

LEPELLE-NKUMPI LOCAL MUNICIPALITY DRAFT INVESTMENT STRATEGY



URBAN-ECON
Development Economists

Prepared by:
Urban-Econ Development Economists
1088 Pretorius Street, Hatfield, 0028
Tel: 012 342 8686
Fax: 012 342 8688
Email: pta@urban-econ.com

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Chapter 1: Introduction

1.1 BACKGROUND TO THE PROJECT

Urban-Econ Development Economists was appointed by the Lepelle-Nkumpi Local Municipality (further referred to as the Lepelle-Nkumpi LM) to formulate an investment strategy for the area with a focus of promoting integrated and sustainable development in the local economy.

According to the Local Economic Development Plan (November 2006) there are high levels of unemployment in the municipality (61%) and resultant low levels of income, forcing a portion of the population residing in the area to enter and participate in informal and marginal opportunities. Employment opportunities are created by the businesses in the area operating in the agricultural, mining and manufacturing sectors. Retaining these businesses in the area is of strategic importance as their relocation would have detrimental effects on the local economy and communities. In addition, the area has great potential in growing its agriculture, agro-processing industries, mining activities, tourism and trade offering opportunities for small business development and creation of new employment positions.

In line with the above, the Lepelle-Nkumpi LM has identified the need for an Investment Strategy that would first of all focus on **retaining and expanding the existing businesses**, and secondly, on **attracting new investment** to the area.

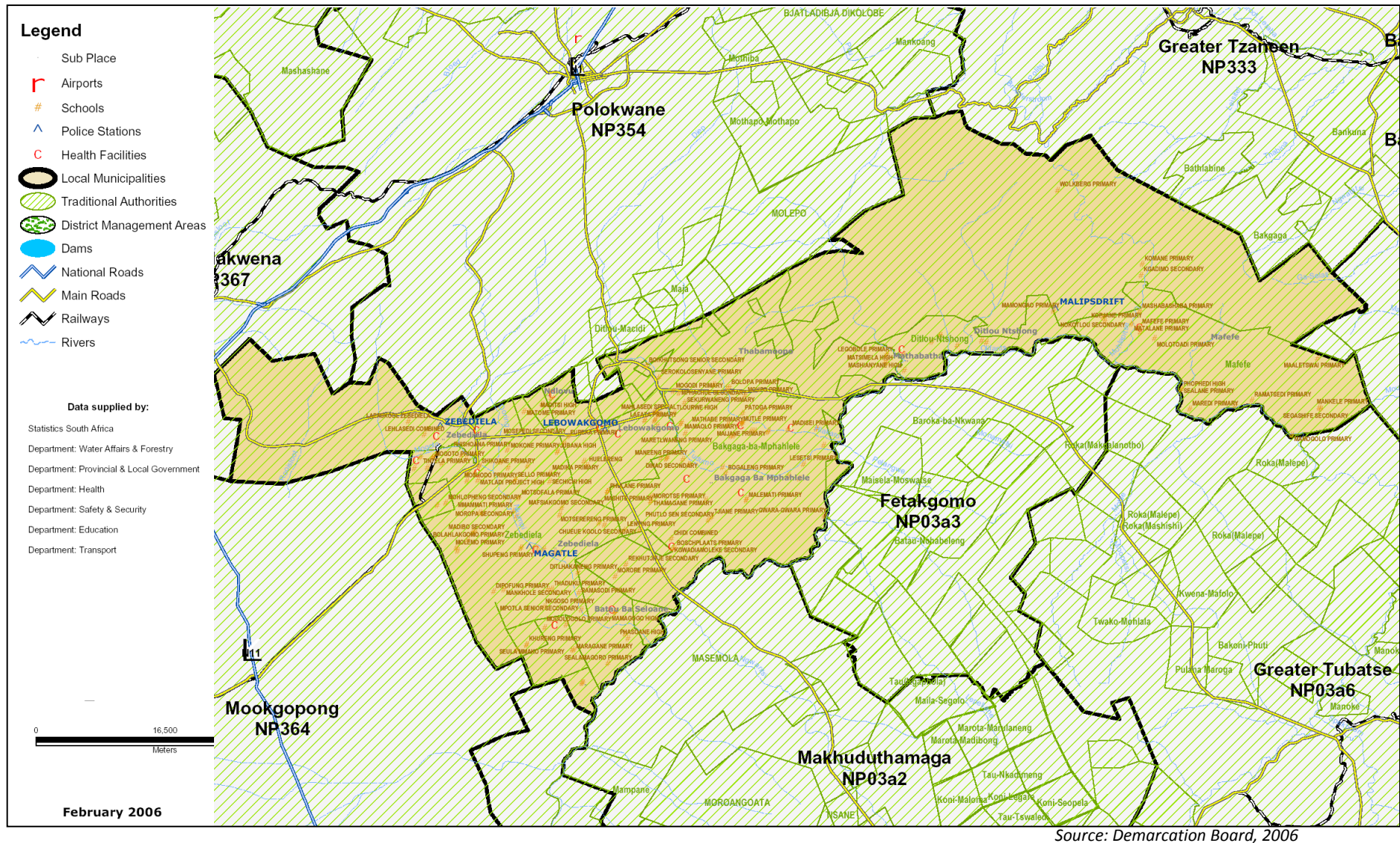
1.2 STUDY AREA

Lepelle-Nkumpi is situated within the Limpopo Province, which forms part of the border separating the Republic of South Africa from its neighbours, Zimbabwe and Mozambique. This province also has within its territory the former homeland areas of Lebowa, Venda and Gazankulu. The municipality can be found at the Southern tip of the Capricorn District Municipality (CDM) and is bordered by Polokwane Municipality to the north and north-west.

Lepelle-Nkumpi Municipality covers an area of approximately 3.500km² and comprises approximately 20% of the CDM area. The municipality is divided into 27 wards which comprises a total of 110 settlements. The town of Lebowakgomo is located in Lepelle-Nkumpi Municipality as well as the offices of Lepelle-Nkumpi (see below Map). All sittings of the Provincial Legislature take place at Lebowakgomo in the parliamentary buildings of the former homeland.

Large areas of land in the municipality form part of the former Lebowa homeland and are now held in trust for tribal and community authorities. These traditional authorities play a very important role in terms of their traditional culture and therefore have a major influence on 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.

Map 1: Lepelle-Nkumpi Local Municipality



1.3 GOAL AND COMPOSITION OF THE INVESTMENT STRATEGY**GOAL:**

To formulate guidelines for the Lepelle-Nkumpi Local Municipality for retaining the existing businesses, assisting in their expansion and attracting new investment to the area.

In order to achieve the above goal, the Investment Strategy encompasses the following:

- **Doing business in Lepelle-Nkumpi (Chapter 2)** creates a clear understanding of the local economy's locational advantages and disadvantages, supply of labour and natural resources, economic drivers, and level of delivery of municipal services.
- **Strategic perspective analysis (Chapter 3)** aims to identify the growth sectors and market opportunities that could be exploited in the area, as well as business constraints and risks related to investment in specific economic sectors.
- **Project portfolio (Chapter 4)** provides a brief summary of possible projects that could be undertaken by investors.
- **Investment guide (Chapter 5)** provides a complete guide of activities for retaining and expanding existing business, as well as attracting new investments to the area.

Overall, the implementation of the Investment Strategy will provide the following benefits:

- Create a clear understanding of the area's potential
- Assist in raising the awareness of the Lepelle-Nkumpi LM among potential investors
- Create a working relationship between public sector and local businesses
- Improve regulatory environment of the Municipality with regard to support of local and large companies

Chapter 2: Doing business in Lepelle-Nkumpi

This chapter gives an overview of the investment environment in the Lepelle-Nkumpi Local Municipality. In particular, the overview will give investors an idea of the current situation in Lepelle-Nkumpi Local Municipality and will influence their investment decision. The existing condition of the investment environment, as identified in this chapter, could also be used to be able to measure change in the future and to set benchmarks against which performance can be measured. The investment environment is assessed by looking at the following indicators:

-  Land
-  Supporting infrastructure
-  Labour force
-  Licensing
-  Accessibility to markets
-  Incentives
-  Supporting service industries
-  Agglomeration economies
-  Tax environment
-  Place marketing
-  Government Support mechanisms
-  Business Support Framework

The remainder of this chapter will be focused on the indicators mentioned above.

2.1 LAND

This section gives an overview of the land available for agricultural, manufacturing and tourism purposes and also gives an overview of the land claims situation in the area.

Agriculture

In terms of land availability for agriculture, the north-eastern side of the Municipality along the Olifants River on the Southern boundary has numerous opportunities for development. An example is approximately 80 hectares, around the Grootfontein area, that could be operated as one farm unit. Across the road there is also about 35 hectares available for agriculture development, but negotiations are still underway to determine if it would be possible to develop it as one piece of land.

Just outside of Lebowakgomo there is available land suitable for sorghum production and various irrigated pieces of land are also suitable for further development, like the irrigated land around Badfontein.

The Local Economic Development Plan (November 2006) identifies that a very small area in the north-eastern region of the municipality consists of Forest Biome, a type of vegetation that is mostly associated with activities such as forestry, grazing and eco-tourism.

In the south-west of Lepelle-Nkumpi (around Magatle and Zebediela), on the western border (Mokopane area) and on the north western border (towards Polokwane) there are broilers and egg layers. Not all of the chicken farms in the area are productive. There is one chicken abattoir in Lebowakgomo, which is mainly used for white meat processing.

Cost of land in Lepelle-Nkumpi is subject to a property evaluator's assessment.






Manufacturing












Customised factories for meat and hide processing are vacant in the Lebowakgomo Industrial Park, which creates opportunities in cluster development for meat production. The industrial area also has potential to include other industries such as metals, chemicals, textiles, clothing and footwear. The industrial area is dominated by factories for the processing of sorghum, wheat and other crops. There are high vacancy rates in the Lebowakgomo Industrial Park. The sizes of factory units also vary considerably, ranging from the smallest at 82 m² to the largest at 14 400 m². The rentals are commensurate with the size of the buildings and type of tenants, and fit into a national profile for this type of a park i.e. large space/small rental and small space/large rental. The average gross rental per m², according to LimDev Rental Rolls, is approximately R3.36. An area of 250 m² in Polokwane could be rented for R24.75 per m². The lower rentals in Lepelle-Nkumpi will ensure a lower overall cost of production.

Tourism

The tourism industry in Lepelle-Nkumpi Municipality has great development potential. Not only is there land available for development of tourism products such as lodges, but existing tourism products in the area has the potential to be further developed.

Existing tourism products in the area, that could be further developed, includes:

-  Various forms of accommodation such as B&Bs and guesthouses in Lebowakgomo, which is a district growth point
-  Basadi ba Bapedi craft centre in Lebowakgomo
-  Nature reserves of Lekgaalameetse, Wolkberg and Bewaarskloof
-  Wolkberg caves
-  Hiking and walking trails

-  Game watching
-  4x4 trails
-  Mountain Climbing
-  Mafefe village, which forms part of the Ivory Route
-  Olifantsriver Gorge
-  Donkerkloof caves
-  Former Lebowa government offices
-  Wetlands
-  Mafefe Miraculous tree
-  Unique butterflies
-  Chueniespoort

Potential exists for the development of ***an integrated tourism node*** in Lepelle-Nkumpi. Projects in the programme include linking all tourism products in the area, improving access roads, developing new tourism products in area, etc. The Lekgalameetse, Wolkberg and Bewaarskloof Nature Reserves are located in the Lepelle-Nkumpi LM which presents numerous opportunities for nature-based and adventure tourism. The LM also presents opportunities for the development of culture and heritage tourism.

Between Lebowakgomo and Mafefe opportunity exists for the development of game farms. There is land available for the development of lodges along the Olifants River. The African Ivory Route that traverses the LM also presents opportunity for tourism development.

The spectacular scenery and landscapes offer potential for the development of a golf estate in Lepelle-Nkumpi LM in the Zebediela area. There is also land available for the development of a shopping centre near Zebediela.




The Mafefe tourism centre is an existing structure in Mafefe, erected by the District municipality, but not utilized at the moment. This centre has vast tourism opportunities since it has all the facilities: accommodation in the form chalets with water and electricity situated in a beautiful area with numerous eco-tourism and cultural attractions.

2.2 SUPPORTING INFRASTRUCTURE

This section provides an overview of the supply of basic services to the area and assesses the condition and availability of infrastructure such as road, air and rail transport, and telecommunications, as well as the availability of infrastructure at the Industrial Park in Lebowakgomo.

Electricity

According to the IDP, electricity is generated and distributed by ESKOM in the municipality. Electricity and energy is provided by means of the following sources:

-  Grid electricity, which is supplied from power stations;
-  Non-grid electricity which basically includes petrol and diesel generators; and
-  Other alternative sources of energy, which amongst others includes batteries, paraffin, coal, wood, candles, gas, etc

Electricity is not generated by the Municipality itself, thus making it vulnerable to the unreliability of the national network. A total of 86.32% of households in the municipal area has access to electricity. 13.68% of households use other energy source such as wood, paraffin, coal, gas. The municipality's mission is to provide electricity to all residents by 2011.

Water supply

The tariff for water consumption by businesses in Lepelle-Nkumpi is R6.67 per kilolitre and for industrial, shopping centre and office use it is R5.93 per kilolitre. In Polokwane, the tariff for water consumption is R6.90. It is therefore evident that water supply in Lepelle-Nkumpi is slightly less expensive and would result in slightly lower overall cost.

A total of 45.9% or 23 519 households have access to clean water. 34.4% or 17 628 households have water connections inside their yards, while 25.6% of households still rely on communal standpipes. Nearly 55% of communities receive water below RDP standards. The major concern is those people (7% of households) receiving water from natural sources like rivers, dams, springs, etc. and are susceptible to diseases. The service levels differ from village to village depending on the availability of funds, the type of settlement, topography and whether people can afford such services.

Roads

One of the three significant freight corridors through Limpopo is traversing through Lepelle-Nkumpi, i.e. the R37 from Lydenburg to Polokwane, through Burgersfort and Lebowakgomo. The general description of most roads in the CDM is poor. The rural roads are poorly designed and not maintained with specific attention to storm water drainage. There is significant freight transport due to mining activities in

Lepelle-Nkumpi and adjacent municipal areas. There are 19 subsidised bus routes and also 25 taxi facilities in the Lepelle-Nkumpi area of which 2 are informal.

Air & rail transport

Lepelle-Nkumpi Municipality has no major airport in its area of jurisdiction and no rail line is operating in the area.

Telecommunications

Telkom's public telephone service provides telecommunication to 60.33% of households in the municipal area. A small percentage of households (4.55%) do not have access to a public telephone. A substantial percentage of households have access to mobile phones, i.e. 87.06%. A total of 4 578 households have telephones inside their dwellings

Infrastructure in Lebowakgomo Industrial Park

The following figure outlines the infrastructure status quo in Lebowakgomo industrial park as summarised in the Industrial Resuscitation Strategy for Industrial Parks in Limpopo Province.

Water Supply

- Existing water reticulation consists mainly of 75 mm \varnothing diameter pipes all situated inside the road reserves.
- No known problems exist concerning the supply of water to the park.
- The residual pressure head on site is 570 kPa.

Sewerage

- Existing sewer network, situated inside the road reserve, appears to be in a fair operating condition
- It is estimated that 40% of the network will require intensive cleaning out.

Stormwater drainage

- A 450 mm \varnothing piped system exists along 80% of the roads with some of the kerb inlets in need of replacement.

Waste disposal

- The municipality maintains the park.

Roads

- There is a gravel road on the north of the park of 975m long.
- Potholes in the roads that need to be fixed.

Railway line

- There is no railway line.

Electricity

- Shortage of power supply to the park.
- Two sub-stations (both in need of
- upgrading according to Eskom) that supply power to the park

2.3 LABOUR FORCE

This section evaluates the availability of labour in Lepelle-Nkumpi, the skills- and schooling level and employment status of the population.

Availability of labour

Table 1 gives an indication of the population composition on different levels of the economy.

Table 1: Population compositions

Year	South Africa		Limpopo Province		Capricorn District		Lepelle-Nkumpi	
	1996	2001	1996	2001	1996	2001	1996	2001
Total Pop	40576575	44821240	4532993	4992611	1062885	1154678	232919	227962
Gender								
Male	48.1%	47.8%	45.7%	45.5%	45.6%	45.6%	44.8%	44.8%
Female	51.9%	52.2%	54.3%	54.5%	54.4%	54.4%	55.2%	55.2%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: LED, 2006

According to the Local Economic Development Plan (November 2006), the population situated in Lepelle-Nkumpi Municipality, with a population size of 227,962, takes up some 19.7% of the total population of the Capricorn District. The population in Lepelle-Nkumpi has grown more slowly than in the rest of the District, which indicates that the growth experienced in the district was not generated in Lepelle-Nkumpi Municipality, which had an overall decrease in population between 1996 and 2001.

As is evident from the Table above, in Lepelle-Nkumpi Municipality the male to female ratio has seen the number of males to females remain constant during 1996 and 2001. Females however, still remain the dominant gender in this area. This is not dissimilar to that of District, Provincial and National level. However, the proportion of females to males (1.8:1) is far higher in Lepelle-Nkumpi Municipality. This supports the suggestion that there is a general outward migration of the workforce (traditionally the men in the family) towards centres of higher economic activity such as Polokwane close by, or even the Gauteng market.

In terms of the urban/rural distribution of the population, comparisons between 1996 and 2001 are hindered by the fact that places are demarcated differently for the different Censuses. Furthermore, some communities that were classified as urban areas in 1996, were not classified as urban in the 2001 Census. Table 2 therefore only gives an indication of 2001 urban/rural proportions.

According to the Local Economic Development Plan (November 2006), the Lepelle-Nkumpi Municipality has a very low urbanisation level, with 88% of its population being located in rural areas. This is also the case for the Capricorn District and the Limpopo Province.

Table 2: Percentage urban/non-urban distribution, 2001

	South Africa	Limpopo Province	Capricorn District	Lepelle-Nkumpi
Urban	57.5	12.1	17.7	11.8
Non-Urban	42.5	87.9	82.3	88.2
Total	100.0	100.0	100.0	100.0

Source: LED, 2006

Within Lepelle-Nkumpi Municipality, the largest proportion of population within the age group 15-64 is found in Zebediela and Lebowa kgomo. This indicates that these are centres of higher economic activity and attracting mainly the workforce of the surrounding areas to these centres. Within Lepelle-Nkumpi, Census 2001 only classified Lebowa kgomo and Magatle as urban settlements, which could explain the higher percentage of working age and male dominated population here, compared to other areas in Lepelle-Nkumpi.

