVELOPMENT FACILITATION BUDGET							R 400 000									
IMPLEMENTATION ACTIONS	2014			2015			2016			2017			2018			COST
Undertake preparatory activities	█	█	█	█												To be determined
Public Relations and Fund Raising				█	█	█										
Undertake Rehabilitation Activities					█	█	█	█	█	█						
Address Management Issues and Requirements							█	█	█	█						
Undertake Tourism Development Activities										█	█					
TOTAL IMPLEMENTATION BUDGET							To be determined (TBD)									
MUNICIPAL BUDGET PER FINANCIAL YEAR	2014			2015			2016			2017			2018			COST
	R 400 000			TBD			TBD			TBD			TBD			TBD

5.4.2 Summary of Prioritised Project

The table below provides a summary of the prioritised anchor/key projects.

TABLE 5.3: SUMMARY OF THE PRIORITISED PROJECTS

Project Name	Priority	Approximate Capital Budget	Municipal Facilitation Budget	Implementation Budget (if implemented internally)	Total Municipal Budget (if implemented internally)
Aganang Gateway 2 Opportunity Database	1	R 280 000	R 0	R 280 000	R 280 000
Rejuvenation of the Sisal Project	2	To be determined	R 50 000	R 150 000	R 200 000
Central Mentorship Programme for Emerging Farmers	3	R 500 000	R 0	R 500 000	R 500 000
Youth Drop-in and Development Centre	4	R 300 000	R 0	R 300 000	R 300 000
Vegetable Production Cooperatives	5	R 130 000	R 0	R 130 000	R 130 000
Walk-in-25 Recycling Cooperative	6	R 300 000	R 0	R 300 000	R 300 000
Essential Oils Production Project	7	R 12 800 000	R 0	R 12 800 000	R 12 800 000
Establishment of ICT-related SMME's	8	R 500 000	R 0	R 500 000	R 500 000
Development of the Matlou-Matlala Nature Reserve	9	To be determined	R 0	R 400 000	R 400 000

The following table (Table 5.4) provides an indication of the budget roll-out for project implementation from the LED unit.

TABLE 5.4: BUDGET ROLL-OUT FOR IMPLEMENTATION OF PRIORITY LED PROJECTS AND ACTION

Project Name	Budget (in Rands) per Financial Year				
	2014	2015	2016	2017	2018
Aganang Gateway 2 Opportunity Database	R 200 000	R 20 000	R 20 000	R 20 000	R 20 000
Rejuvenation of the Sisal Project	R 50 000	R 150 000	R 0	R 0	R 0
Central Mentorship Programme for Emerging Farmers	R 100 000	R 100 000	R 100 000	R 100 000	R 100 000
Youth Drop-in and Development Centre	R 100 000	R 50 000	R 50 000	R 50 000	R 50 000
Vegetable Production Cooperatives	R 50 000	R 20 000	R 20 000	R 20 000	R 20 000
Walk-in-25 Recycling Cooperative	R 0	R 0	R 300 000	R 0	R 0
Essential Oils Production Project	R 1 918 000	R 3 163 000	R 2 860 000	R 2 859 000	R 2 000 000

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Project Name	Budget (in Rands) per Financial Year				
	2014	2015	2016	2017	2018
Establishment of ICT-related SMME's	R 500 000	R 0	R 0	R 0	R 0
Development of the Matlou-Matlala Nature Reserve	R 400 000	To be determined	To be determined	To be determined	To be determined
Total	R 3 318 000	R 3 503 000	R 3 350 000	R 3 049 000	R 2 190 000

The following table (Table 5.5) provides an indication of the stakeholders to be involved with the priority projects and the potential sources of funding. In most instances, the lead role-player is the LED Unit of Aganang Local Municipality as it is the custodian of the LED Strategy and local economic development from a governmental point of influence.

Key supporting role-players include the entities or bodies that directly implement and facilitate the roll-out of the project or action, beyond the scope of the Aganang LED Unit. Often these roleplayers are also the funders of the project or action. Their position, in the context in which the project or action is intended to be implemented, is often of much importance.

On the other hand, some of these roleplayers do not as yet have a stake in the project or action, but if buy-in and support is attained from them during the course of the roll-out, their roles may become increasingly important.

TABLE 5.5: PRIORITY PROJECT STAKEHOLDER MATRIX

Priority Project	Lead	Support roleplayers	Potential Funding sources
Aganang Gateway 2 Opportunity Database	<ul style="list-style-type: none"> Aganang LM LED Unit 	<ul style="list-style-type: none"> Capricorn DM LED Office 	<ul style="list-style-type: none"> IDC DTI SEDA
Central Mentorship Programme for Emerging Farmers	<ul style="list-style-type: none"> Aganang LM LED Unit 	<ul style="list-style-type: none"> Capricorn DM LED Office Local farmers Dept. of Agriculture Extension Officers 	<ul style="list-style-type: none"> Not applicable
Youth Drop-in and Development Centre	<ul style="list-style-type: none"> Aganang LM LED Unit SEDA 	<ul style="list-style-type: none"> Capricorn DM LED Office SEDA Department of Basic Education 	<ul style="list-style-type: none"> Dept. of Education Dept. of Social Development National Youth Service Vodacom/Microsoft
Vegetable Production Cooperatives	<ul style="list-style-type: none"> Aganang LM LED Unit 	<ul style="list-style-type: none"> Dept. of Agriculture extension officers Local Farmers Capricorn DM ARC 	<ul style="list-style-type: none"> DBSA Dept. of Agriculture
Rejuvenation of the Sisal Project	<ul style="list-style-type: none"> Aganang LM LED Unit Rebtex SA 	<ul style="list-style-type: none"> Capricorn DM LED Office ARC, IDC Rebtex SA 	<ul style="list-style-type: none"> DTI, IDC, DBSA Dept. of Agriculture
Walk-in-25 Recycling Cooperative	<ul style="list-style-type: none"> Aganang LM LED Unit 	<ul style="list-style-type: none"> Capricorn DM LED Walk-in-25 DC Local communities 	<ul style="list-style-type: none"> Dept. of Environmental Affairs Recycling Industries

Priority Project	Lead	Support roleplayers	Potential Funding sources
Essential Oils Production Project	<ul style="list-style-type: none"> • Aganang LM LED Unit • BioAfrica 	<ul style="list-style-type: none"> • Dept. of Agriculture • Capricorn DM LED Office 	<ul style="list-style-type: none"> • DTI • DBSA
Establishment of ICT-related SMME's	<ul style="list-style-type: none"> • Aganang LM LED Unit 	<ul style="list-style-type: none"> • Jenny Internet • Walk-in-25 DC • Capricorn DM LED Office 	<ul style="list-style-type: none"> • Dept. of Social Development • Jenny Internet

5.4.3 Location of Priority Projects

Once the project to be implemented has been identified, the next step would be to determine where it will be located. These considerations include the area and town of choice. Thereafter it is important to see whether there is land available. It should be noted that all of the land within the Aganang Local Municipality is under the jurisdiction of Traditional Authorities.

It is important to understand the aspects that are taken into account by potential investors when doing a site assessment. These include:

- Proximity and accessibility to transport routes and/or the target market
- Proximity to inputs such as raw material 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 also have data on their own needs, strengths, and weaknesses
- That proper due diligence of the site has been conducted in terms of any rezoning or Environmental Impact Assessment Planning procedures to be followed and that the bulk and geotechnical capacity is appropriate for the development

The following table indicates the suggested locations for the identified and prioritised projects in terms of area:

TABLE 5.6: SUGGESTED LOCATIONS FOR PRIORITISED PROJECTS

Project	Suggested Location
Aganang Gateway 2 Opportunity Database	Across Municipality
Rejuvenation of the Sisal Project	The old sisal plantation next to the Gilead road
Central Mentorship Programme for Emerging Farmers	Across Municipality
Youth Drop-in and Development Centre	Across Municipality
Vegetable Production Cooperatives	Any area best suited for Agriculture (refer to Section 4.1.2)
Walk-in-25 Recycling Cooperative	Across Municipality
Essential Oils Production Project	Any area best suited for Agriculture (refer to Section 4.1.2)
Establishment of ICT-related SMME's	Across Municipality
Development of the Matlou-Matlala Nature Reserve	Matlala area

The following section provides implementation guidelines in order to draw a map of the thought processes in planning project implementation.

Section 6: Implementation Guidelines

Section 6 provides guidelines for the preparation and implementation of the identified LED projects. It will service as an LED implementation manual for the Aganang Local Municipality's LED unit after the completion of the LED Strategy.

6.1 Priority Projects Implementation Guidelines

The purpose of this sub-section is to facilitate the streamlined and fast-tracked delivery of the LED Strategy, its Thrusts and Programmes, through the effective implementation of a number of key projects and development facilitation actions. In order to successfully implement the projects, a number of implementation tasks typically need to be undertaken. The following aspects typically need to be addressed in order to facilitate the implementation of projects:

- Obtain ongoing funding
- Appoint implementer
- Finalise ownership
- Develop detailed business plan
- Location and facilities (if need arises)
- Management team
- Staffing
- Human resource development
- Financial and accounting system

These are detailed upon hereunder.

6.1.1 Obtain ongoing funding

- There are numerous funding sources through which the Municipality can secure financial assistance or loans to support the implementation of the proposed projects. These sources include both private sector establishments and public sector resources. A complete list of potential funding institutions is provided in Annexure A.
- Find ways to obtain and secure capital;
- Determine how much money the owners/members have, how much the owners/members are willing to risk, how much they are going to invest, etc.
- Determine whether or not the owners are going to obtain a loan or make use of investors;
- Contact all funding sources and development programmes to obtain buy-in and support;
- Utilise a feasibility study to market the project to potential funders;
- Compile and submit applications for funding. Please note that funding of development is often one of the most constraining issues faced during the implementation of projects. Development funds is a scarce resource and all sources should be mobilised with due care;
- Ensure alignment of project with Council policies in order to get funding;
- Government support mechanism for the SMMEs also need to be obtained, as well as other support mechanisms. These programmes aim to assist people to apply for new projects (e.g. close corporation), expansion of an existing project and skills support programmes.
- Consider utilising an external implementer to attain funding on behalf of the municipality for priority projects on a risk basis. I.e. the external entity is not remunerated for work undertaken in

order to obtain funding, but should funding be obtained, the said external implementer needs to be appointed to undertake the project implementation (remuneration of which typically entails a 10-15% implementation fee of the funding obtained).

6.1.2 Appoint an implementer

- In order to implement the project successfully, a dedicated person needs to take responsibility for the implementation. This can either be done in-house if sufficient capacity and know-how exists, or can be put out on tender for development facilitators (in the short term) or in the medium term obtain assistance from the Capricorn District LED Unit. In order to ensure that the implementation and management of the proposed project is driven successfully, the implementer must ensure that the project produces the deliverables to the required standard of quality and facilitate handover of the successfully implemented project. Consequently, the implementer must be appropriately empowered and provided with sufficient decision-making authority to fulfil his or her responsibilities;
- The project implementer needs to meet regularly with the community/potential owners of the project, as well as with the relevant LED coordinator / tourism & SMME officer/ agriculture and environmental officer (whichever is applicable) on a weekly basis to ensure that the learning process is shared with all members and to effectively evaluate the progress of the project. This will ensure that the LED Unit is capacitated to in future implement projects internally;
- The implementer must also take responsibility for the following: liaising with the Municipality, project programming and execution, monitoring overall performance of members, undertaking accounting administration of project, time frame management, setting up implementing user agreements, monitoring and managing risks, establishing and enhancing reporting mechanisms, conducting regular team meetings, monitoring quality assurance and deliverable acceptance, monitoring construction and skills training phases, producing monthly progress reports and status reports in order to ensure that the project aligns with the required outputs, timeframe and budget.

6.1.3 Finalise ownership

- Identify stakeholders/businesses/community members interested in becoming involved in the proposed project;
- Identify local communities and role-players/stakeholders (such as Government departments, Traditional Authorities, parastatals, NGOs, CBOs, emerging SMMEs, etc.) that need to be involved in planning and decision-making processes;
- Undertake strategic workshops to engage with relevant project stakeholders. This includes obtaining local business interests with regards to the projects and to obtain community-based interests. It is essential that this participation be fostered, as the acceptance of the outputs of the project needs to be in line with business and community desires. The purpose of these workshops will also be to ascertain stakeholder visions for the project, so that key issues not previously raised can be taken into consideration. It is essential to obtain such input from the start of the project;
- Undertake negotiations with the community, private sector businesses/funders interested in partnerships, government departments, support organisations, etc. to finalise ownership. The negotiations should include determining what possible partnerships can be forged with; and
- Hold introductory meetings with existing (or proposed beneficiaries) of the proposed projects. The purpose of this introductory meeting will be to explain the purpose of the project to the

beneficiaries so that they are able to make informed decisions regarding the project at a later stage.

6.1.4 Develop a detailed business plan

- Once the body responsible for implementation (either internal or external) has been identified, such a person needs to develop a detailed action plan (as part of the business plan), which consists of: project scope and work breakdown structure, programme and milestones, agenda's and minutes of meetings, correspondence, progress reports, communication schedule, coordination of parties involved, timeframe management, working capital, liaison with end users, ongoing monitoring plan, facilitation and final handover, etc.
- The action plan needs to identify: whether each action is really required for reaching the vision; will these actions allow you to reach all of the defined objectives; will these actions remove all of the identified issues; will these actions allow you to reach the identified critical success factors; and can you do these actions for the expected investment?
- A detailed business plan needs to be developed and should contain the following guidelines and actions to facilitate the implementation: project description, vital issues that need to be addressed before the business can be started, economic impact, key role-players that need to take responsibility for the development, nature and possible sources of additional financing for the business, facilitation plan (what needs to be done to ensure successful implementation), implementation timeframe and phasing, institutional arrangements (Legal form of ownerships and responsibilities, strategic partners, organisational structure, internal monitoring mechanisms), operating plan, forecasts and timeframes, financial requirements, income creation to ensure breaking-even, final capital costs, operating costs, outputs and outcomes, resource requirements, budget, cash flow, funding sources, investment opportunities, returns, income/expenditure and revenue stream, balance sheet, etc.
- Such a business plan is often required in order to obtain funding (see first step – Obtain ongoing funding).
- Business plan assessment and refinement is also needed. This entails: ensuring attainable vision, goals, strategies and objectives, ensuring that detailed outcomes and project indicators exist, ensuring alignment to policy frameworks, obtaining a detailed understanding of risks and identifying risk ameliorations, verifying timeframes for implementation, revising financial plans and resource requirements, ensuring effectiveness – to ensure it contains all that investors need to know, etc.
- Other actions that need to be undertaken to ensure the successful implementation of a project include: determining the income and expenditure of the project over a three-year period, giving an indication of the monthly profit/loss, establishing how any profits will be re-invested into the project, how the project will break even and the sustainability of the project; determine what type of record keeping will be required; identify which associations need to be joined; etc.