Table 3: Economically active population & employment status, 2001

	South Africa	Limpopo Province	Capricorn District	Lepelle-Nkumpi
Potential Economically Active Population (Ages 15-64)	21964408	2679122	608033	119906
Economically Active Population	12 288 712	118 1887	259916	48933
Employment status (%) - Potential Economically Active Population				
Employed	28%	22%	21%	16%
Unemployed	28%	22%	21%	25%
Not working/Other	44%	56%	57%	59%
Total	100.0	100.0	100.0	100.0
Employment status (%) - Economically Active Population				
Employed	58%	51%	50%	39%
Unemployed	42%	49%	50%	61%
Total	100.0	100.0	100.0	100.0

Source: LED, 2006

As is evident from Table 3, 39% of the economically active population of Lepelle-Nkumpi is employed. Unemployment rates are far higher than that on a national and District level (50%). Lepelle-Nkumpi Municipality has an unemployment rate of 61%. The unemployment rate is expressed as a measure of the economically active population that are unemployed (i.e. not accounting for 'other', such as housewives/ homemakers; students and scholars; pensioners and retired people; people who cannot work due to illness or disability; seasonal workers; etc., or they choose not to work).

However, of the 119 906 people in Lepelle-Nkumpi Municipality that can potentially take up employment (ages 15-64), nearly 60% are not available for work. This is significantly higher than in the case of Capricorn District (57%) and particularly South Africa (42%). The reasons why such a large proportion of the potentially economically active population is not working, is due to 41% becoming discouraged after not being able to find a job and 8% not choosing to work. A further 32% of the potential economically active population in Lepelle-Nkumpi Municipality are scholars or students, with 7% being homemakers/housewives and are therefore not available for work, and another 7% pensioners.

The low proportion of the potential economically active population that are employed in Lepelle-Nkumpi Municipality (16%) indicates that there is a very large dependency ratio, with every one person employed supporting approximately 5.2 other people that are capable of working. This excludes support to segments of the population that are younger than 15 years and older than 64 years.

Schooling levels

In respect of education, South Africa has a significant proportion of people who either have no education, or have only reached basic education levels, with almost half of the population falling within these two categories. Table 4 shows that on all levels the percentage of people who do not have any form of education has largely decreased, with increases in primary, secondary and tertiary education occurring across the board between 1996 and 2001. Both Capricorn District and Lepelle-Nkumpi Municipality have slightly lower levels of people without any schooling than on Provincial level although slightly higher than on National level. Significant increases in primary education in Lepelle-Nkumpi Municipality are noted.

Table 4: Percentage distribution of levels of schooling

Year	South Africa		Limpopo Province		Capricorn District		Lepelle-Nkumpi	
	1996	2001	1996	2001	1996	2001	1996	2001
No schooling	19%	14%	27%	20%	23%	16%	24%	19%
Primary education	29%	33%	27%	36%	27%	36%	26%	36%
Secondary education	33%	37%	27%	29%	30%	32%	30%	29%
Tertiary education	4%	5%	2%	4%	3%	4%	4%	4%
Other / Not specified	15%	10%	17%	11%	17%	11%	16%	11%

Total	100%	100%	100%	100%	100%	100%	100%	100%
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Source: LED, 2006

As can be seen from Table 4, Lepelle-Nkumpi Municipality has improved its education on all levels between 1996 and 2001. Nonetheless, there is still only 4% of the population that have completed tertiary education. The increases in education levels indicate that a growing proportion of the population has at least gained basic reading and writing skills, allowing for a greater potential in further skills training or acquiring employment opportunities.

Both Capricorn and Lepelle-Nkumpi Municipality have made inroads in respect of their primary education, with Lepelle-Nkumpi Municipality increasing the percentage of population with primary education by 10% from 26% in 1996 to 36%. Furthermore, both Capricorn and Lepelle-Nkumpi Municipality performed below National levels in 1996. The percentages of population with primary education surpassed that of the country in 2001.

The percentage of people with no form of education had decreased in Lepelle-Nkumpi as a whole, although it remained constant in Lebowa kgomo and Mafefe, and increased in Mathabatha, Ndlovu, and Thabamopo. Overall, however, the improvements on all education levels should allow more people to take up employment. Local economic development strategies should seek to generate economic growth and employment opportunities in these areas, in order to retain the schooled labour within its boundaries, rather than seeing the outward migration of its schooled population to other regions. The area with the highest percentage of none schooled population is Mathabatha with more than 40% of the population unschooled.

- Low levels of skills
- High percentage of the population without schooling (nearly 20%)
- Quarter of the workforce in the municipality is employed in elementary occupations that do not require extensive qualifications = constrains the development potential in the municipality for development of more advanced industries. Education levels have increased over the past few years
- Opportunities for more advanced industries could increase in the future

Education facilities

In terms of education facilities there are 116 primary schools, 81 secondary schools and 1 FET College within the jurisdiction of the Municipality. Lepelle-Nkumpi had a total of 83 467 learners in 2001 according to the Local Economic Development Plan (November 2006), i.e. 50 679 learners in primary schools, 32 256 learners in secondary schools and 532 learners in combined schools. The buildings of the majority of the primary and secondary schools, however, are in a very poor state. Serious problems are also experienced at many schools with respect to the availability of water, sewage, electricity, telecommunication, etc.






Labour quality

The work force in the municipality has a low skills level. This is evident from the fact that a quarter of the labour force in the municipality is employed in elementary occupations that do not require extensive qualifications.

JIPSA

The Joint Initiative on Priority Skills Acquisition (JIPSA) is a multi-stakeholder working group through which government, business, labour, academic and research institutions and civil society join forces to fast-track the provision of priority skills required to support accelerated and shared growth.

Five high-profile priority skills areas were identified for immediate attention:

-  High-level, world-class engineering and planning skills for the 'network industries' – transport, communications, water, energy
-  City, urban and regional planning and engineering skills
-  Artisanal and technical skills, with priority attention to infrastructure development, housing and energy, and in other areas identified as being in strong demand in the labour market
-  Management and planning skills in education and health
-  Mathematics, Science and language competence in public schooling.

Skills acquisition is an important assumption of the JIPSA strategy. Fundamentally, it involves broadening the training pipeline, retaining people who are in skilled employment and training them more effectively and to higher quality standards. This will be taken due cognizance of in the Investment Strategy.

2.4 ACCESSIBILITY TO MARKETS

Figure 1: Map of Limpopo Province



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

The Limpopo Province is located on the north of South Africa providing access to South African Development Community (SADC) countries and its markets. It covers 124 000 km, or approximately 10% of South Africa's surface area. On the south side, it borders with the Gauteng Province, the South African financial, trade and business hub, and the Mpumalanga Province. On the north, west and east it borders with Zimbabwe, Botswana, and Mozambique, respectively.

Access to SADC markets is obtained through the N1 highway. The national route also links the Limpopo Province with the Gauteng Province. A rail line parallel to the N1 highway traverses the Province providing railway transportation towards the City Deep Industrial Zone in Johannesburg and SADC countries.

Industries in the Province have access to deep-water ports through the Maputo Corridor (N4 highway) linking Johannesburg and Pretoria region with Maputo and Matola in Mozambique. These ports have traditionally provided the nearest facilities for the importers and exporters of the Limpopo, Mpumalanga, and Gauteng Provinces.

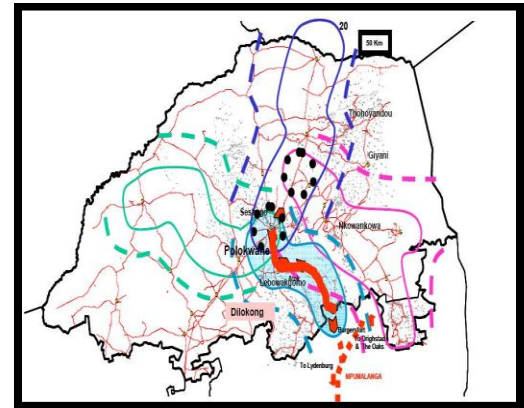


Figure 2: Dilokong SDI

Source : Industrial Resuscitation Strategy

The Maputo port is located 300-400 kilometres from the main mining and agricultural regions in the Limpopo Province compared to a thousand kilometres distance to the port in Durban. With an international consortium investing an initial US\$70 million to upgrade it, Limpopo exporters estimate they would save about one third of their transportation costs by using the facility.

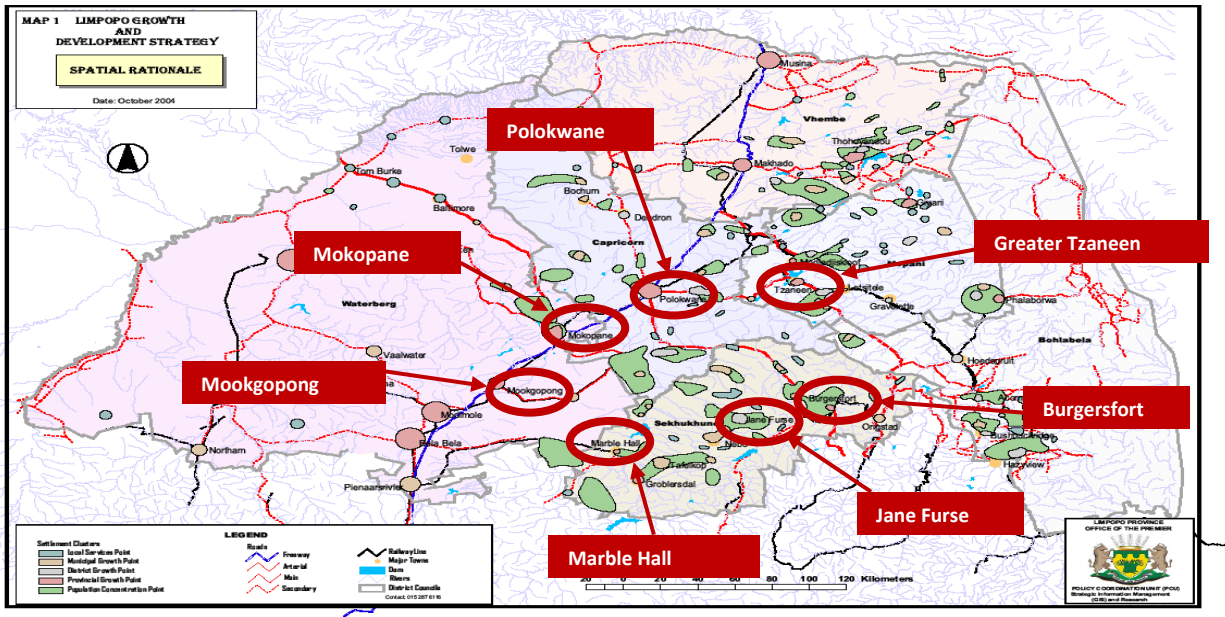
In addition to the road and railway transportation, the Limpopo Province is linked to the international markets by air through the Gateway International Airport situated in Polokwane and on the Cape to Cairo highway. Since 2005, the airport offers improved services and in the future will offer such facilities as a new terminal and larger freight and cold storage capacity.

Lebowakgomo industrial park is situated on the R518 regional route, approximately fifty kilometres from Polokwane and seventy kilometres from the N1 highway. The industrial park, however, is located on the Dilokong Corridor that covers the platinum mining area in the Province.

Figure 3 indicates important nodes around Lepelle-Nkumpi Local Municipality. Polokwane, which serves as the economic hub of the District, is connected to the municipality by means of the R37 from Lydenburg that traverses Lebowakgomo.

The nodes, indicated on the map below, surrounding the Municipality have a population of approximately 380,855 which could be seen as a possible consumer market for the products in Lepelle-Nkumpi.

Figure 3: Important nodes around Lepelle-Nkumpi



Source: Spatial Rationale, 2004

2.5 INCENTIVES

The Lepelle-Nkumpi Municipality currently has no incentive packages available for potential investors. Municipal tariffs do not distinguish between different businesses and do not offer discounts to local businesses.

2.6 SUPPORTING SERVICES

No development agency active in the municipality. See annexure for available funding & support from dti and IDC.

2.7 AGGLOMERATION ECONOMIES

Agglomeration economies refer to the impacts or links one sector has on other sectors of an economy. It encompasses backward linkages which are inputs into a sector, and forward linkages which are the outputs of a sector demanded by another industry.

Agriculture

In agriculture, the Lepelle-Nkumpi Municipality sources its inputs, such as chemicals and machinery, from larger centres of activity such as Polokwane but labour is sourced locally. Up-stream development opportunities include sorghum production, as a strategy to raise the competitiveness of animal-feed and meat production of Limpopo. In terms of forward linkages, citrus is mainly exported as a raw product, without any further processing. Therefore, an opportunity exists for agro-processing.

Manufacturing


















The manufacturing sector utilises inputs from the agricultural sector in the region. Inputs for brick and clay manufacturing include factors such as specialized machinery and the servicing thereof. This specialised machinery is sourced from Gauteng and exported from European countries. Inputs for small-scale manufacturing activities such as sewing, beading and furniture making, however, are obtained from the local community.

Mining

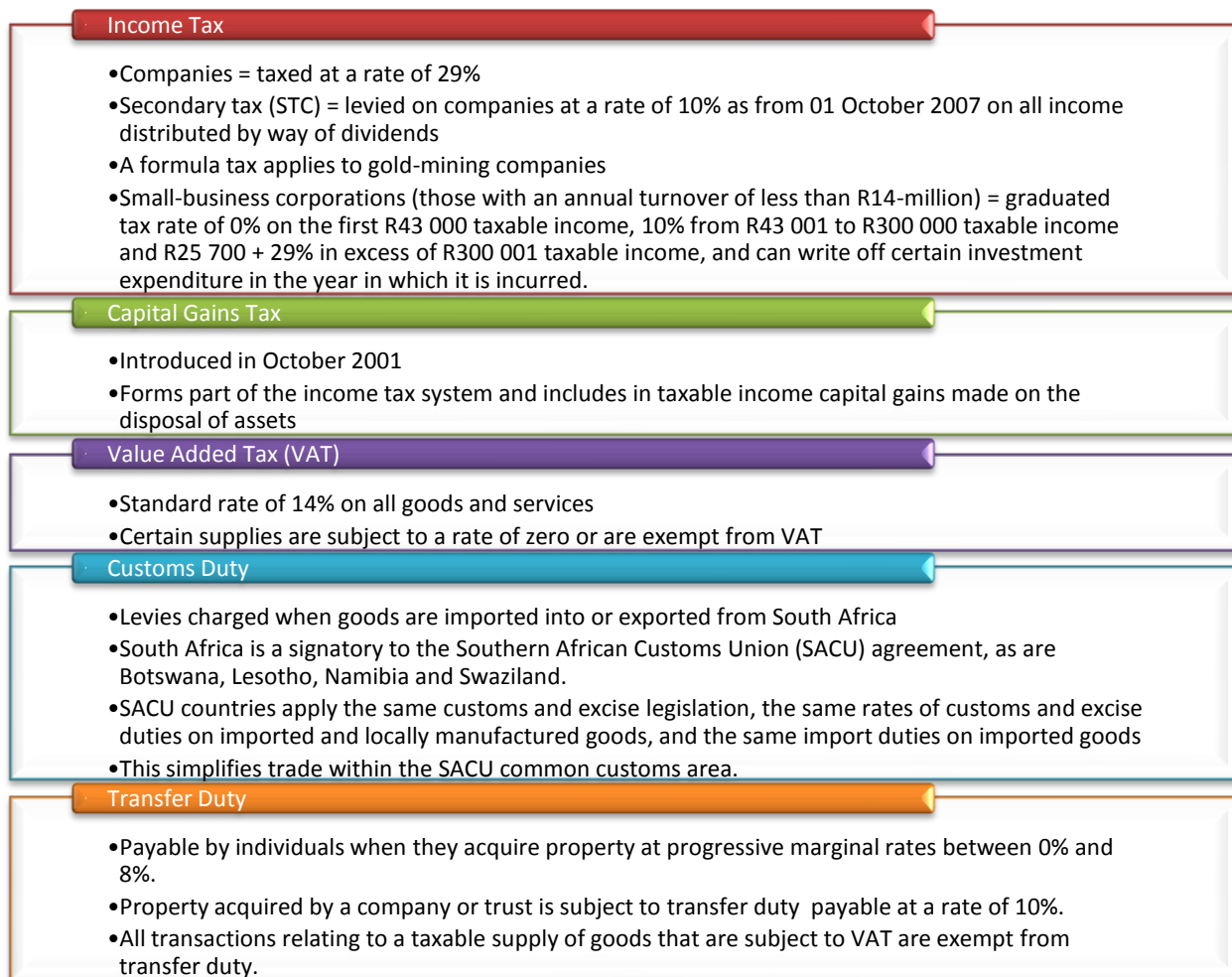
At present there is a lack of both forward and backward linkages in the mining sector in Lepelle-Nkumpi. Most mining inputs are currently bought outside the municipality; therefore, mining activities of the area can be increased by expanding the supply chain. Opportunities for downstream activities include a refinery for the processing of the minerals, polishing of stones, jewellery making, glass production and pottery. The vacant spaces in the Industrial Park in Lebowaqomo could be utilized for this.

2.8 TAX ENVIRONMENT

The different kinds of taxes paid in South Africa include:

- | | |
|---|---|
|  Income tax |  Skills Development Levy (SDL) |
|  Capital gains tax |  Unemployment Insurance Fund (UIF) |
|  Value Added Tax (VAT) |  Donations Tax |
|  Customs Duty |  Fuel Levy |
|  Excise Duty |  Environmental Levy |
|  Transfer Duty |  Pay As You Earn (PAYE) |
|  Estate Duty |  Retirement Funds Tax (RFT) |
|  Stamp Duty |  Other Taxes |
|  Uncertificated Securities Tax | |

A brief description of the most applicable tax forms follows in the following figure, but more information could be acquired from the South African Revenue Service's website.¹



Source: SARS, 2008

¹ www.sars.gov.za

2.9 PLACE MARKETING

Place marketing is imperative to make potential investors aware of business perspectives in Lepelle-Nkumpi. This also increases knowledge of the area and would increase the effectiveness of an investment promotion programme.

Branding

The Lepelle-Nkumpi Municipality currently has no existing branding.

Promotional material & other exposure

The Municipality does not have promotional material/brochures available for potential investors, but undertakes trips and utilizes magazines, summits and TV shows to attract potential investors to the area.

Collaborative marketing initiatives

LibSA undertakes exhibitions of SMME products at trade shows and business trips which are arranged in conjunction with Trade and Investment Limpopo (TIL).

The Capricorn District Municipality also provides support to the local municipality in terms of marketing potential investment opportunities and lobbying for investors.

2.10 GOVERNMENT SUPPORT MECHANISMS

The figure illustrates government support mechanisms that could aid investment promotion in the Lepelle-Nkumpi Municipality.



2.11 BUSINESS SUPPORT FRAMEWORK

This section provides information on the various support networks existing in the country and in the Limpopo Province that aim at promoting investment in the region.