6.1.5 Location and facilities (if need arises)

- Finalise location and position of the potential project;
- Determine requirements in terms of location such as identifying local authority regulations and permits needed for business in the area;
- Insure acceptance of location by those involved;
- Appoint architect/specialist for design of floor layout plan to ensure most efficient layout of space;

- Determine detailed costs of the buildings required in terms of size, parameters, and rental requirements, where applicable;
- Appoint specialists as and when needed, such as quantity surveyor, architect, construction company etc.
- Fast track approval of building plans, the provision of bulk services, etc.
- Provide assistance with regards to preparations of the sites and buildings to accommodate the project, as well as the purchase of equipment and tools required;
- Obtain quotes for costs and discuss with owners; and
- The construction processes also need to be monitored to ensure its timely completion and to ensure that all aspects of the project are implemented successfully.

6.1.6 Management Team

- Finalise partnerships with other entities/support organisations/initiatives where appropriate;
- Finalise exact legal requirements for type of company/co-operative/association;
- Contact institute involved and obtain requirements for the registration of the company; and
- The personality, professional and social competence, and motivation of the team also need to be evaluated so as to ensure successful implementation.

6.1.7 Staffing

- Assist with the identification and appointment of a manager. This position is extremely important, as the manager will drive the entire project and provide the necessary assistance and mentorship to members/staff/permanent workforce.
- Ensure that adequately skilled workers are appointed (where appropriate) for the proposed project; and
- Develop detailed job descriptions in association with owners, including roles and responsibilities.

6.1.8 Human Resource Development

- Identify needs through research, meetings, seminars and workshops with similar type projects and related staff;
- Undertake the identification of training and technical needs of similar type companies in collaboration with relevant and interested organisations, e.g. SEDA;
- Identify cost of training required. The training required should include access to technical training in order to operate the machinery involved in manufacturing processes if projects require this type of skill;
- Identify sources of training;
- Negotiate with existing similar type business owners and managers in Aganang Local Municipality who are willing to be involved in skills transfer, mentorship and assistance in respect of business management, market penetration, registration, etc. Request assistance from the LED forum members in this regard.
- Contact and rope in relevant SETA's;
- Monitor the training programmes to meet these needs; and
- Ensure that staffing teams have: complementary skills and strengths, shared vision, flexible approach to problems, sticks together etc.

6.1.9 Financial and accounting system

- Effectively manage cash flow and funding resources of the proposed project;
- Efficient management of working capital includes the following: reducing the duration of the working capital shortage (and hence reducing the cost of the product due to lower interest expense), selecting the best option available for financing any working capital shortfall, ensuring that the time required to bring the product to the market is not underestimated, ensuring that market acceptance is not overestimated – realistic goals are required, the need for increased working capital must be taken into consideration as turnover rises, not to use short-term finance for long-term requirements, make allowance for peak cash requirements just prior to month end, make allowance for monthly salary deductions, determining how large the companies' capital requirements will be until break-even, etc. How much cash will be needed in the worst case? Determining where the capital will come from, what returns investors can expect, determining how profits can be realised, etc.; and
- The financial and accounting system needs to be implemented.

6.2 Conclusion

While all of the aspects covered in the preceding subsections need to be addressed in implementation, some of the critical success factors required to ensure successful implementation include:

- The development of a feasibility and business plan
- Lodging applications with financial sources and lobbying and determination of the amount of subsidies available
- The identification of appropriate partners/beneficiaries and type of ownership
- The identification of skills requirements
- The establishment of appropriate linkages with existing similar type enterprises for the provision of practical advice and mentorship, as well as the possible formation of an advisory board

Furthermore, Section 5 of this strategy provided the complete LED Framework with a comprehensive list of Programmes, Projects and Development Facilitation Actions. If these are addressed, and implemented successfully, the Municipality should be able to reach its goals of poverty alleviation through the creation of employment opportunities by primarily utilising local resources.

However a 'vital issues' approach needs to be undertaken. That is, not all of the above-indicated programmes, projects and actions, should or could (given financial and human resources constraints) be implemented simultaneously. The Economic Framework set out in this Strategy should thus be implemented in a phased manner, necessitating a focussed and progressive approach towards the implementation of certain programmes and projects throughout the LED Process. Nonetheless, equal attention should be given to each of the thrusts so as to avoid the creation of economic sector dominance on the one hand and dependence on the other.

Section 7: Strategic Framework

The purpose of this section is to provide a strategic framework for the implementation of the LED Strategy. This Section address strategic aspects of Local Economic Development, such as institutional arrangements, the relationship of LED to other municipal, provincial and government structures, factors in development facilitation, marketing, integrated programming and performance monitoring.

This Section constitutes the following:

- Legislative background and LED roles and responsibilities
- An analysis of the existing institutional structure and framework
- Recommendations regarding the most appropriate institutional structure and organogram
- Monitoring and Evaluation Guidelines & Procedures

7.1 Legislative Background & LED Roles and Responsibilities

This sub-section is aimed at firstly clarifying the legislative background against which Municipalities are tasked to implement local economic development in their areas of jurisdiction and the roles and responsibilities.

The cornerstone for all legislation and policy-making in South Africa is the Constitution (No 108 of 1996). Chapter 7 of the Act defines the role of local government in its community, and five objectives of local government are outlined in section 152:

- To provide 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 matter of local government.

Furthermore, section 153 of the Constitution stipulates the following developmental duties of all municipalities:

- A municipality must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote social and economic development.
- A municipality must participate in national and provincial development programmes.

The Medium Term Strategy Framework builds on the successes of democracy, and is a framework which identifies South Africa's development challenges and outlines the medium-term strategy for improvements in the conditions of life of the citizens of South Africa. The aim of the MTSF is focussed on sustaining higher GDP growth, job creation, investment and exports, as well as broadening economic participation and activity through Black Economic Empowerment and enterprise development. Planning and resource allocation across all the spheres of government should be guided by the MTSF. The MTSF provides:

- A translation of the electoral mandate.
- Priorities for the next 5 years
- Focus on economic investment and growth

- An expansionary fiscal outlook

The South African Government has also determined that a growing consensus exists in that to create decent work, reducing inequality and defeating poverty a new growth path has to be established through the restructuring of the South African economy to improve its performance in terms of labour absorption as well as the composition and rate of growth in the New Growth Path for South Africa. The new growth path has been developed to be a new alignment of economic objectives and growth initiatives building on the previous growth initiatives GEAR and AsgiSA which sought to half poverty by 2014 and create economic recovery by raising economic growth to 6%. The new growth path is based on determining:

- Where employment opportunity creation is possible, both within economic sectors as conventionally defined and in cross-cutting activities and,
- Analysis of the policies and institutional developments required to take advantage of these opportunities.

National Government have designed 12 Outcomes for Government and all its service delivery functions. The 12 Outcomes are based on a concept of The Outcomes Approach which is essentially a strategic approach which focuses on achieving the expected real improvements in the life of all South Africans. The outcomes approach broadly defines what is expected to be achieved, how it is to be expected to be achieved and whether the outcomes are being achieved. The overall goal of the 12 outcomes that have been designed is to ensure that government does not just carry out the functions it is supposed to but to ensure that results from these functions are achieved and show impacts on the lives of South Africans. The outcomes approach mainly:

- Focuses on results,
- Makes explicit and testable the chain of logic in our planning, so we can see the assumptions we make about the resources that are needed,
- Links activities to outputs and outcomes and to test what works and what doesn't,
- Ensure expectations are as clear and unambiguous as possible,
- Provides clear basis for discussion, debate and negotiation about what should be done and how it should be done,
- Enables learning and regularly revising and improving policy, strategy and plans through experience, and
- Makes co-ordination and alignment easier.

The 12 Outcomes have been based on the Election Manifesto and the Medium Term Strategic Framework, as well as consultation on ministerial and administrative levels. The outcomes are a representation of the desired development impacts to be achieved by government's policy priorities. The 12 Outcomes are listed as:

- Improved quality of basic education,
- A long and healthy life for all South Africans,
- All people in South Africa are and feel safe,
- Decent employment through inclusive economic growth,
- A skilled and capable workforce to support an inclusive growth path,
- An efficient, competitive and responsive economic infrastructure network,
- Vibrant, equitable and sustainable rural communities with food security for all,

- Sustainable human settlements and improved quality of household life,
- A responsive, accountable, effective and efficient local government system,
- Environmental assets and natural resources that are well protected and continually enhanced,
- Create a better South Africa and contribute to a better and safer Africa and World, and
- An efficient, effective and development orientated public service and an empowered, fair and inclusive citizenship

The Limpopo Employment, Growth and Development Plan (LEGDP), 2009 – 2014, acknowledges the need to promote and accelerate economic growth and development; and has identified five selected priorities for the next five years, namely:

- Creation of decent work and sustainable livelihoods
- Education
- Health
- Rural development, food security and land reform
- The fight against crime and corruption

Furthermore, the LEGDP also identified the following objectives that have to be promoted in support of the growth path for the province:

- Ensuring more inclusive economic growth, decent work and sustainable livelihoods
- Economic and social infrastructure
- Rural development, food security and land reform
- Access to quality education
- Improved health care
- Fighting crime and corruption
- Cohesive and sustainable communities
- Creation of a better Africa and a better world
- Sustainable resource management and use
- A developmental state including improvement of public services

The National Framework for LED aims to serve as a guide that seeks to ensure an understanding of LED, and has put forward a strategic implementation approach that municipalities, provinces, national government, state-owned enterprises and communities can follow to improve local economic development. The NFLED seeks to mobilise local people and local resources in an effort to fight poverty. This framework also seeks to guide the implementation of the LED Key Performance Indicator of the 5-year Local Government Strategic Agenda.

LED is not conducted in isolation by a particular municipal department or private sector organisation. It is an integrated strategy that involves a number of key role players, who are responsible for a variety of activities that are imperative to the potential success of any LED strategy. Almost every LED action will, or should, involve the local government to some degree. This is because they are deeply involved in local business activity as suppliers of infrastructure, as tax collectors, through service delivery, resource allocation and as regulators of land, buildings and activities.

National roles and responsibilities are outlined below:

- Provide an overall policy and strategic framework for LED at provincial & local government levels;

- Provide legislative framework for LED;
- Provide a framework for provincial and municipal capacity-building and support systems;
- Support for key institutions;
- Obtain support for commitment towards LED;
- Maintain strong inter-governmental relationships using and strengthening existing IGR institutions;
- Disseminate information to provincial and local government levels about LED support;
- Increase administrative efficiency, and
- Monitor and evaluate the impact of LED nationally

Provincial roles and responsibilities are as follows:

- Provide a strategic vision and strategy for integrated economic, social and community development through the Provincial Growth and Development Plan (PGDP);
- Vertical and horizontal integration of the municipal IDPs
- Training and capacity building for LED;
- Facilitate LED through financial and technical resources to implement and sustain LED in municipalities;
- Share information (e.g., provincial economic trends, land use, investment); and
- Monitor and evaluate the impact of LED provincially.

District roles and responsibilities are as follows:

- Establish a LED institution which includes the DM and LMs to foster cooperation and coordinate LED policies, structures and projects in the district municipality;
- Identify “lead” LED sectors within the district that can drive development, by undertaking economic analysis and studies;
- Collect and disseminate information to assist local municipalities with LED interventions;
- Identify resource availability (grants available at provincial level, land, infrastructure);
- Maintain strong relationship with the province;
- Build capacity of LMs in its area to perform their LED functions;
- Monitor and evaluate LED strategy within the IDP framework.
- Provide assistance to local municipalities in the accessing of funding;
- Develop a district-wide LED/Economic Development strategy.

The roles and responsibilities of local municipalities are as follows:

- Coordinate & manage LED planning within the LM
- Implement LED projects;
- Source funding from government and private sector for the implementation of LED projects;
- Establish a LED institution to coordinate LED activities;
- Build local capacity over the long term as LED becomes embedded within the municipality’s priorities;
- Encourage and facilitate public participation in LED;
- Promote inter-departmental collaboration;
- Promote and organise PPPs
- Establish sector linkages; and
- Monitor and evaluate the implementation of the LED strategy and specific LED projects.

The roles and responsibilities of other roleplayers are as follows:

- **Private Sector:**
 - Establishment, management and operation of business enterprises to the benefit of the enterprise and the community of the local area;
 - Sustainable employment creation, income generation and investment; and
 - Capacity building of personnel.
- **Labour/NGO/CBO sector:**
 - Provide support to economic growth and development policies, strategies and the implementation of opportunities within the context of sustainable development.
- **Local/national/international donor organisations:**
 - Provide funding and economic development support and services within the legislative and institutional context of economic development at national, provincial and local level
- **National & Provincial Development Agencies:**
 - Provide funding and economic development support and services within the legislative and institutional context of economic development at national, provincial and local level.

Appropriate partnership mechanisms between government, the private sector and civil society can enhance the ability of the private sector to accelerate job creation within an LED programme. This is to ensure that social capital is nurtured at the local level, empowered and drawn upon. Overall, in line with international best practice, local government is allocated a facilitative or enabling role in LED processes.

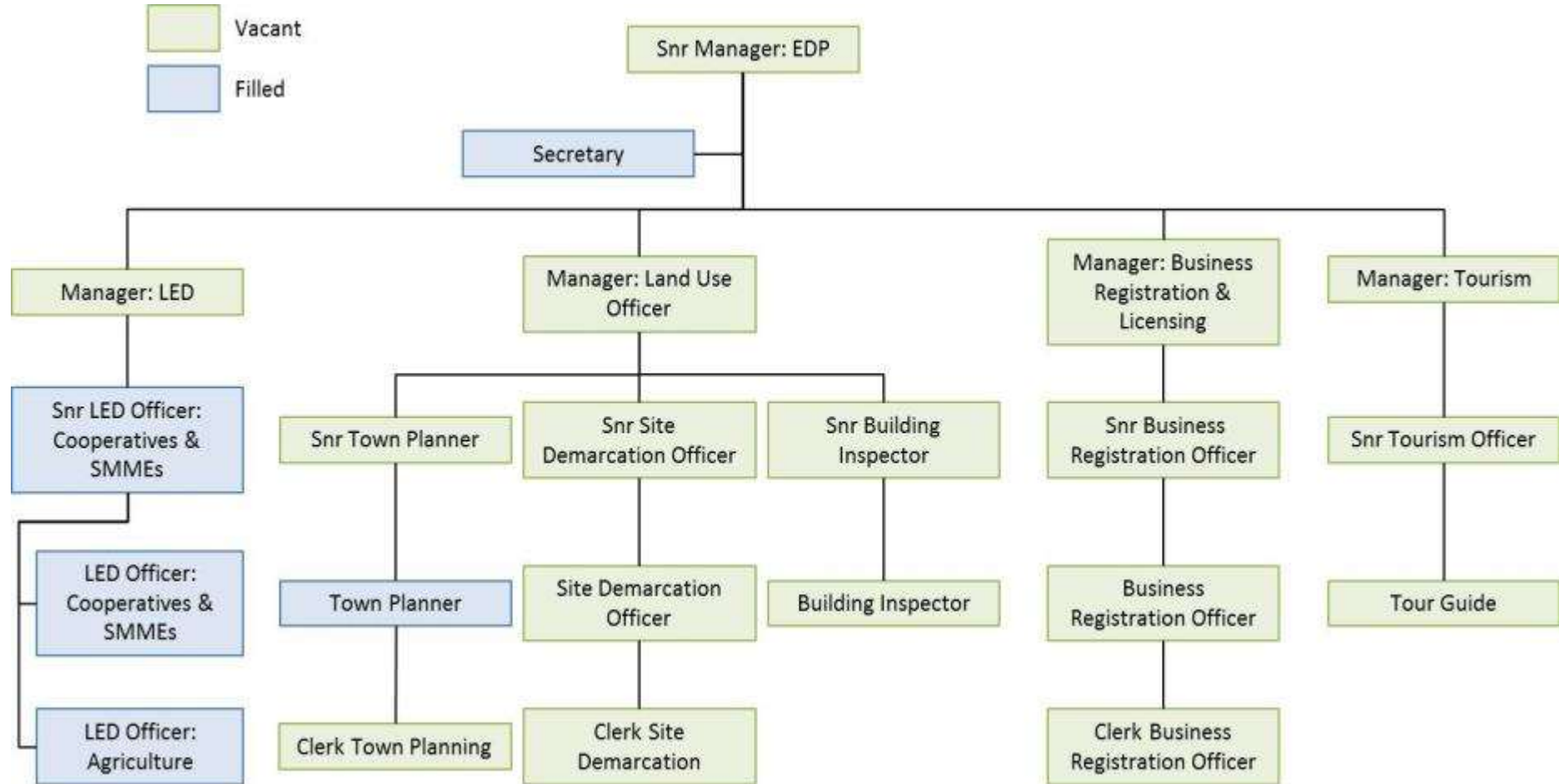
Outside of government, an important role is played in LED by a number of other key stakeholders, namely the South African Local Government Association (SALGA), the Development Bank of Southern Africa (DBSA), Department of Local Government (DPLG), Department of Trade and Investment (Dti), Integrated Development Corporation (IDC), Small Enterprise Development Agency (SEDA), etc. The aforementioned should all engage in a process which defines complementary roles for each partner rather than the existing situation of overlapping roles and responsibilities. Finally, a valuable role is assumed in the landscape of LED in South Africa by the activities of the group of international donors, including the European Union, The World Bank, GTZ, DFID, etc.