The Department of Trade and Industry (the dti)

The Department of Trade and Industry (**the dti**) offers a variety of services to companies planning on investing in South Africa. These services include details on investment opportunities in the country, guidelines to establishing new businesses, and development of incentive packages to facilitate investment.

Contact details of the dti

Tel (locals): 0861-843-384

Tel (international callers): +27 (12) 394 9500

Fax (locals): 0861 843 888

Fax (international callers): +27 (12) 394 9501

Website: www.thedti.gov.za

The aim of **the dti** is to lead and facilitate access to sustainable economic activity and employment to all South Africans. This will be achieved through attracting higher levels of investment, increased access to local products and services in international markets and creating a competitive market for domestic and foreign businesses. **The dti** offers various incentives to potential investors. These are outlined in *Annexure A: National Incentives*.

The dti is a group of developing bodies that form part of the Council of Trade and Investment Institutions. The group is divided into three main clusters, i.e. development finance, regulatory and specialist services. Some of the major developing bodies included in **the dti** group are the Industrial Development Corporation and the Khula Enterprise Finance Limited. These organisations are examined in more detail below.

The Industrial Development Corporation (IDC)

The IDC is a self-financing state owned development finance institution whose primary objectives are to contribute to the generation of balanced sustainable economic growth in Southern Africa and to further the economic empowerment of the South African population, thereby promoting the economic prosperity of all citizens.

Contact details of the IDC

Tel: 0860-693-888

E-mail: callcentre@idc.co.za

Website: www.idc.co.za

Sectors that are supported by the IDC funding are outlined in *Annexure B: IDC Financing Options*. Although the IDC reviews each project separately, funding preferences are given to the following:

- Financing fixed assets and the fixed portion of growth in working capital requirements
- Projects/businesses which have a significant developmental impact e.g. rural development
- Empowerment, job creation, township development and value addition.

The IDC's primary role is to assist in acquiring finance. In this context, they have developed a wide variety of products, among which are:

- Commercial Loans
- Equity
- Quasi-Equity
- Bridging Finance
- Shareware housing
- Guarantees
- Suspensive sales
- Wholesale Finance
- Export Finance
- Import Finance.

Trade and Investment South Africa (TISA)

Trade and Investment South Africa (TISA) works under the umbrella of **the dti** and provides investment facilitation services for inbound investors. Tisa focuses on promoting sectors of the South African economy that show the biggest growth potential and marketability, and coordinates provincial initiatives to match investors' requirements with opportunities in the provinces.

TISA has three business units, namely:

- Investment Promotion and Facilitation. It is responsible for attracting foreign direct investment, developing and promoting investment by domestic investors, and enhancing government policies and processes that impact on South Africa's appeal to investors.
- Export Development and Promotion. It is responsible for developing and promoting South African goods and services including specific technical interventions in terms of export advice, matchmaking, and market intelligence. This business unit aims to increase the competitiveness and export capacity of South African companies so that they are able to export into various markets. The assistance provided is in the form of financial or non-financial assistance.
- International co-operation. International Operations Unit is responsible for the effective management and administration of the Department's Foreign Office network.

Contact details of the TISA

Tel: 0861 843 384

Website: www.thedti.gov.za

Small Enterprise Development Agency (SEDA)

SEDA is a government agency and a member of **the dti** group. SEDA Limpopo was established in 2007. The mandate of SEDA is to implement the national government small business strategy in line with the dti's Integrated Small Enterprise Development Strategy. SEDA also supports, promotes, and grows enterprises with a special focus on co-operative enterprises located in rural areas.

Contact details of SEDA

Tel: +27 15 297 4422

Fax: +27 15 297 4022

Website: www.seda.org.za

E-mail: kslabbert@seda.org.za

The task of SEDA Limpopo is as follows:

- Provide information on how to start a business
- Assist with the compilation of business and marketing plans
- Mentor and coach entrepreneurs
- Build capacity of entrepreneurs through training
- Provide advice on the legal form of businesses, franchising, tendering and how to access finance
- Identify opportunities and business linkages for small enterprises.

In general, SDA Limpopo aims at providing information to small business and prospective enterprisers that would encourage them to start and build sustainable businesses.

Trade and Investment Limpopo (TIL)

TIL's mission is to promote the Province as the primary trade and investment destination through marketing of its competitive advantages. It is the leading business development network in the Limpopo Province for companies seeking to expand locally and into other markets. In detail, its strategic goals include²:

Contact details of TIL

Tel: +27 15 295 5171

Fax: +27 15 295 5179

Website: www.til.co.za

E-mail (general information): owaiz@til.co.za

- Marketing Limpopo's potential and investment opportunities to local, national, and international communities.
- Participating in joint marketing initiatives with the national department of Trade and Industry and various provincial agencies.

² *Limpopo Business 2008. A guide to business and investment in Limpopo province. Global Africa Network (Pty) Ltd, 2008*

- Facilitating investment by applying for national government incentives, assisting in negotiations between investors and provincial and local authorities, and providing after-care service to investors.
- Identifying and facilitating joint ventures and community participation in investment, where feasible.
- Promoting the Province and its potential and products at trade and investment exhibitions in South Africa and abroad.
- Seeking and establishing new markets for local products.
- Maintaining contacts with foreign and prospective investors through personal meeting during outward missions.
- Disseminating information through communication channels such as *Trade and Investment Limpopo*, a quarterly publication reporting on investment opportunities and recent developments.

TIL comprises of six divisions:

- a. International operations (inward and outward investment missions, trade services, and intelligence)
- b. Business development (facilitation of implementation of bankable projects and mobilising project finance)
- c. Investment services (facilitation of work permits and immigration, business retention services, and incentives)
- d. Corporate services (human resources, supply chain management, administration)
- e. Strategic and economic planning (research, investment tracking system, investor targeting strategy)
- f. Communications and PR (creation of awareness of TIL services and activities).

Among the services and support offered by TIL, the following could be utilised by the Local Municipality in addressing their investment promotion capacity gaps³:

- Participation in the capacity building programmes. This involves the establishment of economic development services at the Municipalities. These services include mobilising and co-ordinating local stakeholders and developing structural relationships with the Industrial Development Corporation (IDCA), Development Bank of the Southern Africa (DBSA), and other funding institutions.
- Assistance in developing the investment incentive packages. Initially TIL developed Generic Municipal Incentive Policy for Limpopo Province with an objective of, firstly, piloting the Incentive Policy, secondly, rolling them out to the Local Municipalities that are ready and

³ TIL 2007. Annual Report 2006-2007

interested in their implementation, and, finally, establishing the Incentive Policies at Local Municipalities with the lowest financial and human resources capacities.

Not all Local Municipalities have the capacity and experience to administer the formalised incentive policy. According to Kaiser Associates⁴, who developed Strategic Recommendations for the Generic Incentive Policy in the Province, the Lepelle-Nkumpi LM scored low with regard to human resources capacity and financial capability of supporting the formalised Incentive Policy, which means that the Municipality was identified as being unable to cope with the financial and non-financial incentives at this stage. This does not mean that one should not provide incentives to investors that could provide a large number of job opportunities or other benefits.

- Developing local marketing strategies for Municipalities. To this date, TIL has approached five Municipalities in the Province, to assist them in developing marketing strategies that could then be used to develop packages for potential investors .
- Access to the marketing toolkit that represents a hands-on investment promotion guide for Municipalities. This toolkit covers such topics as identification and management of investor perceptions, establishment of a desired brand image, developing of marketing themes, selection, and development of promotional tools and their integration into the marketing mix.
- Support offered to reduce constraints related to water and electricity provision.
- Support offered to ensure more efficient turnaround time in processing business permits.
- Participation in the inward and outward trade and investment missions, festivals, exhibitions, and advertisements.

Limpopo Development (LimDev)

LimDev is a socio-economic development enterprise that focuses on driving the growth of the Limpopo Province. It's objective is to 'encourage, plan, finance, co-ordinate, promote and carry out the development of the Limpopo Province and its population in the fields of agriculture,

commerce, industry, mining, training, tourism, public transport and other business undertakings - as well as in the fields of housing, economic and community development'.

Contact details of LimDev

Tel: +27 15 633 4700

Fax: +27 15 633 4854

Website: www.limdev.co.za

4 Kaiser Associates 2005. Developing a Generic Municipal Incentive Policy for Limpopo Province. Strategic Recommendations (step 7), July 2005

As stated in its Annual Report, LimDev places a primary emphasis on stimulating the growth of the Province's emerging business people and entrepreneurs, through the provision of SMME financial services and the general development of an economic environment conducive to doing effective business.

This emphasis is informed by LimDev's key strategic objectives, which include a focus on the following:

- Creation of sustainable jobs across the Province
- Facilitation of access to meaningful commercial and social opportunities for the people of the Province
- Mobilisation of LimDev's investments to ensure the ability to operate effectively on a sustainable basis
- General facilitation of community development over the long-term and the overall improvement of the lives of the people of the Province.

In this context, LimDev's key activities include:

- Lending money for SMME development
- Lending money for housing development
- Providing guarantees, sureties, and deeds of security
- Providing industrial, residential and commercial premises to the people of Limpopo
- Facilitating general sectoral development
- Buying and selling businesses relevant to the region's socio-economic development
- Acquiring land and buildings relevant to the region's socio-economic development.

These key activities occur within the following primary focus areas:

- Manufacturing
- Commercial
- Mining
- Agriculture
- Tourism
- Housing
- Public Transport
- Services

Among its eight divisions, the Local Municipalities and potential investors could use the following services. The description and details are sourced from LimDev Annual Report 2006.

- Enterprise Development Finance. The core business of LimDev is to promote SMME Development by providing critical financial services to the SMMEs of the Limpopo Province. The

Enterprise's SMME Finance Programme was supported by a grant from the provincial government through the Department of Economic Development, Environment, and Tourism.

- **Investment Mobilisation.** The objective of this division is to invest funds in various development projects and facilitate leverage of private investment.
- **Mining Development.** Mining development is one of the central pillars of the development of the Province in terms of the Provincial Growth and Development Strategy. Thus this priority is high on LimDev's strategic agenda. LimDev has consolidated its mining interests into Corridor Mining Resources (CMR), a wholly owned LimDev subsidiary. The objectives of CMR are to create jobs in the mining sector, achieve recurring revenue to fund other projects, and provide the platform for LimDev's sustainability.

Limpopo Local Economic Development Programme

The Limpopo LED Programme is a €34 million initiative to support LED in the Province. The programme is being implemented by the Limpopo Department of Local Government and Housing. The main objective of the programme is to support pro-poor economic growth and job creation through an integrated approach, which will support five core areas⁵:

Contact details of Limpopo LED in Capricorn

Pat Hamese
 Tel: +27 15 295 7002
 Fax: +27 15 291 4756
 Cell: +27 (0)82 903 6798
 Website: www.limpopoled.com
 Email: phamese@limpopoled.com

- **Supporting Sustainable Community Economic Development:** As part of an effort to integrate the second economy closer to the first and create sustainable jobs for the poorer, more disadvantaged segments of society, this activity focuses on smaller scale economic development initiatives in poor, rural communities.
- **Strengthening Local Competitiveness of SMMEs:** In line with the Provincial Growth and Development Strategy (PGDS), this will primarily focus on business development and retention and expansion of SMMEs, particularly through cluster development in sectors of comparative advantage: mining, agriculture and agribusiness, tourism, construction and manufacturing.
- **Enhancing the LED environment:** This area is primarily aimed at supporting local government to improve the business environment, remove investment barriers and facilitate investment.
- **Strengthening LED capacity:** This aims to assist a range of LED stakeholders to facilitate LED, create awareness of LED, and to undertake research and develop LED strategies and policies as well as to implement LED. Stakeholders include local government, quasi governmental bodies, local service providers, associations and NGOs.

⁵ www.limpopoled.com

- Management, Monitoring and Co-ordination: This core area focuses on management of the overall programme, including procurement of services, stimulation and awareness, mobilisation of stakeholders, generation of a pipeline of projects and monitoring the programme.

The Programme utilises the following instruments:

- Marginalised Community Fund (MCF) to support small-scale initiatives in poor rural areas and to help integrate the second economy into the first economy.
- Local Competitiveness Fund (LCF) to support a range of competitiveness activities linked to SMME and cluster development. Types of actions that are supported by this fund include assistance in developing business plans, feasibility studies, improving design, quality, products and services; outsourcing; business development services and access to finance.
- Local Government Support Fund (LGSF) to support local government and governmental bodies in two key areas: improving the business environment and developing LED capacities. Examples of actions covered by this fund are the drafting of LED strategies, creating LED forums, providing business support services, training and organisational strengthening.

Limpopo Exporters Advisory Council (LEAC)

LEAC is registered as a Section 21 company. Its function includes organising the exporters in the Province under one umbrella and creating linkages with TIL's mission and exhibitions⁶. LEAC includes key economic players in the Province such as the Citrus South Africa, South African Mango Growers' Association, South Africa Avocado Growers Association, Organic South Africa and Letaba Organic Farmers' Association. It has also forged strategic alliances with African and international investment agencies by signing a Memoranda of Understanding (MoU's) with the SANEC of Netherlands and CPI of Mozambique. It has also signed a service level agreement (SLA) with The Manly Group of the United States of America (USA)⁷.

Limpopo Business Support Agency (LIBSA)

LIBSA is a non-financial business support agency that provides business support services to SMME's and Co-operatives in the Province. Its strategic objectives include:

- Co-operatives development and support
- Business incubation
- Business information

Contact details of LIBSA

Pat Hamese
Tel: +27 15 633 6795
Fax: +27 15 633 6791
Cell: +27 (0)82 889 6030
Website: www.libsa.org
E-mail: dennism@libsa.co.za

⁶ TIL 2007. Annual Report 2006-2007

⁷ Office of the Premier 2006. EXCO statement on the first Lekgotla held for 2006 from 30 January to 1 February 2006. Website: www.info.gov.za

disseminations

- Business advisory services
- Capacity development
- Corporate governance.

Services offered by LIBSA include:

- Preliminary feasibility analyses of business ideas
- General business advisory services
- Collection and dissemination of tender information
- Assistance and completion of tender documents
- Assistance in compiling business plans and profiles
- Business information through seminars, workshops, forums, etc.
- Assistance in identifying business opportunities
- Facilitating linkages to business markets
- Business incubation.

LIBSA has also established relationships with District and Local Municipalities in the Province, including the Lepelle-Nkumpi LM and has an office in Lebowakgomo.

Chapter 3: Strategic perspective

This chapter aims to identify the growth sectors and market opportunities that could be exploited in the area, as well as business constraints and risks related to investment in specific economic sectors.

3.1 INVESTORS' NEEDS AND LOCAL CONSTRAINTS

A decision to locate in a new business environment is usually taken by potential investors through the assessment of the economy on the basis of a set of key criteria. Foreign investors will usually first evaluate different countries in terms of a set of strategic considerations. When the decision is made to locate in South Africa, the potential investor will then assess different regions. The set of criteria applied by a foreign investor and South African investor, in this case, is believed to be very similar. However, the set of criteria will differ depending on the sector the potential investor is planning to open his/her business in. For example, investment in mining is largely determined by the availability of natural resources and issues surrounding land claims, while investment in manufacturing is generally foot-loose and mostly determined by the proximity to suppliers and markets.








The following table outlines sets of key criteria applicable to each sector against which the local economy is expected to be evaluated by potential investors. For each sector, the table indicates the level of importance of each criterion in the decision-making on the scale of low, medium, and high. It also provides information on the level of performance of the Lepelle LM with regard to each criterion, thus providing information on the weaknesses and strengths of the local economy. Since one of the main competitors of the Lepelle-Nkumpi LM is the Gauteng Province, it is against this urban environment that the Lepelle-Nkumpi LM is assessed to create a scorecard.

Table 5: Investment Assessment Criteria

Set of criteria	Agric.	Mining	Manuf.	Other	Lepelle-Nkumpi LM scorecard
Availability of skilled labour	Low	Medium	High	High	Low
Availability of serviced sites	Low	Low	High	Medium	Low
Availability of land	High	High	Medium	Medium	Medium
Access to electricity	High	High	High	High	Medium
Access to water	High	High	High	High	Medium
Access to telecommunications	Medium	High	High	High	Low
Access to railroads	Low	High	High	Low	Low
Access to ports (air, sea, inland)	Medium	High	High	Low	Medium

Set of criteria	Agric.	Mining	Manuf.	Other	Lepelle-Nkumpi LM scorecard
Permit approvals timelines	High	High	High	High	N/A
Transportation network	Medium	Medium	High	High	Low
Proximity to markets	Medium	Low	High	High	Low
Access to raw materials/suppliers	Low	High	Medium	Low	Medium
Conducive climate	High	Low	Low	Low	High
Availability of schools, clinics, etc.	Medium	High	High	High	Low
Entertainment/shopping	Low	Low	High	High	Low
Incentives	High	High	High	High	Low
Co-operation of local government	Low	High	High	Medium	N/A

Given the information presented in the above table, it can be summarised that the Local Municipality needs to concentrate on addressing the following constraints:

-  Provision of serviced sites and land
-  Access to telecommunications
-  Breaching the divide between the local producers and markets
-  Improve the transportation network and, subsequently, access to ports
-  Provide incentives or a competitive package of rates and taxes
-  Promote a pro-business government
-  Address permits' processes and their timeframes.

3.2 INVESTMENT RISKS

In addition to the local constraints to investment, it is important to understand business risks in South Africa, as well as in the Lepelle-Nkumpi LM. Investment risks in the Lepelle-Nkumpi LM are largely related to the composition of South Africa's economy, as well as its political, labour, and social environments. In addition, local aspects, such as infrastructure, also affect the investment climate of the local economy increasing the risk of doing business in the area.

The following paragraphs outline a number of risk factors and constraints that need to be taken due cognisance of.

Labour market

According to the World Economic Forum's "Global Competitiveness Report" 2006-2007, the main problems of the labour market in South Africa are related to the increasing brain drain, short supply of skilled labour, low labour productivity, and lack of labour market flexibility. On the latter, South Africa was ranked 123rd out of 125 countries. Extremely low labour market flexibility, as shown by the rank, is usually associated with high rates of unemployment and lower GGP per capita. The problem of low labour flexibility is complex. Employers are discouraged to adopt labour-intensive practices due to low productivity of labour, particularly unskilled and low-skilled labour in South Africa. At the same time, the unemployed are unable to gain more experience and increase their productivity due to relatively high minimum wage levels prescribed by the law, which are seen by employers to be unjustified⁸. Resulting from this is a deepening cycle of unemployment and poverty where the unemployed cannot work for a lower wage due to the labour policy, their human capital value decreases and they continue to be unemployed often resorting to crime, prostitution, and violence. Based on the 2007/2008 GCI rankings, labour market flexibility, hiring and firing practices, flexibility of wage determination, and worker-employee relations remained the biggest obstacles to South Africa's competitiveness.