7.2 Institutional Structure of Aganang LED Unit

7.2.1 Existing Institutional Structure of the LED Unit

The function of Local Economic Development (and the current LED Unit) falls under the Directorate Economic Development and Planning, which reports to the Municipal Manager. Figure 7.1 presents the current organisational structure of the Directorate Economic Development Planning. It should be noted that vacant positions are indicated by a green colour, whereas filled positions are indicated by blue. As is evident from the Figure, the Directorate is currently severely under capacitated. The LED Unit however is well represented with a Senior LED Officer and two junior LED Officers, one focusing on SMMEs and Cooperatives and the other on Agriculture. It is however of great concern that the LED Unit does not have a manager that can delegate to the Officers and report to the Manager of the EDP Division. Furthermore, Tourism, which falls under Local Economic Development, currently has no capacity and it is therefore evident that the municipality will not be able to achieve its targets in terms of tourism growth given the institutional capacity.

FIGURE 7.1: CURRENT ORGANISATIONAL STRUCTURE: ECONOMIC DEVELOPMENT AND PLANNING, 2013-14



Source: Aganang LM, 2013

7.2.2 Programme and Project Implementation Requirements of the LED Unit

Developing an effective institutional structure and framework for a municipality such as Aganang Local Municipality is often challenged by various factors such as funding availability to employ more LED officers, identifying the skills shortages and filling the gaps where responsibilities of the LED Unit are not being met, working within the political and economic context of the municipality and being able to construct an institutional structure and framework that will appropriately address needs of that context.

The purpose of this section is to offer viable options for the institutional arrangements of the LED Unit of Aganang LM, taking into account the proposed organisational structure (as illustrated in Figure 7.2). Recommendations will be provided for the short-, medium-, and long- term restructuring possibilities.

To ensure that the LED Strategy is properly implemented and focuses on key LED factors such as poverty alleviation, job creation, SMME development there are several standard actions that key roleplayers must undertake. These include:

- Capacitate the LED Unit with competent and relevantly skilled people before beginning with implementation of LED programmes and projects
- Facilitate the successful roll-out of programmes and projects by implementing those that have been identified as immediate priority, followed by the medium- and long-term projects as prioritised in the previous Section.
- Develop reasonable timeframes and monitor the time schedule monthly or weekly in order to effectively evaluate the progress of all necessary actions
- Create a balance between noticeable economic growth and stimulating local community empowerment in order to have more sustained LED
- Job creation and implementation of projects must be primarily undertaken by the local community, not through the utilisation of external service providers and workers
- Ensure that vital financial resources, equipment and human capital are have been accessed and are in place for utilisation prior to the roll-out of programmes and projects.

Appointed LED institutions/role-players must be operational at Programme- and at Project level. At Programme level, institutions are tasked with coordinating development initiatives (see Figure 7.1); while at Project level the institutions have definitive tasks, budgets and timeframes.

The priority LED Programmes that require coordination are:

- Mentorship and Support
- Agro-processing and niche produce development
- Emerging farmer support and Skills Development
- Sustainable and diversified agricultural development
- Green Economy Promotion
- SMME and Business Development
- Tourism Growth and Development

Whereas LED projects may be managed and driven through the support from a number of different institutions. The Municipality however needs to coordinate the project initiatives by drawing them together into a coherent LED Programme for the area. However, while Project level institutions can comprise institutional arrangements outside of the Municipality, it should be stressed at the outset that Municipalities remain politically accountable for LED and cannot delegate political responsibility to

other institutions. Furthermore, Municipalities also remain responsible for public funds, even if projects are delegated to Project level institutions, such as a Section 21 Company or a Community Trust.

FIGURE 7.1: RESPONSIBILITIES OF PROGRAMME LEVEL INSTITUTIONS WITH PRIORITY PROGRAMMES IDENTIFIED IN THE LED STRATEGY



Given the large variety of projects that could be implemented as part of local economic development, it is impossible to provide details of specific institutional arrangements for each project. However, certain aspects are characteristic of successful Project level institutions, regardless of the projects they are involved in.

The priority projects with definitive tasks, budgets and timeframes to be implemented include:

- Compile and Maintain a Aganang Gateway 2 Opportunity database
- Rejuvenation of the abandoned Sisal project
- Central Mentorship Programme for Emerging Farmers
- Establish a local Youth Drop-in and Development Centre
- Development, Support, and Expansion of Vegetable Production Cooperatives
- Walk-in-25 Recycling Cooperative
- Essential Oils Production Project support and roll-out
- Establishment of ICT-related SMME's
- Funding and Support for the Matlou-Matlala Nature Reserve

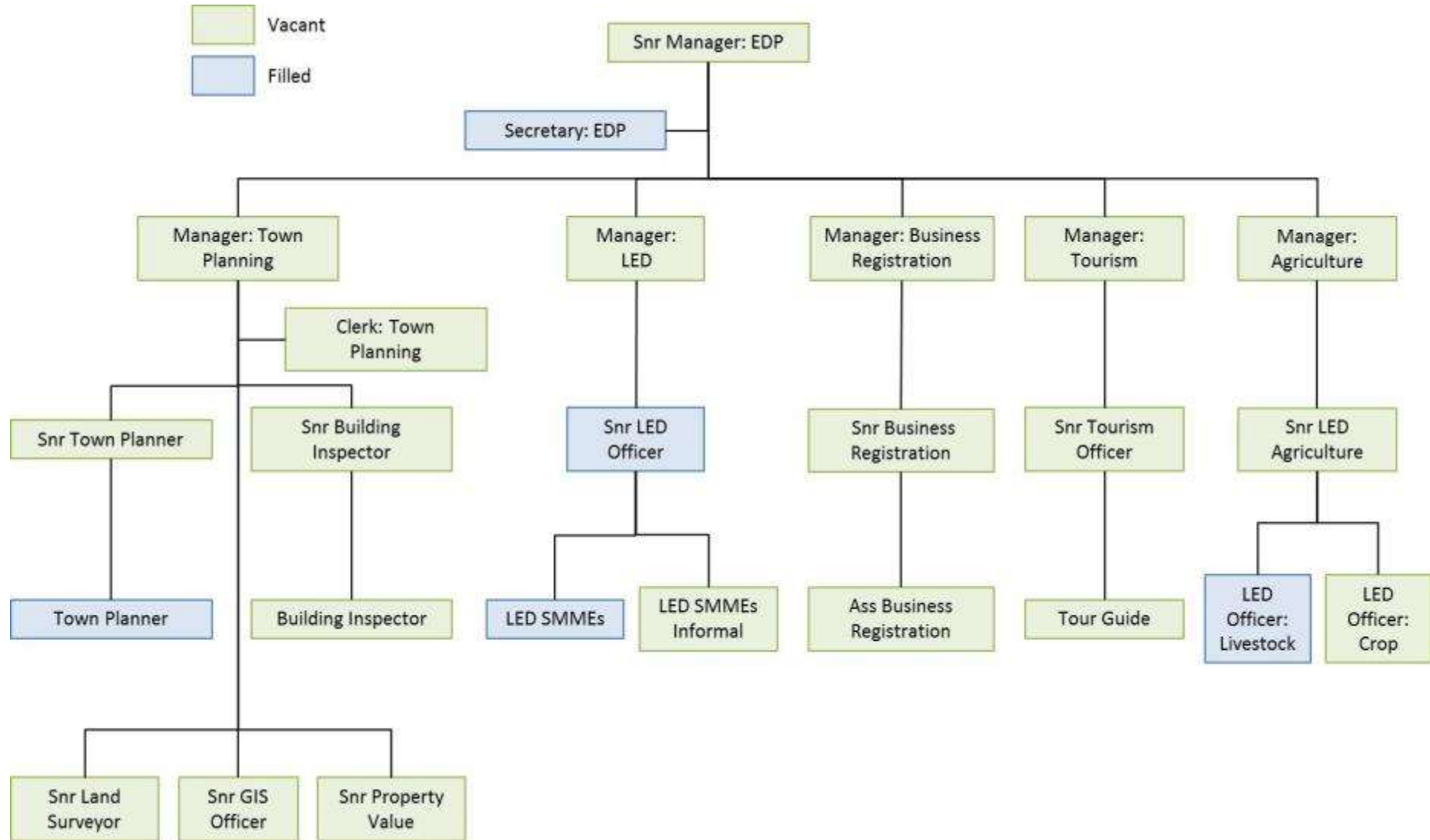
7.2.3 Proposed Institutional Structure of the Aganang LED Unit

The Aganang Local Municipality has a dedicated LED unit which does not share its functions with IDP unlike many other municipal organisation structures in the country. It is however imperative that the capacity of the LED Unit and any shortcomings in this respect is addressed at the outset, to ensure the efficient implementation of this Strategy.

The capacity of any LED unit is dependent on its staffing levels, the levels of skills possessed by appointed staff, the available budget for the operation of the unit and for the implementation of projects, the commitment on the part of the Municipality and the presence of the necessary facilities to effectively complete its tasks.

Figure 7.2 presents the proposed organisational structure for the Aganang Local Municipality's Economic Development and Planning Division, as obtained from the Municipality. It is evident from the figure that focus is being placed on tourism and agriculture, with each of these sectors having a proposed unit within the division.

FIGURE 7.2: PROPOSED DRAFT ORGANISATIONAL STRUCTURE: ECONOMIC DEVELOPMENT AND PLANNING



Source: Aganang LM, 2013

7.2.4 Outsourcing Projects for Implementation

A specific role for the implementation of projects also needs to be created within the LED Unit, to ensure that LED initiatives do not remain only identified projects, but is successfully facilitated. Dedicated LED implementing post is thus needed and it is suggested that the Senior LED Officers (includes Tourism and Agriculture) fulfil this role. This role requires focussed management and development facilitation of specific projects, including the targeting of support agencies and funding sources, the development of the required infrastructure, etc. This would include determining the feasibility of the projects in terms of demand and supply factors, potential stakeholders, potential impact in terms of employment, economic development potential, etc. Once feasibilities have been undertaken, promotion of the feasible projects to private sector stakeholders and funding institutions, and development facilitation to identifying stakeholders/partners, identifying suitable location and building, appointment of specialists (as and when required), providing training on way forward for implementation, etc. follows. The first step prior to implementation is to submit applications for funding and the ensure capacity-building and availability for project implementation.

As such, it is advised that an interim or second option entail outsourcing of the projects for development facilitation, to overcome budget and capacity constraints. In this instance the LED Unit could play a larger coordinating role at programme level, concentrating its efforts on the identification of LED programmes and projects, planning for LED programmes, consultations, etc. The implementation of specific projects can then be outsourced as many municipalities are currently undertaking. This means that all of the time consuming aspects such as feasibilities, marketing, sourcing financing, sourcing investors, undertaking training, etc. are all outsourced. It is thus suggested as an interim measure that the implementation of projects get outsourced.

Throughout the country limited success is being achieved with regards to implementation of LED strategies. Aganang Local Municipality should move beyond strategy development by implementing project opportunities contained in the LED strategy in order to obtain much needed economic development. However, lack of funding, shortage of resources, and lack of capacity are some of the most constraining issues faced during the implementation of projects.

As such, it is proposed that implementing agents be endorsed by the Municipal Manager to submit applications for funding to various entities such as the DBSA, IDC, DTI, etc. of projects contained within the approved LED strategy of the municipality. This will greatly assist the municipality, because in order to attain economic development it is critical that funding for priority projects be obtained so that the municipality can move beyond strategy development into actual delivery and job creation in line with national and provincial policy directives.

Implementing agents thus require permission to apply for funding to initiate the process of getting the projects on the ground through packaging funding applications accompanied with covering letters, motivations, concepts, etc. The professional work to be undertaken could be borne by the implementing agents on a risk basis and all professional work undertaken will be voluntarily and without payment. In return, the implementing agents will obtain funding for being the project implementers as part of the grant applications and will thus ensure implementation and realisation of the projects, for which funding has been obtained. In this regard, the implementing agents will have separate agreements in place with potential funding providers. The municipality will thus in no way be liable for providing the implementing agents with any fees related to professional work for attaining funds on

behalf of high priority LED projects contained within the approved LED strategy and this in no way legally binds the municipality for payment in anyway.

The purpose of endorsing professionals is thus merely to provide the implementing agents with consent to apply for funding of Local Economic Development (LED) projects within the jurisdiction of the local municipality, as identified in the municipalities approved LED strategy, in order to initiate the process of getting LED projects on the ground.

7.3 Capacitation and Human Capital Development

The following local conditions contribute deeply to the building blocks of LED and needs to be in place to ensure economic growth within the Local Municipality:

- A strong local institutional presence with a variety of organisations, financial bodies, business chambers, trade unions, local and regional authorities, development agencies, innovation centres and marketing entities are vital to provide an ensemble of services and representative functions
- A high level of interaction between local organisations, in the form of regular formal and informal communication and at all levels of authority. Information exchanges, collaborations and cooperation between these entities are also necessary and provide the opportunity for organisations to adjust to the changing economic environment in relation to one another. Social norms and behaviour will collectively shape a certain social atmosphere which will help build trusting relationships between people and organisations
- Shared awareness of being part of a common enterprise. This will produce a common agenda which can both develop and influence patterns of relative power to establish trusting relations and local legitimacy. A widely held and accepted project will mobilise a large area of stakeholders with efficiency and speed
- Patterns of coalition and structures of power will decrease silo-behaviour or sectionalism. It will assist with coordination of projects and the sharing of costs. The structure of the entity relationships in the region will reflect on the power base of the organisations, their resources, the financial capacity and stability, and their independence from influential external factors.