To address the issue of an inflexible labour market, the South African government made amendments to the labour legislation that involves collective bargaining and bargaining council's dispute resolutions, rights and responsibilities of employers and workers in the case of retrenchment, transfers of businesses and insolvency, and conditions of employment and contract resolutions⁹.

HIV / AIDS









The HIV/AIDS pandemic has enormous economic costs. They are usually related to high health care costs, reduced economic growth, and a decline in investment rates. HIV/AIDS negatively affects the labour force in the country leading to its lower productivity and drastic decline of skilled labour.

According to the 'National HIV and Syphilis prevalence Survey' of 2007 completed by the South African Department of Health, the HIV/AIDS prevalence among antenatal clinic attendees was 29.1% in 2006, with confidence limits of 28.3% and 29.9%. The distribution of HIV/AIDS prevalence among the age groups indicates that it is the people of prime working age who are predominantly affected by this pandemic. Furthermore, the number of deaths caused by AIDS is increasing at a rapid pace. This raises a concern, as economic development is reliant on the continuous supply of a healthy labour force.

⁸ Urbach, 2007. Greater labour market flexibility will reduce unemployment (South Africa). Free Market Foundation, October 2007






⁹ TIL 2008. Perceived risk factors associated with investing in South Africa. www.til.co.za

It is predicted that HIV/AIDS will put tremendous pressure on the South African economy in the near future. According to the Development Bank of Southern Africa's 'Provincial Population Projections 1996-2021: High HIV/AIDS Impact' the following could be expected in the near future:

-  Rise of adult HIV prevalence to 25% in 2010
-  Increase in the number of AIDS orphans to 1 900 000 in 2010
-  Increase in number of deaths caused by HIV/AIDS related diseases to 1 100 000 in 2010
-  Decline in life expectancy from 60 years to 40 years in 2010
-  Loss of 20% of the labour force
-  Increase in insurance costs
-  Loss of productivity, in particular in the mining and transport sectors
-  A slowdown in the demand, in particular in the construction sector.

Although the above projections are estimated based on the high HIV/AIDS impact, it is clear that the pandemic will continue affecting the country's economic development for many years to come. From an investor's perspective, high HIV/AIDS prevalence among the working age population means higher expenditure on health costs for the employees, lower productivity levels, shortage of skilled labour, etc.

To address the issue of the HIV/AIDS pandemic, the South African government implements a number of initiatives including¹⁰:

-  Creation of enabling environment for HIV/testing.
-  Implementation of interventions aimed at reducing HIV infection rate (prevention programme, knowledge dissemination programmes, mother-to-child transmission services).
-  Comprehensive care programmes offered to the infected population.
-  Strengthening Community Basic Health Care Programmes.
-  Research and development in the field of HIV vaccine.

According to the Local Economic Development Plan (November 2006), the highest HIV/AIDS prevalence is found in the population of working age, which could result in a diminished labour force, which in turn will affect the economy of the region.







Crime

According to the World Economic Forum's "Global Competitiveness Report" 2006-2007, South Africa scores very low in terms of security. In the 2006/2007 report, its rank in terms of security dropped from 90 to 94. Lack of security is deemed to be one of the most damaging factors in business development as it negatively affects costs of doing business in the country and access to highly skilled labour.

¹⁰ South African Government 2007. HIV and AIDS and STI Strategic Plan for South Africa 2007-2011, 12 March 2007

The crime per 100 000 population ratio in South Africa was 69.1 in the 2007/2008 financial year. This is a noticeable decrease compared to the 140.2 rate in 2002/2003. In the Limpopo Province, the crime rate was the smallest among all Provinces in the country and equalled 33.7 incidents per 100 000 population.

To address the crime problem in the country a number of national initiatives have been launched including:

-  Missing children programme
-  Business against crime
-  Eblockwatch that connects neighbourhood watch, police task teams, specialized industrial support teams, security companies and police reservists, South African Women's Agricultural Union with its 10,000 members scattered across South Africa, Township patrols, and over 55 000 ordinary South Africans¹¹.
-  Neighbourhood watches
-  Police forums
-  National Crime Prevention Strategy with programmes aiming at¹²:
 - Making the criminal justice system more efficient and effective
 - Designing systems to reduce the opportunity for crime and increase the ease of detection and identification of criminals
 - Changing the way communities react to crime and violence
 - Improving the controls over cross border traffic related to crime and reducing the refuge which the region offers to international criminal syndicates.

Land reform

The main objective of the land reform is to provide access to land to the previously disadvantaged communities. According to TIL, about 80% of arable land in South Africa belongs to white farmers¹³. The Land Reform aims at redistributing the land in such a way that 30% of the arable land in the country belongs to black farmers by 2014.

Land reform and associated land claim processes can create a risk for potential investors. According to the Local Economic Development Plan (November 2006), nearly half of the the total area of the Lepelle-Nkumpi LM is subject to land claims. As this process is turning out to be rather lengthy, some uncertainty is created, with possible investors being reluctant to invest in land until the land claim issues are resolved. Furthermore, no development can take place on land that has been claimed until the claim is settled.

¹¹ <http://www.truecrimexpo.co.za>

¹² Inter-departmental Strategy Team 1996. *National Crime Prevention Strategy*, 22 May 1996

¹³ TIL 2008. *Perceived risk factors associated with investing in South Africa*. www.til.co.za

It has been reported that 95% of land restitution claims in the country have been settled already by the end of the 2006/2007 financial year¹⁴. Many of the outstanding claims will not be settled in the near future due to their complexity which relates to conflicts among traditional leaders on issues such as jurisdiction, land ownership, and boundary disputes between communities, disputes with current landowners on land prices or validity of the claim, and claimants who could not be traced¹⁵.

Local infrastructure

Infrastructure remains one of the main challenges for South Africa taking into account the spread of rural population. In addition, the maintenance of the provided infrastructure, in particular road infrastructure, is not executed efficiently. This could be attributed to the lack of skilled personnel at the local and district municipalities, and insufficient funds allocated by the national government. Infrastructure availability in the area is one of the constraints to attracting new investment in the area. This includes insufficient supply of electricity and water.

Permit processing time

Processing time required for many developments' approvals is one of the risk factors that need to be taken due cognisance of. This particularly refers to the Environmental Impact Assessments that need to be undertaken for various types of developments, but also relates to approvals of various permits that have to be issued at the local level, such as town planning, site development plan, building plans, and other approvals.

The need to take an Environmental Impact Assessment bears direct and indirect costs related to hiring an environmental practitioner and the team of specialists, as well as costs associated with potential delay in decision making, appeal, or a review process challenging the environmental authorisation. Delays in issuing local permits are also associated with costs and can increase significantly if they continue for months.

Although the changes to the EIA process in South Africa that were officially launched in 2007 are aimed at reducing the backlog of EIAs and provide clear timeframes for steps in the process, certain delays in the process still occur. While giving environmental authorisation of the development is the responsibility of the provincial government, provision of town planning and other approvals is the task of the local government.

A small delay in issuing a local approval might not on its own affect the decision of potential investors with regard to the development. A hold-up in local approvals or a small delay of a local approval on top of the already belated environmental authorisation could, on the other hand, have a detrimental impact on the decision and result in investors leaving the country or the Province to search for more hospitable investment grounds. Of course, delays in approvals will always be considered against potential return on

¹⁴ www.iol.co.za Land claims 95 percent settled – Xingwan, 21 May 2008

¹⁵ www.iol.co.za Land claims 95 percent settled – Xingwan, 21 May 2008

investment, and this situation might not be applicable to such activities as gold mining or diamond mining, but will definitely be applicable to the so-called “footloose” industries that are not dependent on the supply of natural resources. Examples of these are manufacturing and business services sectors.

3.3 SECTORAL OPPORTUNITIES

The opportunities in the agriculture, mining, tourism and manufacturing sector will be examined in the following section. These sectors were identified as important sectors for the Lepelle-Nkumpi Local Municipality in the Local Economic Development Plan (November 2006) and were also identified by stakeholders in surveys completed.

Agriculture

According to the Local Economic Development Plan (November 2006), Lepelle-Nkumpi has an unemployment rate of 61%. The population in the area also has a low level of skills, with the result that the labour force in Lepelle-Nkumpi is mainly employed in elementary occupations. Most of the occupations in this group do not require particularly high qualifications and tend to be occupations comprising fairly routine tasks, sometimes requiring some degree of physical effort.

The agriculture sector has been identified as having the third largest comparative advantage in Lepelle-Nkumpi. The sector might not be the largest contributor to the economy of the Municipality, but according to the Local Economic Development Plan, it is a significantly large contributor to employment. It contributes approximately 12% to the employment in the Municipality. The creation of job opportunities in the Municipality needs to get priority as many people leave the municipal area in search of work elsewhere.

The presence of a strong agricultural sector usually also generates opportunities for further development of the manufacturing sector, particularly in terms of agro-processing, and other backward and forward linkages. Around the areas of Zebediela and at Zebediela Estate, where citrus production is clustered, opportunities exist for **agro-processing** e.g. citrus juice extraction.

Opportunities for **agricultural developments** exist to the north-eastern side of the Municipality along the Olifants River on the southern boundary, and various areas have been identified as having potential for **agri-villages**. Along the Olifants River, around the Grootfontein area, tomatoes are mainly farmed. Other suitable crops for this area include the production of butternut, pumpkin, cabbages, onions and



Locational Advantages

- Strong agricultural sector
- Advantageous climate
- Irrigated land available
- Land suitable for high-value organic food products

pepper. The Local Economic Development Plan also identifies a list of the optimal species to be farmed in Lepelle-Nkumpi. Lepelle-Nkumpi has a very advantageous climate and land for the development of **high-value organic food products**, which could complement the activities of the tourism cluster.

Table 6: Optimal plant species in Lepelle-Nkumpi

Apple	Cole; Cole-seed; (Canola)	Lentil	Rape Cole (Canola)
Apricot	Common / Runner Bean	Lettuce	Rapeseed (Canola Oil)
Arabica Coffee	Bean	Llama	Red Pepper
Artichoke	Common Garden Pea	Luquat	Rice
Banana	Coriander	Maize	Rocket Salad
Barley	Cotton	Mango	Rye
Basil	Cow Cabbage	Mexican Hawthorn	Safflower
Beetroot	Cumin	Millet	Skirret
Bengal Bean	Dalmation Insect Flower	Mountain Spinach	Soy Bean
Big Kidney Bean	Date Palm	New Zealand Spinach	Spinach
Bitter Melon	Dill	New Zealand Hemp	Strawberry
Black Mustard	English Rhubarb	Oats (Common)	Sugar Cane
Brinjal / Eggplant	Field Mustard	Old-man Saltbush	Summer Wheat
Broadbean	Flax; Linseed (Fibre)	Olive	Sunflower
Brown Mustard (Oil)	Gherkin, Musk-melon	Onion, Garlic	Sweet Anise
Brussels Sprouts	Grapes	Oyster Plant	Sweet Cherry
Buckwheat	Ground Nut	Parsley	Sweet Cicely / Cicle
Butter Bean	Guava	Parsnip	Sweet Pepper
Carrot	Headed Cabbage	Pawpaw; Papaja	Sweet Potato
Cashew Nut	hemp (fibre)	Pineapple	Tea
Cassava	Horse Radish	Plum	Tobacco (Turkish)
Caster-Oil Plant	Hungarian Turnip	Potato	Tomato
Cauliflower	Indian Beal	Pumpkin, Squash	Topinambur
Celery	Indian Colze (Canola)	Purple Granadilla	Valencia
Chicory	Indian Millet	Pusa Hemp	Velvet Apple
Chinese cabbage	Italian Broccoli	Radish	Winter Wheat
Chinese Kale	Japanese Plum	Rape	
	Japanese Radish		

The PGDS makes provision for a **red and white meat cluster**. On the northern boundary of Lepelle-Nkumpi, beef production has been identified and on the south-west (around Magatle and Zebediela), on the western border (Mokopane area) and north-western border (towards Polokwane) there are broilers and egg-layers. Meat production in Lepelle-Nkumpi involves goats, cattle, sheep and poultry. In terms of livestock farming, goats constitute the majority of livestock in the area. The opportunity of developing a goat slaughtering, meat and milk processing, packaging and marketing plant exists in Mphahlele.

Further opportunities in the area therefore exist in agro-processing in the citrus cluster (fruit juice extraction), the red and white meat cluster (meat processing, dairy processing, packaging and marketing, etc.) as well as in the horticulture cluster. Downstream beneficiation also exists in the area, especially with regards to the processing of oranges. A **poultry cluster** can be created in Lebowa kgomo because of

the number of existing chicken farms and abattoirs in the Municipality, and an opportunity for expansion of livestock farming and the processing of dairy and meat exists. Another opportunity is the development of an **aquaculture cluster** involved with fish processing, freezing, packing and marketing at Mafefe.

Manufacturing

According to the Local Economic Development Plan (November 2006) the manufacturing sector in the Lepelle-Nkumpi Municipality is self-sufficient. Employment in this sector is relatively on par with that of the Province and the District. Although education levels in the Municipality are low, they have increased over the last years and therefore opportunities for more advanced industries could increase in the future.

The manufacturing sector is largely linked to the existing agricultural products produced in the regions, focusing on the beneficiation of these products. Citrus, deciduous fruit and vegetables and livestock are important inputs for the manufacturing sector. Possibilities exist in **cluster development** for meat production which could incorporate broiler and cattle feed production, livestock farming, slaughtering, meat and hide processing, packaging and marketing.

Backward linkages, in terms of **production of pesticides and fertilizers** as insets to the horticulture sector, and forward linkages, in terms of **agro-processing**, processing, packaging and exporting, also exist.

Opportunities exist for food-processing, **meat and hide processing, packaging and marketing** as well as **clothing manufacturing** and **textile weaving** possibilities. Another opportunity is the development of an aquaculture cluster involved with **fish processing, freezing, packing and marketing** at the Mafefe Fish Farm. Development of cultural activities such as **arts and crafts manufacturing, sewing of traditional clothing and sorghum beer brewing** also provides opportunities to expand the tourism sector in the region.



Locational Advantages

















- Existing, customised factories for meat processing available in Lebowaqomo Industrial Park
- Low renting rates
- Lebowaqomo on R518 regional route on Dilokong Corridor
- Productive chicken farms in the area
- 70km from N1
- Access to Zimbabwe via N1
- N1 links with Gauteng
- Access to Mozambique & deep water ports in Maputo via Maputo Corridor (300 - 400 km from main mining and agricultural regions in Limpopo)
- 50km from Polokwane
- Linked to the international markets by air through Gateway International Airport in Polokwane

Tourism

Tourism opportunities in the Lepelle-Nkumpi Municipality are vast. It has a suitable climate to make the region a pleasant all-year round holiday destination. Natural and cultural resources could be transformed or developed into tourism attractions that create jobs and generate income for the community of Lepelle-Nkumpi.

The natural features of the area such as parks and reserves, waterfalls, and other water catchment areas, caves, rock formations and the general unhampered beauty of the region provides infinite **eco-tourism attractions**. **Cultural tourism** includes acknowledging history, way of living, and hand-crafted products of the population.

Existing tourism products in the area includes:

-  Various forms of accommodation in Lebowa kgomo, which is a district growth point
-  Basadi ba Bapedi craft centre in Lebowa kgomo
-  Nature reserves of Lekgaalameetse, Wolkberg and Bewaarskloof
-  Wolkberg caves
-  Hiking and walking trails
-  Game watching
-  4x4 trails
-  Mountain Climbing
-  Mafefe village, which forms part of the Ivory Route
-  Olifantsriver Gorge
-  Donkerkloof caves
-  Former Lebowa government offices
-  Wetlands
-  Mafefe Miraculous tree
-  Unique butterflies
-  Chueniespoort

Opportunities exist in **rural tourism** development, because of the highly rural and rich culture in Lepelle-Nkumpi. There is also opportunity for **agri-tourism** e.g. farm visits at the Zebediela Estate. The large citrus production of all the plantations in the area could be developed into tourist attractions.



Locational Advantages

- Suitable climate
- Natural features
- Existing structures
- Ivory Route traverses Lepelle-Nkumpi
- Forest Biome advantageous for eco-tourism

The **Wolkberg, Lekgalameetse nature reserve and Bewaarskloof conservation area** and caves could be merged and commercialized into a main tourism attraction of Lepelle-Nkumpi, and the Capricorn District as a whole.

The **Ivory Route** also provides numerous tourism opportunities. The **Mafefe tourism centre** and the **Basadi Ba Pa Pedi** should be transformed into dynamic information and interpretation centres. The tourism centre in Mafefe has all the facilities, including accommodation in the form of chalets, to make it a tourist stop over and great tourist attraction. In the area one can visit the **Miraculous Tree**, as well as an abundance of **waterfalls** and **natural caves**. There is also a possibility of developing trails along the mountainous area for active **hikes, walks and mountain bike trips**. These could also be considered as an **SMME opportunity**. Numerous opportunities for **nature-based tourism** also exist.

There is an acute shortage of job opportunities in Mafefe and tourism could be an ideal opportunity for job creation. Basic training could be provided to locals to provide them with the necessary and relevant skills to grow the tourism industry. Numerous opportunities exist for the creation of SMMEs.

Mining

The mining sector contributes about 22% of the output of Lepelle-Nkumpi and also experienced the highest growth rate of all the sectors in the Municipality. The mining sector is also identified by the Local Economic Development Plan (November 2006) as a well performing sector that creates opportunities for further development.

A **mining cluster** can promote value-adding activities and greater linkages in the mining value-chain and services sector, rather than exporting raw produce mined for **beneficiation** to locations outside of Lepelle-Nkumpi. The Local Economic Development Plan stated that the platinum mining development in Lebowakgomo and diamond mining in Zebediela could create **opportunities for SMMEs** along the value chain.

A project identified in the Local Economic Development Plan in terms of mining is the **small-scale excavation and tile manufacturing of slate slabs** in Mafefe which could solve the unemployment problem that this area is currently facing. Due cognizance should be taken to ensure that the mining does not have a negative effect on the tourism industry. Excavation of the slate slabs should be done in such a way that the beauty of the natural environment is not harmed.







Locational Advantages

- 70km from N1
- Access to Zimbabwe via N1
- N1 links with Gauteng
- Access to Mozambique & deep water ports in Maputo via Maputo Corridor (300 - 400 km from main mining and agricultural regions in Limpopo)
- 50km from Polokwane
- Linked to the international markets by air through Gateway International Airport in Polokwane
- Lebowakgomo on R518 regional route on Dilokong Corridor

Other areas with great potential for slate mining include Mathabatha and Sekuwaneng. In Mathabatha the percentage of people with no form of education increased, so the possibility of job creation by the mine might prove to be advantageous for the area. If the slate mining at Mafefe would harm the tourism industry, one could consider one of the other areas.

3.4 INVENTORY OF PROJECTS

This section focuses on potential projects available in the following sectors:

-  Agriculture
-  Manufacturing
-  Tourism
-  Mining

These are the projects as identified by the Local Economic Development Plan (November 2006) and indicates the development potential of each of these sectors.

Agriculture

The following table presents the development potential of the agricultural sector in Lepelle-Nkumpi LM and provides a list of possible projects that could be undertaken by potential investors.

Table 7: Development potential in the Agricultural sector

Development potential	Potential projects
Development of Citrus cluster	Production of other citrus products such as lemons Packaging of the citrus Distribution of the citrus products Processing of citrus products Packaging of processed oranges Distribution of processed oranges Agro-processing
Animal Production: Red Meat and White Meat	Establishment of abattoirs Meat processing plants Packaging and marketing Dairy processing Poultry production Livestock farming Agro-processing
Development of upstream beneficiation	Supplying of pesticides, feedlots machine parts

Development potential	Potential projects
Horticultural Production	Fruit processing Vegetable processing Final product manufacturing Juice manufacturing Agro-processing

The following table provides the potential projects identified in the Local Economic Development Plan (November 2006) for the agricultural sector.

Table 8: Potential agriculture projects identified in the LED

Thrust	Project
Sustainable farming practices for emerging farmers and youth.	1. Establish agricultural demonstration plots
	2. Undertake cattle branding programme on communal land
Expansion and diversification of existing agricultural products	3. Develop agri villages
	4. Expand poultry projects to supply local demand and extend value chain (e.g. feeds, hatcheries, etc)
	5. Undertake feasibility for farms practising organic farming, vegetarian niche products, and free range products
	6. Undertake feasibility of expanding fruit and nut production and investigate potential for diversification
	7. Undertake feasibility of expanding farming of sorghum, dried bean seeds, tobacco, and cotton
	8. Undertake feasibility of commercialisation of subsistence livestock production (e.g. goat, beef and pork), development of co-operatives, identification of land for livestock farming and alignment to DoA initiatives
	9. Undertake feasibility of hydroponics crops and herbs production at Lebowakgomo and Mafefe
	10. Develop fish farms at Zebediela, Nkotokoane and Mathabatha and investigate potential for a aquaculture cluster

Manufacturing

The development potential of the manufacturing sector in Lepelle-Nkumpi LM is summarised in the following table and also provides a list of possible projects that could be undertaken by investors.

Table 9: Development potential in the Manufacturing sector

Development Potential	Potential Projects
Food Processing	Fruit and vegetable packaging Fruit and vegetable processing Orange Juice manufacturing Processing of Dairy Products, e.g. goat milk Red and White Meat Processing Beer brewing
Clay processing	Brick making
Textiles and clothing	Establishment of a large sewing plant Establishment of hide processing Beadwork Furniture making
Development of cultural activities	Arts and crafts manufacturing – wooden crafts, beadwork, jewellery Sewing of traditional clothing Sorghum beer brewing

The Local Economic Development Plan (November 2006) identified potential projects for the manufacturing sector, as per the following:

Table 10: Potential manufacturing projects identified in the LED

Objective	Project
Agro-processing industrial development	1. Undertake feasibility to establish goat meat and milk slaughtering, processing, packaging, and marketing plant
	2. Develop white meat (poultry) cluster centred around Lebowa kgomo focused on layering, broilers, abattoir, packaging, marketing, trading, etc
	3. Establish Zebediela juice extraction and packaging plant
	4. Develop fruit and vegetable processing cluster where produce include canning, preservation, drying, juices, jams, freezing, etc
	5. Undertake a feasibility to establish a grape cluster processing

	grapes in juice, wine, vinegar, etc
	6. Undertake a feasibility for essential oil extraction and processing
	7. Undertake a feasibility for a oil extraction plant for extracting oil from locally produced tobacco and nuts to produce bio-fuels
	8. Undertake a feasibility for the production of fruit based beauty products (e.g. fruit shampoo and soaps)
	9. Undertake feasibility for further processing of sorghum into beer brewing and cattle feed
	10. Undertake a feasibility for maize milling and distribution
Agricultural service and product development	11. Develop agricultural hub that specialise in packaging, storage and distribution of fresh produce
	12. Establish a co-operative letting of farm implements and processing equipment
	13. Establish manufacturers of agricultural pesticides and fertilisers
Mineral beneficiation and processing	14. Develop local clay processing cluster involved with manufacturing of tiles, bricks, ceramics, pots, etc
	15. Small-scale excavation and tile manufacturing of slate slabs in Mafefe
	16. Pebbles extraction and polishing of pebbles for landscaping purposes
	17. Stone crushers at Matabata, Molapo Matebele, Rietvlei, Staansplaas for civil, roads and buildings
Mining service and product development	18. Undertake a feasibility for a truck and machinery servicing and refurbishment facility at Lebowakgomo industrial area
	19. Establish a local retailer of mining sector inputs (such as tyres, spare parts, gear lubricants, protective wear, etc)
	20. Undertake a feasibility to access downstream opportunities involved in recycling of waste timber beams
	21. Undertake a feasibility study to produce products from waste truck tyres

Tourism

The tourism sector provides ample opportunities for further development. The following table presents the development potential of the tourism sector in Lepelle-Nkumpi LM and provides a list of possible projects that could be undertaken by investors.

Table 11: Development potential in the Tourism sector

Location/ Site	Tourism Opportunities
1. Lekgalameetse reserve	Has potential to be developed into one of the seven biodiversity hot spots in S.A.
2. Wolkberg reserve	Commercialisation of this reserve could develop it into one of the largest wilderness area readily available to the public of South Africa.
3. Thabina reserve	Link to the other reserves, Wolkberg, Lekalameetse and Bewaarkloof could optimize the nature experience that this reserve can offer.
4. Bewaarkloof reserve	Link to the other reserves, Wolkberg, Lekalameetse and Thabina could optimize the nature experience that this reserve can offer.
5. Strydpoort mountains	This escarpment is located in the north-eastern parts of Lepelle-Nkumpi, next to the Lekgalameetse conservancy linkage to the reserve
6. Donkerkloof Caves	Together with the Wolkberg reserve and caves can be developed into a historical attraction. They are reported to have been used by the locals during tribal wars.
7. The African Ivory Route	This route passes through the Mafefe area and should be linked to the nature reserves in the area.
8. The Former Lebowa Government Offices	The former Lebowa homeland used these offices as the headquarters of the Lebowa homeland. These offices were considered a masterpiece during those times and could be further developed into a historical attraction, with a link to the C.N. Phatudi house.
9. C.N. Phatudi Guest House	The former resident of Dr. C. N. Phatudi, which currently operates as a guest house can be linked to the former Lebowa government offices
10. Basadi ba Bapedi arts and Crafts Center	Located at the Lebowakgomo Industrial Area this site has potential to be developed into a cultural attraction or a tourism incubator.
11. The Lebowakgomo	This site that hosts the arts and crafts center of Basadi Ba Bapedi,

Location/ Site	Tourism Opportunities
Industrial	shows the economic progress this area has made over the years.
12.Royal Houses	The moshate of all the tribal areas in Lepelle-Nkumpi have potential to be developed into the pillars of cultural tourism in Lepelle-Nkumpi.
13.Zebediela Farm stay	The potential exists to develop farmstay accommodation linked to the large citrus estate in Zebediela.
14.Olifant's river gorge	Situated near reserve shows stunning scenery when viewed from the Lekgalameetse reserve.
15.Unique butterflies and wetlands	There is reportedly a unique butterfly species situated in Lepelle-Nkumpi which has already attracted numerous tourists to the area. Increased marketing of this uniqueness would assist in attracting a greater number of tourists.
16.Mafefe Miraculous tree	This tree reportedly exists in Mafefe and has been known to be a source of miracles. Reportedly, photographs of the tree cannot be taken and anyone who takes a picture of the tree has always been left with a flaws. This tree is also used for praying by a local "cult". The tree has some historical value and may present an opportunity for historical and cultural tourism if marketed adequately.
17.HQ of Limdev	The LIMDEV headquarters are up for sale and provide the potential to be used for an events centre.
18.Revitalisation of showgrounds	The showgrounds need to be revitalised and used for events.
19.Construction of new stadium at Zebediela and Mphahlele	Zebediela and Mphahlele are home for many soccer, softball and other clubs who do not have adequate sporting facilities. The Tribal authorities have in cooperation with the municipality, already put aside land for such a venture.
20.Sporting fields for Lebowakgomo, Mathibela & Mamaolo	There is a need for sporting fields to accommodate the many sporting activities in these urban/semi-urban areas. Only major games will take place in the stadia.
21. Upgrading of Lebowakgomo Stadium	The Lebowakgomo stadium is falling short of the required standard to host major events such as athletics, games and other activities.
22. Lebowakgomo Municipal swimming pool	Lebowakgomo is one of the hottest areas and in summer temperatures can easily reach around 40 degrees celcius. Most of the sites here are too small even for affording residents. There is therefore a need to establish a municipal swimming pool to benefit the poor residents.
23.Renovation of old fire	The municipality does not have a disaster centre. A suitable

Location/ Site	Tourism Opportunities
station into Disaster centre and community hall, sports centre and event centre	structure for such a function exists in the form of the old and disused fire station. This structure was never actually used for the purpose for which it was created since its inception some 15 to 20 years back, but served all along as a military base. Due to its state of vandalism, the Capricorn district Municipality opted to build a new fire station next to the civic centre which is now fully functional. The old station can be renovated to serve as a disaster centre, multi-purpose centre such as community hall-cum indoor/outdoor sports centre with tennis courts and soccer field, mini conference centre, training centre for emergency/fire personnel and the spacious staff quarters being utilized as a lodge or for accommodation for conference or training delegates.

Potential projects as identified in the Local Economic Development Plan (November 2006) follow:

Table 12: Potential tourism projects identified in the LED

Objective	Project
Creation of clearly identifiable and unique tourism products	1. Merging and commercialisation of Legalameetse, Wolkberg & Bewaarskloof reserves
	2. Develop Ga-Mhpahlele route & link to African Ivory (at Mafefe), Biosphere and Blouberg route
	3. Undertake a feasibility for farm-based tourism and recreation opportunities linked to Zebediela citrus estate
	4. Develop 'Village Walkabout' to link Mafefe and Mphahlele (could include visits to sacred hot water springs, miraculous tree, meeting elders who communicate with ancestral spirits, traditional story-telling, visits to burial sites, etc.)
	5. Develop historic attraction point centred around former Lebowa government offices
	6. Undertake feasibility to develop adventure tourism route (4x4 trails, hiking, abseiling, canoeing) linking village areas
	7. Undertake feasibility to develop royal houses at Moshate as pillars of cultural tourism
	8. Undertake feasibility to develop tourism accommodation (rondavels) in villages

	9. Print and distribute a map of the areas featuring tourist attractions, reserves, walking and bike paths, heritage facilities
Development of tourism associations and promotion of tourism	10. Development of tourism information centres at Makapeng and Baobab
	11. Undertake an audit of tourism attractions, assets and harness development and implementation of District and Provincial e-tourism platform to maximize benefit to the rural economy
Arts and crafts development and promotion	12. Develop arts and crafts incubator and skills training linked to Basadi Ba Bapedi
	13. Establish traditional clothing and sewing manufacturing co-operatives at Kgoloane and Itshohlorenge and Lebowa kgomo
	14. Develop a local textile industry and final product manufacturing (clothing, leather goods, traditional wear, etc)
	15. Undertake audit of arts and crafts skills and products

Mining

The following table presents the opportunities in the mining sector in Lepelle-Nkumpi LM and provides a list of possible projects that could be undertaken by investors.

Table 13: Development potential in the Mining sector

Opportunities	Potential Projects
Untapped Mineral Resources	Large scale mining of Chrome, Gold, PGM, diamonds, and magnetite Small-scale mining of manganese, lead, clay, and coal
Demand for bricks and construction materials	Legal excavation of sand Expand current brick making Produce concrete Jewellery Making Gravel and stone crushing
Mine services	Subcontracting cleaning, catering and repairing of machinery services Supplying manufactured inputs to mines

The Local Economic Development Plan (November 2006) identified potential mining projects which are provided in the table below.

Table 14: Potential mining projects identified in LED

Objective	Project
Development of joint ventures in mining operations	22. Establish a database of available land for mining development and identification of mineral rights ownership
Mineral beneficiation and processing	23. Develop local clay processing cluster involved with manufacturing of tiles, bricks, ceramics, pots, etc
	24. Small-scale excavation and tile manufacturing of slate slabs in Mafefe
	25. Pebbles extraction and polishing of pebbles for landscaping purposes
	26. Stone crushers at Matabata, Molapo Matebele, Rietvlei, Staansplaas for civil, roads and buildings
	27. Expansion possibilities for LonMin in terms of platinum beneficiation and processing

Wholesale, retail & trade

Development potential exists in the trade sector especially when looking at the strong agricultural sector, the formal sector, informal sector and in tourism related business. Potential projects that have development potential are listed in the table below.

Table 15: Development potential in the wholesale, retail & trade industry

Development Potential	Potential Projects
Existing strong agricultural sector	Trade of seed, seedlings and fertilisers Trade of pesticides Trade of packaging materials Trade of specialised machinery
Formal sector - Wholesale & retail development	Expand retail sector Establishment of wholesale outlets
Informal sector	Development of informal trade strategy
Tourism related business	Development of arts and crafts markets Development of further accommodation facilities Development of conference facilities

Summary of potential projects

This table provides a summary of the projects mentioned above.

Agriculture	1. Establish agricultural demonstration plots
	2. Undertake cattle branding programme on communal land
	3. Develop agri villages
	4. Expand poultry projects to supply local demand and extend value chain (e.g. feeds, hatcheries, etc)
	5. Undertake feasibility for farms practising organic farming, vegetarian niche products, and free range products
	6. Undertake feasibility of expanding fruit and nut production and investigate potential for diversification
	7. Undertake feasibility of expanding farming of sorghum, dried bean seeds, tobacco, and cotton
	8. Undertake feasibility of commercialisation of subsistence livestock production (e.g. goat, beef and pork), development of co-operatives, identification of land for livestock farming and alignment to DoA initiatives
	9. Undertake feasibility of hydroponics crops and herbs production at Lebowakgomo and Mafefe
	10. Develop fish farms at Zebediela, Nkotokoane and Mathabatha and investigate potential for an aquaculture cluster
Manufacturing	11. Undertake feasibility to establish goat meat and milk slaughtering, processing, packaging, and marketing plant
	12. Develop white meat (poultry) cluster centred around Lebowakgomo focused on layering, broilers, abattoir, packaging, marketing, trading, etc
	13. Establish Zebediela juice extraction and packaging plant
	14. Develop fruit and vegetable processing cluster where produce includes canning, preservation, drying, juices, jams, freezing, etc
	15. Undertake a feasibility to establish a grape cluster processing grapes in juice, wine, vinegar, etc
	16. Undertake a feasibility for essential oil extraction and processing
	17. Undertake a feasibility for a oil extraction plant for extracting oil from locally produced tobacco and nuts to produce bio-fuels
	18. Undertake a feasibility for the production of fruit based beauty products (e.g. fruit

	shampoo and soaps)
	19. Undertake feasibility for further processing of sorghum into beer brewing and cattle feed
	20. Undertake a feasibility for maize milling and distribution
	21. Develop agricultural hub that specialise in packaging, storage and distribution of fresh produce
	22. Establish a co-operative letting of farm implements and processing equipment
	23. Establish manufacturers of agricultural pesticides and fertilisers
	24. Develop local clay processing cluster involved with manufacturing of tiles, bricks, ceramics, pots, etc
	25. Small-scale excavation and tile manufacturing of slate slabs in Mafefe
	26. Pebbles extraction and polishing of pebbles for landscaping purposes
	27. Stone crushers at Matabata, Molapo Matebele, Rietvlei, Staansplaas for civil, roads and buildings
	28. Undertake a feasibility for a truck and machinery servicing and refurbishment facility at Lebowakgomo industrial area
	29. Establish a local retailer of mining sector inputs (such as tyres, spare parts, gear lubricants, protective wear, etc)
	30. Undertake a feasibility to access downstream opportunities involved in recycling of waste timber beams
	31. Undertake a feasibility study to produce products from waste truck tyres
Tourism	32. Merging and commercialisation of Legalameetse, Wolkberg & Bewaarskloof reserves
	33. Develop Ga-Mphahlele route & link to African Ivory (at Mafefe), Biosphere and Blouberg route
	34. Undertake a feasibility for farm-based tourism and recreation opportunities linked to Zebediela citrus estate
	35. Develop 'Village Walkabout' to link Mafefe and Mphahlele (could include visits to sacred hot water springs, miraculous tree, meeting elders who communicate with ancestral spirits, traditional story-telling, visits to burial sites, etc.)
	36. Develop historic attraction point centred around former Lebowa government offices
	37. Undertake feasibility to develop adventure tourism route (4x4 trails, hiking, abseiling, canoeing) linking village areas

	38. Undertake feasibility to develop royal houses at Moshate as pillars of cultural tourism
	39. Undertake feasibility to develop tourism accommodation (rondavels) in villages
	40. Print and distribute a map of the areas featuring tourist attractions, reserves, walking and bike paths, heritage facilities
	41. Development of tourism information centres at Makapeng and Baobab
	42. Undertake a audit of tourism attractions, assets and harness development and implementation of District and Provincial e-tourism platform to maximize benefit to the rural economy
	43. Develop arts and crafts incubator and skills training linked to Basadi Ba Bapedi
	44. Establish traditional clothing and sewing manufacturing co-operatives at Kgoloane and Itshohloeng and Lebowakgomo
	45. Develop a local textile industry and final product manufacturing (clothing, leather goods, traditional wear, etc)
	46. Undertake audit of arts and crafts skills and products
	47. Establish a database of available land for mining development and identification of mineral rights ownership
Mining	48. Develop local clay processing cluster involved with manufacturing of tiles, bricks, ceramics, pots, etc
	49. Small-scale excavation and tile manufacturing of slate slabs in Mafefe
	50. Pebbles extraction and polishing of pebbles for landscaping purposes
	51. Stone crushers at Matabata, Molapo Matebele, Rietvlei, Staansplaas for civil, roads and buildings

3.5 OPPORTUNITY PRIORITISATION









The following table presents the priority projects as identified in the Local Economic Development Plan (November 2006) and during site visits and interviews with key stakeholders. A location is suggested for each project, but locations for all projects are not decided yet.