It is this concept that will inform the elements of capacity building and human capital development that are discussed below.

7.3.1 LED Unit Capacity Building and Human Capital Development

It is not sufficient to only increase the number of personnel that is employed, but also that the right personnel with the appropriate qualifications, experience and training is appointed. None the less, it may be necessary for staff appointed to the LED, Agriculture and Tourism Units to undergo training specific to local economic development in Aganang Local Municipality.

This training could include aspects such as the context-specific economic theories that underlie local economic development, basic concepts and influences on economies, procedures related to LED in Aganang Local Municipality, and undertaking situational analyses to understand the socio-economic and economic profiles of the Municipality. Training should also include the skills to identify opportunities and constraints and the conversion of these opportunities and constraints into programmes and viable projects, learning how to compile and evaluate feasibility studies, gain access to capital and funding,

implement the LED Strategy and manage programmes/projects, and how to monitor and evaluate the strategy and the programmes/projects set in motion.

7.3.2 Financial Capacity Building

In addition, the financial capacity of the LED Unit must be continuously improved and maintained. It has been indicated that the Local Municipality does not have a dedicated budget for the implementation of LED projects, as such, but it is estimated that the Municipality will have a budget available of an **annual amount of R5, 000, 000** for the implementation of viable LED projects that are able to make a sustainable difference in the local economy.

It should however be anticipated that the Municipality will not always be able to commit to such a generous budget towards LED. It is therefore suggested that an alternative such as a **pool fund** be considered, which is a fund that receives contributions from different agencies, and also internally, to finance a set of budget lines or activities agreed as eligible in support to a sector programme. As such eligibility criteria need to be agreed upon. LED projects requiring grants can then loan from and repay from this LED pool fund so as to ensure continued funds are available for future LED projects.

An interim alternative aimed at overcoming the limitations of the current LED Unit in terms of capacity (and potential future budgetary) constraints, involves the outsourcing of the projects for implementation by separate implementing agencies.

7.3.3 Capacity of the Implementing Agent

Certain characteristics of implementing agents/institutions are essential for successful project delivery. These characteristics must be actively sought in the institutions to which tenders are awarded or to implementing agents that are endorsed to obtain funding for the implementation of LED Projects. The implementers appointed should:

- Have the ability to produce effective results
- Have sufficient staff capacity to implement the project efficiently
- Have the ability to mobilise sufficient finance and human resources for the project
- Have the ability to transfer skills from any outside agents involved to the municipality and community members to build in-house capacity where applicable
- Match LED objectives and strategies of the project
- Build and inspire confidence among the stakeholders
- Minimise the potential liability of the LED programme institution, the Municipality and other stakeholders if the project experiences problems
- Monitor the progress of the project
- Meet the requirements of government legislation and commercial law

Should the route of appointing external expertise be followed in the interim period, it is imperative that the implementers appointed contribute to the building of in-house capacity in the medium term, thereby ensuring that the Municipality will eventually be able to implement many of the projects on their own. In other words it is suggested that the implementers whom get appointed create a fitting understanding of the underlying theoretical aspects influencing LED in the Aganang Local Municipality, equip the local role-players to initiative and drive LED activities, and to enable the generation of LED momentum.

This can be achieved by involving the LED Unit in the hands-on implementing process of projects from start to finish, allowing the transfer of skills to LED officials. This almost ‘on-the-job’ training approach could include training related to:

- Identification of local people to become involved in ownership of projects
- Undertaking strategic workshops to engage relevant project stakeholders
- Negotiating with communities, traditional authorities, , land owners (where applicable), etc. in finalising ownership
- Putting projects out to tender by advertising and promoting opportunities for development of projects and evaluating tenders
- Finding ways to obtain and secure start-up capital
- Utilising feasibility studies to market projects to potential funders
- Submitting applications for funding
- Developing detailed business plans
- Determining requirements in terms of location, such as licensing and rental, etc.
- Determining infrastructure requirements of project
- Obtaining quotes for costs and appointing specialists
- Finalising legal requirements/registration related to management of projects
- Appointing appropriately skilled staff and developing suitable job descriptions
- Identifying training and technical needs of members and sourcing appropriate training
- Drawing up detailed marketing plans and understanding the markets
- Developing and implementing efficient financial and accounting systems
- Undertaking progress and performance monitoring
- Providing ongoing support and mentorship

7.3.4 External Stakeholder Relations

Essentially, the LED Unit cannot undertake local economic development in isolation, particularly in view of its currently constrained capacity. It should seek guidance and involvement from external institutions which could assist in achieving a dynamic, diverse and sustainable economy. It is, therefore, necessary for the LED unit to build relations and coordinate the involvement of various community groups, support service agencies and government structures to successfully implement the Programmes and Projects identified and described in this Strategy.

LED involves local, national and international partnerships (e.g. twinning) between communities, businesses and governments to solve problems; create joint business ventures and build up local areas. It is also necessary that the Aganang Local Municipality should make use of external support mechanisms by establishing linkages beyond the municipality with a wider group of stakeholders. Appropriate partnership mechanisms between government, the private sector, non-governmental organisations (NGOs) and civil society can enhance the ability of the private sector to accelerate job creation within an LED programme. In this way social capital is nurtured at the local level, empowered and drawn upon by the private sector and active external entities. The roles of these entities are defined below:

- **Private Sector:**
 - Establishment, management and operation of business enterprises to the benefit from the enterprise and the community of the local area;
 - Sustainable employment creation, income generation and investment; and

- Capacity building of personnel
- **Labour/NGO/CBO sector roles and responsibilities:**
 - Provide support to economic growth and development policies, strategies and the implementation of opportunities within the context of sustainable development.
- **Local/national/international donor organisations roles and responsibilities:**
 - Provide funding and economic development support and services within the legislative and institutional context of economic development at national, provincial and local level
- **National & Provincial Development Agencies' roles and responsibilities**
 - Provide funding and economic development support and services within the legislative and institutional context of economic development at national, provincial and local level.

Beyond government, an important role is played in LED by a number of other key stakeholders, namely the South African Local Government Association (SALGA), the Development Bank of Southern Africa (DBSA), Department of Local Government (DPLG), Department of Trade and Investment (DTI), Integrated Development Corporation (IDC), Small Enterprise Development Agency (SEDA), etc. The aforementioned should all engage in a process which defines complementary roles for each partner rather than the existing situation of overlapping roles and responsibilities. A valuable role is also assumed by the activities of the group of international donors, including the European Union, The World Bank, GIZ and DFID.

Successful LED depends on the collective efforts of the public, private and community sectors. Formal and informal structures and processes should be established to ensure all stakeholders are involved and the planning process is well managed.

Figure 7.3 illustrates government support mechanisms that could aid investment promotion in the Aganang Local Municipality.

The advantages to involving stakeholders include:

- Stakeholders bring specialist knowledge and different perspectives making the planning process more robust
- They bring professional, financial and physical resources to the table
- They legitimise the process by being involved
- They forestall problems by being engaged in the process
- Business partners are likely to know much more than local government representatives about the true state of the competitive position of the community
- By involving higher tiers of government, strategies are likely to benefit from their support (including financial)
- Local community representatives are likely to be best informed about local problems and opportunities that could be addressed by the LED strategy
- By involving communities, it is more likely that a volunteer effort could be established to support LED implementation programs
- Jobs and economic growth are created in the private sector. Government is usually merely a facilitator in this process.

However a 'vital issues' approach needs to be undertaken. That is, not all of the above-indicated programmes, projects and actions, should or could (given financial and human resources constraints) be

implemented simultaneously. The Economic Framework set out in this Strategy should thus be implemented in a phased manner, necessitating a focussed and progressive approach towards the implementation of certain programmes and projects throughout the LED Process. Nonetheless, equal attention should be given to each of the thrusts so as to avoid the creation of economic sector dominance on the one hand and dependence on the other.