Priority Project	Location
1. Establish Zebediela juice extraction and packaging plant	Zebediela
2. Develop goat meat and milk slaughtering, processing, packaging, and marketing plant	Mphahlele
3. Develop white meat (poultry) cluster centred around Lebowakgomo	Lebowakgomo
4. Develop aquaculture cluster involved with fish processing, freezing, packing, marketing	Mafefe
5. Establish small-scale excavation and tile manufacturing of slate slabs in Mafefe	Mafefe
6. Merging and commercialisation of Legalametse, Wolkberg and Bewaarskloof reserves	Strydpoort mountains
7. Develop farm-based tourism and recreation opportunities linked to Zebediela citrus estate	Zebediela
8. High-value organic food farming	Grootfontein
9. Manufacturing of pesticides and fertilizers as inputs to the horticulture sector	To be decided
10. Clothing manufacturing & textile weaving	To be decided
11. Arts & crafts manufacturing	To be decided
12. Sorghum beer brewing	To be decided
13. Farm visits: Zebediela – citrus production as tourist attraction	Zebediela Estate
14. Development of Mafefe Tourism Centre as tourism information & interpretation centre	Mafefe
15. Develop mining cluster involved with beneficiation and other value-adding activities	To be decided
16. Slate mining in Mathabatha & Sekuwaneng (alternative if mining in Mafefe will harm tourism industry)	Mathabatha & Sekuwaneng
17. Development of natural features as tourism products (SMME opportunities)	Throughout municipality
18. Development of a strategically located shopping complex	To be decided

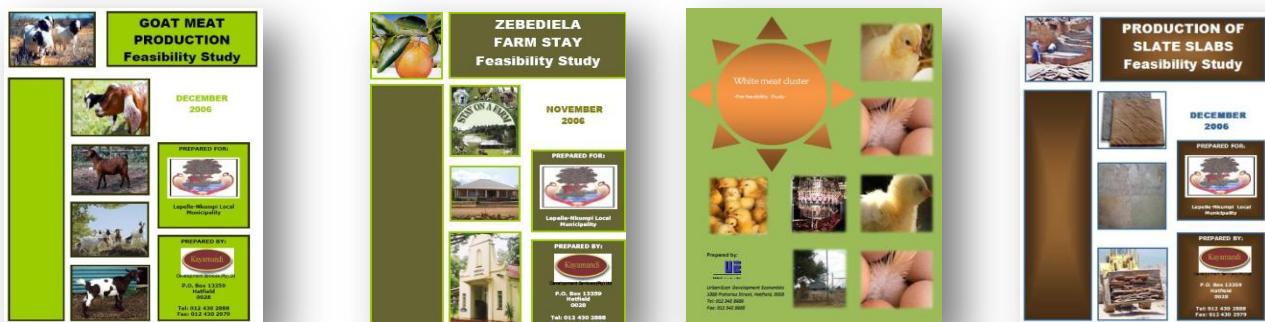
Chapter 4: Project Portfolio



This chapter provides an extraction from feasibility- or pre-feasibility studies done for some of the potential projects that could be undertaken by investors. The following projects are briefly discussed:

-  Goat meat production
-  Citrus juice extraction
-  Zebediela farm stay
-  Production of slate slabs
-  Organic cotton farming
-  Mafefe Tourism Centre
-  Aquaculture
-  White meat cluster

The complete feasibility studies and pre-feasibility studies for each of these projects can be found in *Annexure C: Feasibility- and Pre-feasibility studies*.

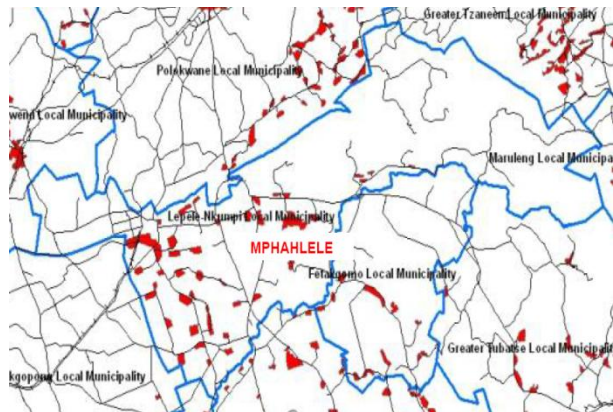
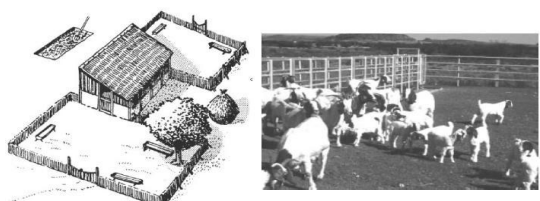
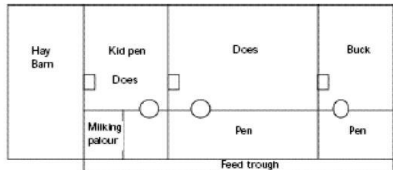


IMPORTANT NOTES:

These informative notes are provided to give investors background information needed on some of the Investment Projects that follow.

- ⇒ The development of a ***golf estate near Zebediela*** was also identified by the Steering Committee as a potential catalytic project. In this section only the broad development principle is outlined, but further development of this project necessitates a thorough feasibility analysis.
- ⇒ It should be noted that implementation of the ***goat meat project*** has already been started. However numerous investment possibilities still exist in the goat industry in terms of production, processing and marketing of goat meat.
- ⇒ The ***Zebediela Farm Stay*** project to be implemented on the Zebediela Estate is of importance to the community residing in the area. Any investor interested in this investment opportunity should ***partner with the local community***.
- ⇒ The ***production of slate slabs*** is one of the feasibility studies completed as part of the Investment Strategy. However, numerous ***other opportunities in mining exist*** as stated in the ***inventory of mining projects in Chapter 3***.
- ⇒ ***Organic farming*** principles can be applied to a wide variety of agricultural products. However, the pre-feasibility study only concentrates on ***organic cotton farming***. Investors should keep in mind that the project has the potential to be expanded to include other organic produce.
- ⇒ Potential exists for the development of ***an integrated tourism node*** in Lepelle-Nkumpi. Projects in the programme include linking all tourism products in the area, improving access roads, developing new tourism products in area, etc. A pre-feasibility study has been developed for one such development opportunity, namely the Mafefe Tourism Centre.

4.1 GOAT MEAT PRODUCTION

<p>Purpose:</p> <p>The purpose of this project, in line with the PGDS, is to establish a small-scale goat farming project in the Mphahlele area in the Lepelle-Nkumpi Local Municipality.</p>	
<p>Goat farming process:</p> <ul style="list-style-type: none"> ⇒ Breeding program ⇒ Kidding phase ⇒ Selection process ⇒ Diagnostics and veterinary activities ⇒ Feeding program ⇒ Housing of goats ⇒ Marketing 	<p>Secondary activities:</p> <ul style="list-style-type: none"> ⇒ Meat ⇒ Milk ⇒ Hides ⇒ Hair ⇒ Pack animals ⇒ Manure = fertilizers/source of fuel ⇒ Weed control
<p>Location:</p> 	<p>Goat shed/kraal and proposed ground plan:</p>  
<p>Supply:</p> <ul style="list-style-type: none"> ⇒ The majority of livestock in Capricorn DM are goats (44%). ⇒ Majority of the goats in the district are produced on communal level (98%). 	<p>Demand:</p> <ul style="list-style-type: none"> ⇒ Goat meat consumption was 0.64 kg per capita in 2003. ⇒ Based on the above indicator the local demand for goat meat in Lepelle-Nkumpi can be calculated at approximately 15.000 kg of goat meat (or 1,000 goats per annum at an average of 15 kg per goat). ⇒ However, demand for goats is higher since only 0.5% of goats are sold as goat meat in retail.
<p>Target market:</p> <p>Goat meat is promoted as a healthy meat in a number of supermarkets in South Africa such as Pick & Pay, Checkers, Hypermarket and Spar.</p>	

Risks:

- ⇒ Cost of building adequate facilities.
- ⇒ Co-operation amongst existing small-scale goat farmers needed.
- ⇒ Although goats are known to be highly resistant to diseases, contamination by insects, mites and other parasites could prove detrimental to the health of the goats.
- ⇒ Theft of goats while out for grazing.
- ⇒ Inadequate supply of reproductive goats.
- ⇒ Lack of sufficient knowledge of goat meat benefits and hence a lack of demand.
- ⇒ Goats can overgraze and damage the environment if not looked after properly.
- ⇒ Lack of fencing and infrastructure.
- ⇒ Lack of funding and limited capital.
- ⇒ Poor management practices.

Strengths:

- ⇒ Indigenous goats are in abundance in Lepelle-Nkumpi and are ideal for meat production.
- ⇒ Low level of skill requirements and expertise for the operations of a goat farming project.
- ⇒ Labour intensive procedures which entail the training and employment of a large number of local community members.
- ⇒ Large number of subsistence goat farming in the area.
- ⇒ Number of goats currently not being processed, which serves as the supply for goat farming project.
- ⇒ The absence of direct competitors that produce goat farming products in the Municipality and District.
- ⇒ Warm, semi-arid conditions of the area, which are conducive to goat farming.
- ⇒ Availability of open undeveloped land since it is a predominantly rural area.
- ⇒ Goats can produce well in different environments and are widely distributed in diverse habitats such as: desserts, mountains, grasslands, and lush tropics. Goats can live even when there are: water shortages, food shortages, very hot and variable temperatures (changing from hot to cold), hard and rocky country, etc.
- ⇒ Goats have a short gestation period (only 5 months) and often produce twins. The average kids per goat are thus 3 kids per annum.
- ⇒ Breed by season in temperate zones and all year round in tropical zones.
- ⇒ Goats feed by grazing and browsing, feed at different heights, stand on hind legs to reach food, climbing into trees.
- ⇒ Goats are well adapted to many environments.
- ⇒ Goats are a very good source of income and food if well managed.
- ⇒ Goat's milk has more calcium, phosphorous and chlorine than cow's milk. Goat's milk is better for the family as it has a "High Nutritional Content." This means it is a very high quality food and very good for young and old. Some people cannot drink cow's milk. They have an "allergy" to it. This is why some children are reared on goat's milk when cow's milk and all else has failed. Higher prices for goat milk can be obtained.
- ⇒ Goat's meat is very tasty and it is juicy and eaten often by many people.
- ⇒ More and more people are learning about how good goat's milk, cheese and yoghurt are so there is a growing market.
- ⇒ In the space and using the same feed you need to keep a cow you can keep 6 to 10 goats. Goats thus do not need big areas to graze like cattle.

- ⇒ Goat farming uses small doses of medicine (drugs) which is cheap and easy to maintain.
- ⇒ Goat farming is good for people who do not have a lot of money to start with.
- ⇒ Goats make very good manure. Droppings are used to improve crop yields.
- ⇒ Goats require less labour and time per head compared to cattle.
- ⇒ Expansion of production of goat farming and breeding to other related products such as goat butter, cheese and soap exists.
- ⇒ Possibility of supplying product to markets outside of the selected target market (Lepelle-Nkumpi) and even export markets.
- ⇒ Possibility to establish value chain and participation of primary producers in hides, meat (abattoir), dairy, etc.

Potential Impact:

- ⇒ Increased employment opportunities.
- ⇒ Promote entrepreneurship.
- ⇒ Curb poverty.
- ⇒ Income generation.
- ⇒ Skills training.
- ⇒ Improved food security.
- ⇒ Upliftment of impoverished rural communities.
- ⇒ Improvement of those primary and secondary industries that rely on the goat farming enterprises.

Proposed organisational structure:



Projected profit:

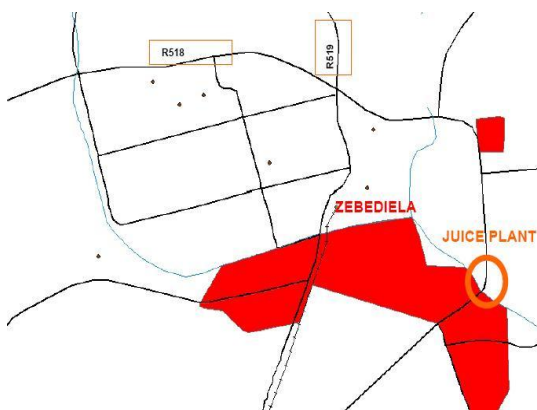
	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
INCOME	R105,000	R216,563	R328,125	R328,125	R328,125
Feed expenses	R18,900	R38,981	R59,063	R59,063	R59,063
Veterinary expenses	R12,600	R25,988	R39,375	R39,375	R39,375
Maintenance, Overheads, Capital improvements, Marketing	R10,500	R21,656	R32,813	R32,813	R32,813
NET PROFIT	R63,000	R129,938	R19,6875	R19,6875	R19,6875

4.2 CITRUS JUICE EXTRACTION

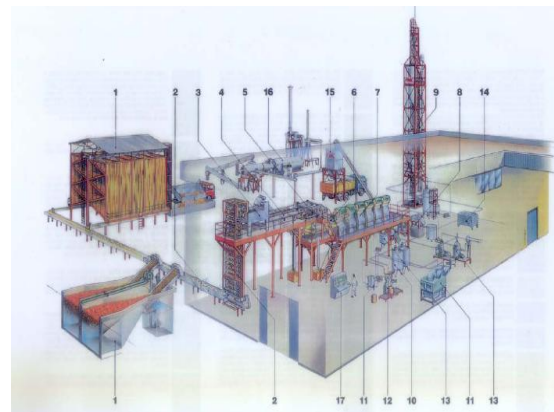
Purpose:

This study explores the feasibility of citrus juice making in the Lepelle-Nkumpi Local Municipality. The project will be focused on both concentrate and pure juice production, although the primary focus will be orange juice because of its market and popularity in the surrounding communities.

Location:



Layout plan:



Process:

- ⇒ Delivery of raw produce and washing
- ⇒ Selection and channelling
- ⇒ Peeling, pulp extraction and juice extraction
- ⇒ Juice filling section, pulp extraction and juice extraction
- ⇒ Packaging and labelling
- ⇒ Cold storeroom for final products
- ⇒ Delivery to retailers

Target Market:

- ⇒ Local community
- ⇒ Local businesses
- ⇒ Gauteng market

Demand:

- ⇒ 40% of Limpopo consume fruit juice
- ⇒ 5 drinks per person per month
- ⇒ High local demand (community functions)

Supply:

March-October (kg)	Lemons	Navels	Valencia	Total
Production	2 196 330 kg	2 819 550	2 492 100	7 507 980
Percentage production	30%	38%	32%	100%
Citrus for Juice making	1 995 000 kg	250 000kg	780 000kg	3 025 000kg
Percentage for juice making	90%	9%	31%	n.a
Total	4 191 330 kg	3 069 550	3 272 100	10 532 980

Risks:

- ⇒ Quality of produce not being up to standard as required by buyers.
- ⇒ Navels and Valencia's only produced for 6 to 8 months of the year, thus requires investigation into lemon juice for the remainder of the time.
- ⇒ Navels and Valencia's are produced at different times, which will affect the taste of the juice. These either need to be stored and mixed or otherwise marketed as Navel juice and Valencia juice.
- ⇒ Lack of proper infrastructure, building needs to be erected and infrastructure needs to be purchased which will be very costly.
- ⇒ Not being able to meet demands of buyers during low production season.
- ⇒ Poor management.
- ⇒ Competition from existing juice processors.
- ⇒ Lack of buy-in from commercial, small-scale and emerging farmers to participate in the juice-making project.
- ⇒ Location and ownership of project.
- ⇒ Inclusion of small-scale and/or emerging farmers may cause uncertainties with regards to the quality and regular supply of fruit.
- ⇒ Raw material constraints. Seasonality of raw material is the main supply constraint.
- ⇒ Seasonality of production influences prices and turnover of the juice making project and may cause financial losses.
- ⇒ Running of the juice making plant is mechanized and thus reduces possible job opportunities
- ⇒ Lack of financial resources.
- ⇒ Lack of technical market information.
- ⇒ Limited managerial technical and administrative skills especially at the micro and small-scale level.
- ⇒ Water is currently obtained from boreholes on the farm. A threat exists that the quality might not be up to standard for the required use for juice making.
- ⇒ Waste water needs to be dealt with in an environmental manner.

Strengths:

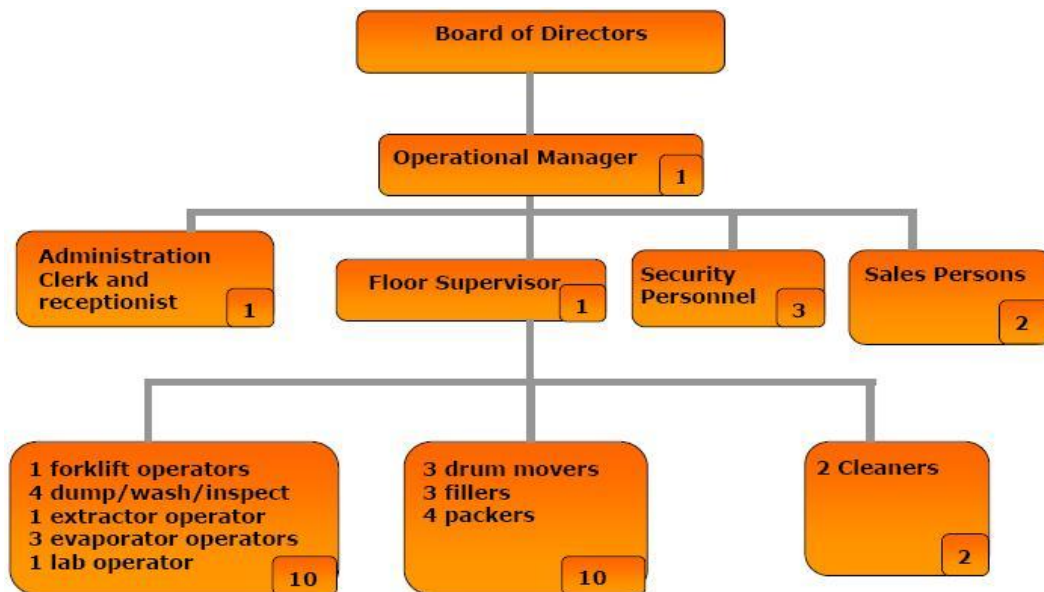
- ⇒ Existing agricultural production of citrus fruits on commercial and small scale.
- ⇒ The availability of locally produced fruit from commercial and small scale farmers who currently have limited access to the market.
- ⇒ There are only a few juice processors (and no local juice processors), thus little competition exists.
- ⇒ A large market for fruit juice exists.
- ⇒ Zebediela is well established for good quality citrus production.
- ⇒ Agro-processing has been identified as one of the important agricultural activities in terms of value adding.
- ⇒ The existing Zebediela name which is an advantage for marketing purposes.
- ⇒ Job creation from spin-offs including business, utilities, transport, etc.
- ⇒ Growth of small farmers and community projects in the agricultural sectors.
- ⇒ Development of small-scale and emerging farmers.
- ⇒ Value chain expansion.
- ⇒ Local value-adding.
- ⇒ Final product manufacturing.
- ⇒ Vast local employment opportunities.

- ⇒ Income generation for local small-scale farmers.
- ⇒ Increase in local revenue base.
- ⇒ Skills development of local community.
- ⇒ Direct local employment.

Potential Impact:

- ⇒ Increased employment opportunities.
- ⇒ Promote entrepreneurship.
- ⇒ Curb poverty.
- ⇒ Income generation.
- ⇒ Skills training.
- ⇒ Spin-off employment opportunities.

Proposed organisational structure:

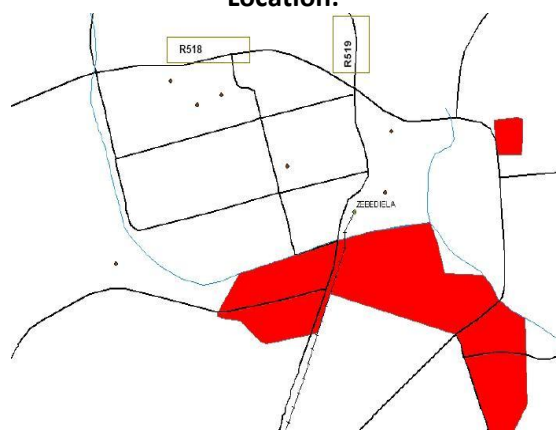







Projected profit:

Profit and Loss	Income
Income	R 17,242,500
Expenditure	R 16,880,752
Expected Net Profit per year (income – expenditure)	R 361,748

4.3 ZEBEDIELA FARM STAY

The Zebediela Farm Stay project is an identified opportunity and has been investigated as part of the LED process. This community-driven project has the potential to be a joint venture project.

Purpose:	
The aim of this project is to create jobs and tourism infrastructure, through the development of a country vacation, or farm stay, linked to a farm tour.	
Agri-tourism or other activities: <ul style="list-style-type: none"> ⇒ Overnight farm stays ⇒ Special events and festivals e.g. harvest festivals ⇒ Horseback riding ⇒ Bird watching ⇒ Hiking ⇒ Fresh products and value-added products ⇒ Youth and adult education e.g. organised tours, demonstrations ⇒ Swimming ⇒ Bush picnics 	Location: 
Existing infrastructure: <ul style="list-style-type: none"> ⇒ Old farmhouse ⇒ Three outbuildings ⇒ Swimming pool ⇒ Sewerage septic tank and water reticulation ⇒ Power supply 	Proposed development: <ul style="list-style-type: none"> ⇒ Converting the existing farm house and buildings to farm stay accommodation ⇒ Painting, renovating, hanging of murals and general interior decorating ⇒ Renovation, modernisation and equipping kitchen ⇒ Renovation of 5 bedrooms of farm house ⇒ Renovation of 2 bathrooms of farm house ⇒ Building 3 additional bathrooms in farm house to ensure en-suite bathroom facilities ⇒ Purchase linen, curtaining, bedding, towelling ⇒ Renovate three outbuildings into single farm

<p>Supply analysis:</p> <p>The following accommodation establishments exist in Lepelle-Nkumpi:</p> <ul style="list-style-type: none">  Alpha Guest House in Lebowakgomo  Molpiane Guest House in Lebowakgomo  Ngwaneshu Guest House in Lebowakgomo  Lenting Guest House in Lebowakgomo  Mafefe Lodge in Mafefe <p>Numerous accommodation establishments also exist in Mokopane, but due to the fact that a different type of accommodation is proposed, these establishments are not seen as direct competition.</p>	<p>stay accommodation units with en-suite bathrooms</p> <ul style="list-style-type: none"> ⇒ Expand sewerage tank and water reticulation ⇒ Renovate swimming pool ⇒ Develop 10 undercover parking spaces ⇒ Construct lapa and braai facility ⇒ Fence off farm stay for safety and security ⇒ Undertake landscaping of the garden ⇒ Provide irrigation system for garden ⇒ Erect signage to market the farm stay ⇒ Undertake marketing of the farm stay ⇒ Construct paving
<p>Demand:</p> <ul style="list-style-type: none"> ⇒ 13% of domestic tourism trips are undertaken to the Limpopo province ⇒ Most popular regions in Limpopo are the Capricorn DM (49%) ⇒ Guesthouse owners revealed the need for more accommodation in the area due to the fact that they have full occupancies most of the time ⇒ Main customers of existing guesthouses are government officials and travellers on business trips 	<p>Target market:</p> <ul style="list-style-type: none"> ⇒ Schools ⇒ Tourists ⇒ Farm visitors/business people to Zebediela Citrus Estate ⇒ Temporary employees, visitors and business people of local mining companies in the area ⇒ Employees and visitors to other surrounding farms in the area ⇒ Business people and government officials
<p>Risks:</p> <ul style="list-style-type: none"> ⇒ Income from tourism can be unreliable and is usually seasonal . ⇒ Tourism infrastructure can be stressful to local communities if not well planned and the success thereof requires a sophisticated chain of support networks. ⇒ Lack of local capacity to effectively manage and provide tourism infrastructure. ⇒ Lack of funding. ⇒ Poor marketing of area as a tourist destination. ⇒ New development – still needs to attract and keep customers. ⇒ Lack of signage. ⇒ Land claim on the portion of the farm land where the infrastructure exists is not yet finalised. 	
<p>Strengths:</p> <ul style="list-style-type: none"> ⇒ Limited supply of accommodation: only approximately 5 guesthouses and 75 bed nights exist in the area which are mostly fully occupied. ⇒ Only 2 hrs drive from the lucrative Gauteng market. ⇒ Location access ~ convenient location as it is not very far from the main road. ⇒ Availability of existing good quality infrastructure in need of renovation. Potential for twenty to thirty 	

bed nights.

- ⇒ Well-established farm – Zebediela Citrus Farm with new ‘orange tour’.
- ⇒ Unique landscapes and beauty of the area which is largely undeveloped.
- ⇒ Opportunity for accommodating longer-term accommodation for surrounding mine workers, farmers, business people, etc in more pleasant and tranquil surroundings than existing guest houses in the area.
- ⇒ Unique type of accommodation in the area – thus providing variety in the tourism market as opposed to the existing lodges and guesthouses found in the area.
- ⇒ Availability of a dam, a golf club and a Zebediela country club on the Estate for which negotiations can be undertaken so that guests can utilise these facilities.
- ⇒ Potential exists for expanding the proposed farm stay facilities into the other existing houses on the small town-like establishments in close relation to the farm house.
- ⇒ Potential exists for the construction of a restaurant in the longer term.

Potential Impact:

- ⇒ Farm stay can generate immediate jobs (both direct and indirect) within a short-time frame.
- ⇒ Tourism is labour-intensive. This means that more jobs can be created per unit of capital invested.
- ⇒ Tourism employs a multiplicity of skills.
- ⇒ The tourism industry creates entrepreneurial opportunities.
- ⇒ Tourism brings development to rural areas.
- ⇒ Well-managed tourism is kind to the environment.
- ⇒ Tourism is a final good. This means that the value added in final stages of production is created in the area.
- ⇒ Tourism is a foreign exchange generator.
- ⇒ Potential to influence visitor tastes and create export markets.
- ⇒ Tourism demand is continuous.
- ⇒ Tourism has a multiplier effect: The impact of tourism is greater than the initial expenditure by visitors.
- ⇒ Enormous potential for linkages: The tourism industry provides enormous potential to create linkages and dynamise other sectors of the economy - agriculture, manufacturing and services.
- ⇒ South Africa is already a global leader in eco-tourism: Various South African companies and conservation agencies are already involved in eco-tourism ventures, a factor which could act as a catalyst for further development in this field.
- ⇒ Limited exploitation of the tourism potential: While the potential for the development of tourism in South Africa is great, the tourism industry represents a vastly under-utilised opportunity.

Proposed organisational structure:



Projected profit during phase 1 (cosmetic changes and equipping the farm house with necessities)

Profit and Loss	Income
Income	R 642,400
Expenditure	R 554,296
Expected Net Profit per year (income – expenditure)	R 88,104

Projected profit when fully operational

INCOME	Per annum
Income	R 1,311,658
EXPENDITURE	R 1,222,175
Loan repayment	R 595,675
Rent	R 24,000
Consumables	R 36,000
Salary and wages	R 422,500
Water and electricity	R 48,000
Marketing, promotion, signage	R 20,000
Repairs and maintenance	R 10,000
Telephone, fax, e-mail	R 36,000
Expected Net Profit per year (income – expenditure)	R 119,483

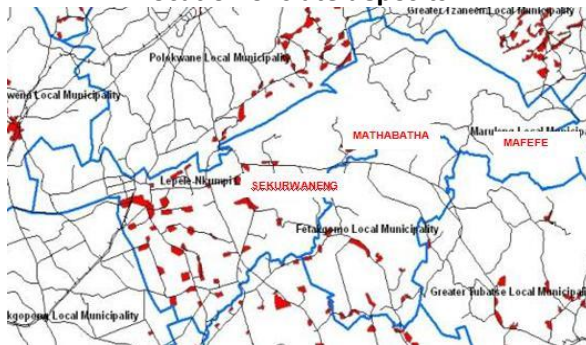
4.4 PRODUCTION OF SLATE SLABS

This project is an identified opportunity and has been investigated as part of the LED process. This project has also been investigated by the Capricorn DM. Potential investors should take cognizance of the studies that has already been done for this project.

Purpose:

The main aim of this project is to stimulate small-scale mining activities relating to mining of slate in Lepelle-Nkumpi Local Municipality.

Location of slate deposits:



Process:

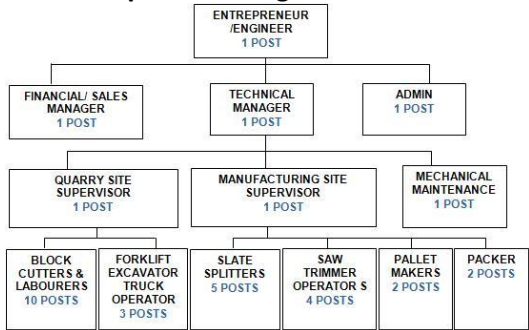
- ⇒ Extraction
- ⇒ Sawing/Cutting
- ⇒ Docking
- ⇒ Riving
- ⇒ Dressing

Supply Analysis:


- ⇒ Slate production increased substantially in South Africa (almost 93% in period 1995 – 2004)
- ⇒ Slate production = 47,500 tons annually
- ⇒ Slate producers in South Africa:

SUPPLIER	PROVINCE	LOCATION	PRODUCT TYPE
Elephant Slate	North West	Koster	Paving, roof and floor tiles
Liebenberg Leigroewe	North West	Koster	Floor tiles, crazy paving, handcut tiles and steps
Mazista (Pty)Ltd	Gauteng	Honeydew	Roof, floor tiles and paving
Saringa Slate	Gauteng	Honeydew	Sawn edge tiles, handcut tiles, paving and slabs
Top Slate Exporters CC	Marico	NorthWest	
Autumn Slate Quarry	Gauteng	Ferndale	Rough slabs and cuttiles
Cape Pavings	Eastern Cape	Port Elizabeth	Paving materials
Duradak Slate Quarries	Gauteng	Bryanston	Roofing
HP Plum	Western Cape	Brackenfell	Tile roofing, kitchen tops
Saringwa mines	Mpumunga	Lydenburg	Paving and tiles
Lamei Stone Phalaborwa	Limpopo	Phalaborwa	Tiles
MJS Women Civils	Limpopo	Orighstad	Paving and tiles
Kgautswane	Limpopo	Orighstad	Paving and tiles
Baderoukwe Mine (Pty)	Limpopo	Phalaborwa	Paving and floor tiles

- ⇒ Four suppliers of tiles and slate slabs in Limpopo – situated in Phalaborwa and Orighstad

<p>Demand Analysis:</p> <ul style="list-style-type: none"> ⇒ Slate sales increased by 166% from 1995 – 2004 ⇒ Total slate sales in SA in 2004 was 47,900 tons with a unit value of R222 per ton 	<p>Target market:</p> <ul style="list-style-type: none"> ⇒ Slate tiles will be sold to the construction industry in Mokopone, Polokwane and Gauteng 								
<p>Risks:</p> <ul style="list-style-type: none"> ⇒ Water and electricity is needed for quarrying ⇒ Capital intensive - Lobbying of funds to ensure the materialisation of the project ⇒ Need for a geo-technical survey for exact quantification of quality, quantity, type, etc ⇒ Mining authorisation is needed ⇒ Detailed business plan is needed based on outcome of geo-technical survey ⇒ Loans/grants need to be secured ⇒ Large amount of risk capital needs to be spent on for instance the geo-technical survey prior to exact determination of size and scope of business ⇒ Social and labour plan is needed prior to granting of mineral authorisation 									
<p>Strengths:</p> <ul style="list-style-type: none"> ⇒ Large deposits of slates ⇒ Potential for increased BEE ownership ⇒ Highly Labour intensive ⇒ This project will stimulate local economic activities within the mining sector ⇒ The project also tends to promote rural development by including the rural communities ⇒ This project will contribute in the creation of numerous employment opportunities among the local people ⇒ The project will also stimulate creation of income and minimise the leakage of income to other economies ⇒ Local beneficiation and value-adding ⇒ Final product development ⇒ Transport sector spin-offs 									
<p>Proposed management team:</p>  <pre> graph TD A[ENTREPRENEUR /ENGINEER 1 POST] --> B[FINANCIAL/ SALES MANAGER 1 POST] A --> C[TECHNICAL MANAGER 1 POST] A --> D[ADMIN 1 POST] C --> E[QUARRY SITE SUPERVISOR 1 POST] C --> F[MANUFACTURING SITE SUPERVISOR 1 POST] C --> G[MECHANICAL MAINTENANCE 1 POST] E --> H[BLOCK CUTTERS & LABOURERS 10 POSTS] E --> I[FORKLIFT EXCAVATOR TRUCK OPERATOR 3 POSTS] F --> J[SLATE SPLITTERS 5 POSTS] F --> K[SAW TRIMMER OPERATOR 4 POSTS] F --> L[PALLET MAKERS 2 POSTS] G --> M[PACKER 2 POSTS] </pre>	<p>Projected Profit:</p> <table border="1"> <thead> <tr> <th>Profit and Loss</th><th>Income</th></tr> </thead> <tbody> <tr> <td>Income</td><td>R 5,000,000</td></tr> <tr> <td>Expenditure</td><td>R 4,488,343</td></tr> <tr> <td>Expected Net Profit per year (income – expenditure)</td><td>R 511,657</td></tr> </tbody> </table>	Profit and Loss	Income	Income	R 5,000,000	Expenditure	R 4,488,343	Expected Net Profit per year (income – expenditure)	R 511,657
Profit and Loss	Income								
Income	R 5,000,000								
Expenditure	R 4,488,343								
Expected Net Profit per year (income – expenditure)	R 511,657								

4.5 ORGANIC COTTON FARMING

<p>Purpose:</p> <p>Lepelle-Nkumpi has a very advantageous climate and land for the development of high-value organic products. This project involves the production of organic cotton in the area.</p>	
<p>Location:</p> 	<p>Project details:</p> <ul style="list-style-type: none"> ⇒ Certification through a third party ⇒ Transition period – waiting for soil to adjust to organic system ⇒ Plant a cover crop to prepare land and improve soil fertility ⇒ Plant organically grown seed ⇒ Rotate crop with tomato/legumes/pumpkin/red peppers ⇒ Can diversify crop and cultivate cotton, pumpkin and tomatoes simultaneously ⇒ Drip irrigation = more cost effective and water efficient
<p>Trends:</p> <ul style="list-style-type: none"> ⇒ Strong growth in sale of organic products ⇒ Consumer awareness of and demand for organic cotton has increased significantly ⇒ Consumers seek organic and sustainable lifestyles ⇒ Global sales of organic cotton products increased by 83% between 2006 and 2007 ⇒ Woolworths launched first 100% organic cotton clothing line in 2004 	<p>Demand:</p> <ul style="list-style-type: none"> ⇒ Consumers more aware of “green” lifestyle ⇒ Organic fibre production must increase at a rate of 40% to meet projected demand ⇒ Manufacturer demand for organic fibre increased from 5,720 metric tons in 2000 to 32,326 metric tons in 2005 (annual average growth rate of 93%) ⇒ Estimated demand for organic cotton fibre in 2008 = 99,662 ⇒ Woolworths is committed to promote use of local organic cotton for the production of their clothing ⇒ Organic food in SA has grown from R5 million before 2003 to R155 million in 2005
<p>Supply:</p> <ul style="list-style-type: none"> ⇒ Only one producer of organic cotton in SA 	
<p>Target market:</p> <ul style="list-style-type: none"> ⇒ The sophisticated, health-conscious end of the South-African market as well as the European and American export markets are seen as the target market ⇒ Woolworths (organic clothing & food) ⇒ Pick & Pay and Checkers (organic food) 	<p>Products:</p> <ul style="list-style-type: none"> ⇒ Personal care items e.g. cotton wool ⇒ Home furnishings e.g. linen ⇒ Children’s products e.g. nappies ⇒ Clothes ⇒ Stationery and note cards ⇒ Animal feed (cotton seed)

Risks:

- ⇒ Cotton has many pests that must be controlled without conventional pesticides under an organic system
- ⇒ Weed control options are limited to those done without synthetic herbicides
- ⇒ Defoliation can be a major challenge, with limited options to accomplish the task
- ⇒ Transitioning from conventional crop production to organic cotton is fraught with risk
- ⇒ The transition process takes three years before the fields can be certified as organic
- ⇒ In the absence of institutional support and infrastructure, organic growers are unable to move organic cotton around as easily as conventional growers do
- ⇒ Organic production costs could be higher than those of conventional cotton production

Strengths:

- ⇒ Suitable weather conditions
- ⇒ Labour intensive procedures which entail the training and development of a large number of local community members
- ⇒ Consumer awareness of living a “green” lifestyle
- ⇒ Consumers are willing to pay premium prices for organic products
- ⇒ Organic agriculture could improve farm income because farmers can earn premiums for organic products while lowering production costs through elimination of synthetic pesticides and fertilizers
- ⇒ Eco-tourism potential
- ⇒ Organic farming offers the potential to reduce the emissions of agricultural greenhouse gases (carbon dioxide, nitrous oxide and methane) and their annual external costs
- ⇒ Organic farming offers significant potential to counter climate change through the development of the soil as a major carbon sink
- ⇒ Organic farming is more energy efficient per hectare because of the non-use of nitrous fertilizers
- ⇒ Organic farming causes less air contamination because pesticide sprays are not used and ammonia volatilisation is reduced because of the non-use of nitrous fertilizers
- ⇒ Waste is generally lower in organic farming since the system relies less on external inputs, is less intensive and avoids the routine use of agro-chemicals
- ⇒ Increased water retention as a result of the higher soil organic matter
- ⇒ Reduced risk of drought – under drought conditions crops in organic agriculture systems produce higher yields than comparable conventional systems
- ⇒ Less long-term yield variability
- ⇒ Lower economic losses
- ⇒ Less water pollution caused by nitrates in groundwater and pesticide contamination
- ⇒ Avoid and reduce flood damage – better water retention and drainage because of higher levels of organic matter in soil
- ⇒ Reduced soil erosion
- ⇒ Conserving and increasing biodiversity through crop rotations and intercropping
- ⇒ Organic farming can yield up to three times as much food as conventional farming on the same amount of land