FIGURE 7.3: GOVERNMENT SUPPORT MECHANISMS



7.4 Monitoring & Evaluation

As highlighted by the LED South African Network, all LED strategies and projects must have specific goals and objectives in order to ensure success. These goals and objectives need to have effective monitoring and evaluation (M&E) focus points that will help guide implementation and deliver successful results.

The Monitoring and Evaluation Plan is an important component of the LED Strategy, as it allows the Aganang Local Municipality to assess and report on how well it is performing in implementing the Strategy and reaching its goals in terms of local economic development. Monitoring and evaluation can effectively be used to improve how the LED Unit achieves results, as it provides set benchmarks against which progress can be tracked and can be utilised as essential feedback mechanisms, whereby the Municipality can ensure that its LED initiatives remain dynamic and responsive to changing conditions in the local, national and international economy.

Monitoring and evaluation are two separate, but interrelated strategies, which involve the collection of data and reporting on the findings, allowing the Municipality to assess its performance. The monitoring component of the Plan involves the continuous collection and analysis of information in order to compare how well the Strategy and its component Thrusts are performing against expected results. Results-based monitoring, therefore, demonstrates whether a project, programme, or policy is achieving its stated goals.

The evaluation component of the Plan involves assessing the information received during the monitoring process to measure how well local economic development is being implemented in the Municipality. It, therefore, entails analysis of the information and data collected during the monitoring phase. The evaluation component of the Monitoring and Evaluation Plan assesses the efficiency, effectiveness, and sustainability of any individual intervention in the local economy, as put forth by the LED Strategy. The evaluation component is also intended to incorporate lessons learnt into the decision-making process when implementing further development programmes. Both components are essential in the successful implementation of both the Aganang Local Municipality LED as a whole and the individual Programmes themselves.

Three main priority areas can be identified within the LED Strategy that constitutes the main development thrusts. Proxies to measure success in implementation can be developed for each of these thrusts:

- Thrust 1: Agricultural Development & Expansion
- Thrust 2: Tourism and Green Economy Development & Promotion
- Thrust 3: SMME & Informal Business Development

Examples of performance indicators have been selected for each of the three thrusts in order to develop an index to measure the success of each thrust. The following indicators were selected for each thrust:

7.4.1 Agricultural Development & Expansion Index

Employment and GDP growth in the agricultural and agro-processing sectors are used as indicators of the development and expansion of the agricultural sector, on the bases that as the sector develops there will be increasing opportunities for job and GDP growth, and in addition the number of new agriculture products introduced to the area will provide further indication of expansion within this sector.

The following proxies are used to measure this thrust/index:

- Agriculture sector GDP
- Agriculture sector employment
- Agro-processing sector GDP

- Agro-processing sector employment
- Number of new agricultural products introduced to the LM

7.4.2 Tourism and Green Economy Development & Promotion Index

In monitoring the performance of the Tourism and Green Economy Development and Promotion Thrust a number of indicators in regards to the various sectors are taken into account, namely the Tourism Sector as well as the Green Economy sector.

The proxy indicators utilised in this index are:

- Catering and Accommodation GDP
- Catering and Accommodation employment
- Number of establishments accredited by the Tourism Grading Council of South Africa (TGCSA)
- Number of tourism-related events hosted annually
- Number of green economy initiatives established/implemented

7.4.3 SMME & Informal Business Development Index

This thrust focuses on development of new businesses, SMMEs and the informal sector. It is aimed at providing local business owners and entrepreneurs with the necessary skills and knowledge to effectively manage their businesses, as well as providing financial support and increasing access to external markets. The successful implementation of this Thrust would not only see increased direct employment, but also the generation of indirect job opportunities and further spin-off effects in the local economy. The Thrust is also aimed at seeing GDP growth, thereby increasing the incomes of local people and improving their quality of life.

The indicators used in this index are:

- Overall GDP
- Tress index for GDP
- Overall employment
- Number of registered SMMEs
- Number of SMMEs successfully implemented/supported
- Number of cooperatives registered
- Number of cooperatives successfully implemented/supported

7.4.4 LED Implementation Index

This Index seeks to measure the effectiveness of the LED Unit in implementing the Projects and Programmes identified in the LED Strategy. Through this Index, the LED Unit can measure its performance in implementing the Strategy, as well as its effect on the local economy. The number of LED projects successfully implemented and the number of LED actions per programme successfully facilitated by the Aganang Local Municipality LED unit gives an indication of how effective the Unit is in the implementation of the LED Strategy. The number of direct job opportunities created through the implementation of certain projects and actions is a further measure of the Unit's effectiveness in meeting the employment generation goals and objectives of the LED Strategy.

The indicators utilised as performance proxy for the LED unit are:

- Number of LED projects successfully implemented
- Number of LED actions per programme successfully facilitated

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- Number of direct permanent employment opportunities created
- Number of direct temporary employment opportunities created
- Number of indirect permanent employment opportunities created

The following table provides an example of the indicator that can be used to measure the performance of the LED Strategy and LED implementation.

TABLE 7.1: MONITORING AND EVALUATION MATRIX

INDEX	PROXY INDICATORS	BASELINE (2013)	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018
Agricultural Development & Expansion Index	Agriculture sector GDP					
	Agriculture sector employment					
	Agro-processing sector GDP					
	Agro-processing sector employment					
	Number of new agricultural products introduced to the LM					
Tourism and Green Economy Development & Promotion Index	Catering and Accommodation GDP					
	Catering and Accommodation employment					
	Number of establishments accredited by TGCSA					
	Number of tourism-related events hosted annually					
	Number of green economy initiatives established/implemented					
SMME & Informal Business Development Index	Overall GDP					
	Tress index for GDP					
	Overall employment					
	Number of registered SMMEs					
	Number of SMMEs successfully implemented/supported					
	Number of cooperatives registered					
	Number of cooperatives successfully implemented/supported					

INDEX	PROXY INDICATORS	BASELINE (2013)	2014/2015	2015/2016	2016/2017	2017/2018
LED Implementation Index	Number of LED projects successfully implemented					
	Number of LED actions per programme successfully facilitated					
	Number of direct permanent employment opportunities created					
	Number of direct temporary employment opportunities created					
	Number of indirect permanent employment opportunities created					

7.5 Way Forward

A critically important aspect for the successful implementation of the LED Strategy in Aganang Local Municipality is the need to ensure that all stakeholders and parties involved in the LED process take ownership of the Programmes and Projects identified. It is also important that the monitoring and evaluation elements of the Strategy are incorporated into the performance management system of the Local Municipality. This will ensure accountability and responsibility for the implementation of the LED Strategy and its Programmes

References

Annexure A: Potential Funding Sources

- Department of Human Settlements (DHS)
- Department of Trade and Industry (DTI)
- Department of Environmental Affairs (DEA)
- Department of Roads and Transport (DoT)
- Department of Labour's National Skills Fund (NSF)
- EPWP (National Dept. of Public Works)
- Industrial Development Corporation (IDC)
- Development Bank of Southern Africa (DBSA)
- Small Enterprise Development Agency (SEDA)
- Culture, Arts, Tourism, Hospitality and Sports Sector Education and Training Authority (CATHSETA)
- Sector Education Training Authorities (SETA)
- ESKOM
- Limpopo Provincial Government
- Limpopo Department of Economic Development, Environment and Tourism (LEDET)
- Limpopo Department of Agriculture (LDA)
- Limpopo Economic Development Agency (LEDA)
- Limpopo Tourism and Parks Board
- Capricorn District LED Unit
- Aganang Local Municipality Economic Development & Planning