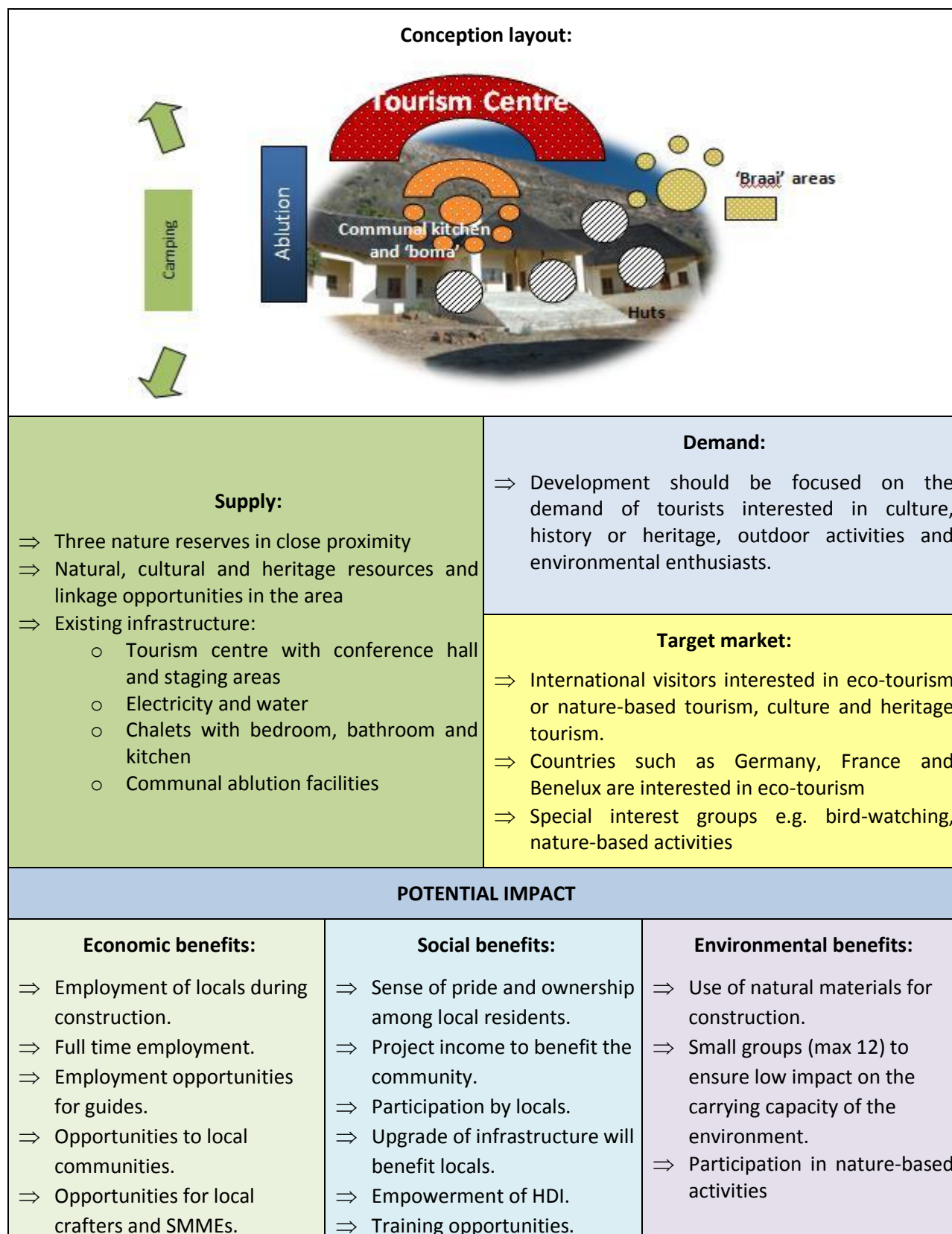
Potential impact:

- ⇒ Increased employment opportunities

- ⇒ Promote entrepreneurship
- ⇒ Curb poverty
- ⇒ Income generation
- ⇒ Skills training
- ⇒ Improvement of lives of project holders
- ⇒ Improved food security
- ⇒ Increased productivity
- ⇒ Diversification of agricultural production
- ⇒ Additional income by cultivating other crops

4.6 MAFEFE TOURISM CENTRE

Project description:		
Development of existing structure and its surrounds at the Mafefe Tourism Centre; as a tourism information and interpretation centre and a community-based tourism initiative with a strong focus on combining heritage with cultural activities and nature-based tourism activities.		
THREE DEVELOPMENT AREAS		
Interpretation centre:	Accommodation:	Natural attractions:
<ul style="list-style-type: none"> ⇒ Booking office. ⇒ A shop selling local arts, refreshments, postcards, other souvenirs. ⇒ Basic landscaping. ⇒ Talks need to be arranged in the staging area. ⇒ Kiosk selling refreshment and basic supplies for hikers or 4x4 tourists. ⇒ The training of locals in the fauna, flora and animal life. ⇒ The use of traditional and natural building material and local labour should be perpetuated. ⇒ Provide a security guard. ⇒ Provide a maintenance person. 	<ul style="list-style-type: none"> ⇒ Enough accommodation to accommodate groups. ⇒ 'Braai' areas need to be erected. ⇒ Camping stands need to be laid out. ⇒ A communal kitchen and gathering area in the form of a 'boma' could be built. ⇒ Provide walking paths. ⇒ Provide authentic and functional landscaping. ⇒ Traditional meal cooked in huts by local women at an additional cost. ⇒ Use local art work and traditional craft to decorate the huts. 	<ul style="list-style-type: none"> ⇒ Guided walks to the Mafefe Miraculous Tree ⇒ Guided day nature hikes with a focus on bird watching, fauna, flora, etc. ⇒ Guided day hikes and two or three day guided hikes. ⇒ Paths should be laid out for all day and multi-day hikes. ⇒ Guides needs to be trained and accompany the nature and adventure hikes. ⇒ Safe parking for cars needs to be provided. ⇒ Overnight huts need to be provided for the multi day nature hike. ⇒ Other adventure tourism options e.g. rock-climbing, abseiling. ⇒ Train locals as adventure activity facilitators. ⇒ Support arts and craft projects and link to proposed activities. ⇒ Educational programmes with related activities for school groups. ⇒ Promote local visits to the centre.



<p>Potential risks:</p> <ul style="list-style-type: none"> ⇒ Nature of the tourism industry ⇒ Seasonality of visitor flows ⇒ Decline in visitors to the area ⇒ Safety and security ⇒ Negative social impacts of tourism ⇒ Environmental conservation and resource management 	<p>Funding options:</p> <ul style="list-style-type: none"> ⇒ Department of Trade and Industry ⇒ Industrial Development Corporation ⇒ Development Bank of Southern Africa ⇒ National Empowerment Fund ⇒ National Heritage Resources Fund ⇒ DEAT Poverty Relief Fund
<p>Guidelines to promote the projects:</p> <ul style="list-style-type: none"> ⇒ Develop quality and informative brochures. ⇒ Raise awareness regarding the centre among local accommodation establishments. ⇒ Place brochures in local information offices, accommodation establishments and other tourism related businesses, as well as nature reserves in the area where domestic and international visitors will be able to access information. ⇒ Consider the offering of transport linkages e.g. a shuttle service from nature reserves or other establishments to the centre. ⇒ Co-operate with local, regional and provincial tourism marketing bodies to have information regarding the centre be placed in their promotion materials, maps, booklets, etc. ⇒ Advertise on appropriate websites ⇒ Collaborate with the Capricorn District Municipality in terms of the improvement of directional road signage. ⇒ Plan a special launch of the new Mafefe Tourism Centre and invite persons in the tourism industry, special interest groups and other relevant stakeholder in order to create awareness. The launch programme can include e.g. a month of special activities such as drumming sessions, craft-making sessions, information about the local culture, etc. 	

4.7 AQUACULTURE

<p>Purpose:</p> <p>This purpose of this project is to develop aquaculture schemes around Mafefe which could in turn result in the formation of an aquaculture cluster.</p>	
<p>Stages of fish farming:</p> <ul style="list-style-type: none"> ⇒ Hatchery stage ⇒ Nursery stage ⇒ Grow-out stage ⇒ Processing stage ⇒ Marketing stage 	<p>Main categories of fish:</p> <ul style="list-style-type: none"> ⇒ Cold water species e.g. salmon, trout ⇒ Temperate water species e.g. estuary perch ⇒ Warm water species e.g. cod, catfish ⇒ Tropical water species e.g. prawn, tilapia <p>(Decision on type of fish will depend on optimal temperature range for each species)</p>
<p>Infrastructure and equipment:</p> <ul style="list-style-type: none"> ⇒ Feed storage room. ⇒ Stock holding room. ⇒ Plankton net ⇒ Maximum-minimum thermometer. ⇒ pH meter. ⇒ Dissolved oxygen (DO) meter. ⇒ Test kits to measure the alkalinity of the water, the amount of nitrate, nitrite, ammonia and phosphorus in the water. ⇒ Harvesting equipment such as nets and traps. ⇒ Handling gear e.g. containers to handle fish ⇒ Oval meat tubs for carrying small fish. ⇒ Fish bins for fresh, chilled fish. ⇒ Pumps. 	<p>Important considerations:</p> <ul style="list-style-type: none"> ⇒ Access to water. ⇒ Water quality management. ⇒ Pond maintenance. ⇒ Technical and socio-economic considerations. ⇒ Choice of species. ⇒ Choice of site. ⇒ General feasibility ⇒ Market analysis ⇒ Authorisations and legal matters e.g. water use, veterinary permits
<p>Water availability:</p> <p>The potential for fish production is limited by the low availability of suitable water bodies in the municipality, however there are efforts underway in the province of converting disused irrigation schemes into aquaculture projects. Irrigation schemes make use of on-farm storage dams as ponds for fish production.</p> <p>Water bodies available in the municipality include:</p> <ul style="list-style-type: none"> ⇒ Mogoto Dam ⇒ Nkumpi Dam ⇒ Rooipoort Dam ⇒ Nkumpi river 	

- ⇒ Olifantsriver
- ⇒ Tudumo river
- ⇒ Mohlalpitsi river

Suitability of these water bodies should be investigated beforehand. It is important to note that any potential project on aquaculture should have economies of scale to be competitive and sustainable in the long run.

Authorisation process:

1. Formulation of an aquaculture project
2. Choosing of a candidate species
3. Land access planning
4. Land use planning
5. Service planning
6. Water use planning
7. Environmental planning
8. Permitting
9. Post approval planning

BEE/SMME opportunities:

- ⇒ Reliable truck company to transport fingerlings
- ⇒ Cage building company
- ⇒ Local feed producing company
- ⇒ Marketing
- ⇒ Packing and packaging products
- ⇒ Opportunity for company to assist with harvesting

Secondary uses:

- ⇒ Fish oil
- ⇒ Gelatine
- ⇒ Fish manure rich water

Supply:

- ⇒ Global per capita fish supply decreased from 14.6 kg in 1987 to 13.1 kg in 2000
- ⇒ Aquaculture's contribution to global supplies increased from 9% in 1980 to 44% in 2007

Estimated demand for fish in Lepelle-Nkumpi:

Income category (grow 2001 income category with inflation rate to 2008)	% Income distribution	Total HH income	Demand derived from this income group
R0 – R595	11%	R 1,679,826	R 50,395
R596 – R7,146	25%	R 49,591,381	R 1,487,741
R7,147 – R14,292	14%	R 76,901,693	R 2,307,051
R14,293 – R28,583	8%	R 87,874,362	R 2,636,231
R28,584 – R57,167	6%	R 131,842,163	R 3,955,265
R57,168 – R114,334	3%	R 131,798,519	R 3,953,956
R114,335 – R228,668	1%	R 87,808,768	R 2,634,263
TOTAL:	100%	R 567,496,711	R 17,024,901

POTENTIAL IMPACT	
<p>Socio-economic Impact:</p> <ul style="list-style-type: none"> ⇒ Job creation – fish farming in Asia directly employs 12 million people¹⁶ ⇒ Income generation ⇒ Increase in local revenue base ⇒ Poverty alleviation ⇒ Food security ⇒ Reduce hunger and malnutrition ⇒ Business ownership ⇒ Community ownership ⇒ Black economic Empowerment ⇒ Labour intensiveness ⇒ Skills transfer ⇒ Development of small-scale and emerging farmers ⇒ Sustainability 	<p>Environmental Impact:</p> <ul style="list-style-type: none"> ⇒ Provide an alternative to continued depletion of natural fisheries, by reducing the world's dependency on wild stocks of fish ⇒ Settling ponds have proven to be an effective means of reducing source pollution¹⁷ ⇒ Settling ponds can increase productivity in a pond-based water recycling system¹⁸ ⇒ Release of non-native fish species is minimised because fish is grown in a secure closed system
<p>Funding options:</p> <ul style="list-style-type: none"> ⇒ Industrial Development Corporation (IDC) ⇒ Development Bank of Southern Africa (DBSA) ⇒ Land bank ⇒ National Empowerment Fund (NEF) ⇒ Khula Enterprise Finance ⇒ Department of Trade and Industry (DTI) ⇒ South Africa's Technology and Human Resources for Industry Programme (THRIP) ⇒ National Research Foundation (NRF) ⇒ SEDA ⇒ SETA 	

¹⁶ FAO, *Fish farming can meet rising demand*.

¹⁷ www.fishfarming.com

¹⁸ www.fishfarming.com

4.8 WHITE MEAT CLUSTER

Purpose:

The purpose of this project is to make use of the existing infrastructure of the Lebowakgomo Industrial Park as well as any other infrastructure available in and around Lebowakgomo, to contribute to the development of a white meat cluster.

PROJECT DESCRIPTION

Production:

Area	Capacity	Type of poultry
Ga-Kekana	3 Chicken batteries with approximately a 500 chickens on each battery.	Broilers
Makweng	2 Chicken batteries with approximately 1 000 chickens on each battery	Broilers
Magatle	1 chicken battery with approximately 1 000 chickens	Broilers
Sekgopokgopong	2 chicken batteries with approximately 1 000 chickens	Broilers
Habakuk Industrial Place	A number of chicken batteries which hosts 1 000 chickens each.	Broilers
Moletlane	2 chicken batteries with approximately 1 000 chickens	Broilers
Ga-Ledwaba	2 chicken batteries with approximately 1 000 chickens	Broilers
Sekele	2 chicken batteries with approximately 1 000 chickens	Broilers
Ga-Molapo	A number of chicken batteries	Egg-laying
Lepelle-Nkumpi	15 chicken batteries with approximately 13 500 chickens	Broilers
Ga-Mphahlele	13 chicken batteries only three operational	Broilers

Processing:

- ⇒ Stun chicken by low voltage electrical charge
- ⇒ Blood draining
- ⇒ Remove feathers
- ⇒ Scrub carcasses, cut off feet and head and remove guts
- ⇒ Check carcasses for bruises
- ⇒ Chill carcasses
- ⇒ Pack raw meat into cases and store in temperature controlled warehouse



Market:

- ⇒ Established local wholesalers and retail outlets in the Study Area are the potential markets.
- ⇒ It is assumed that the abattoir will be working at full capacity (i.e slaughtering 15,000 chickens daily)
- ⇒ It is also assumed that a daily amount of 15,000 chickens will be processed and supplied to these target markets.

Supply:

- ⇒ Rainbow Chickens holds 30% of market share
- ⇒ Other broiler supply and processing farms:
 - Argyle -Country Fair -Rocklands
 - Astral -Tydstroom -Daybreak
 - Early Bird -Chubby Chicks Sangiro

Machinery required:

- ⇒ Stunner
- ⇒ Scalding tank (Water)
- ⇒ Defeathering Machine
- ⇒ Hangers
- ⇒ Evaporation Trough (Carcasses are scrubbed, the feet and heads are cut off, and the guts are removed and the giblets and livers of the carcasses are washed out).
- ⇒ Spin Chiller (Used for frozen chicken)
- ⇒ Portioner (Used for cutting carcasses in portions)
- ⇒ Stainless Steel Table (Packaging)

Demand:

Income category (grow 2001 income category with inflation rate to 2008)	% Income distribution	Total HH income	Demand derived from this income group
R0 – R595	11%	R 1,679,826	R 184,781
R596 – R7,146	25%	R 49,591,381	R 5,455,052
R7,147 – R14,292	14%	R 76,901,693	R 8,459,186
R14,293 – R28,583	8%	R 87,874,362	R 9,666,180
R28,584 – R57,167	6%	R 131,842,163	R 14,502,638
R57,168 – R114,334	3%	R 131,798,519	R 14,497,837
R114,335 – R228,668	1%	R 87,808,768	R 9,658,964
TOTAL:	100%	R 567,496,711	R 62,424,638

Secondary uses:

- ⇒ Fertilizers (chicken manure)
- ⇒ Dog food (carcasses & waste from crops)
- ⇒ Value added chicken products e.g. convenience meals, pies, polony, viennas, etc.

Potential impacts:

- ⇒ Increased employment opportunities
- ⇒ Promote entrepreneurship
- ⇒ Curb poverty
- ⇒ Income generation
- ⇒ Skills training
- ⇒ Improved food security
- ⇒ Improvement of primary and secondary industries that rely on chicken farming enterprises

4.9 DEVELOP A GOLF ESTATE**Development potential:**

The spectacular scenery and landscapes offers potential for the development of a golf estate in Lepelle-Nkumpi LM. The possibility exists to establish as joint venture between the land owners and property developers. Property developers should investigate suitable land for the development in the Zebediela area and decide on the development concept. There is a strong linkage which can be established between the golf industry and the tourism industry which emphasizes the importance of the manner in which the developers approach tourists to the area, promoting golfing tourism, etc.

Potential Impact:

The potential of the golf market sectors will depend on how the project is packaged as golf is a niche market, and the golf experience tends to feature only at the upper end of tourist income categories. It should be packaged in such a way as to maximize the impact and spin-offs to all income categories in Lepelle-Nkumpi LM. Yet, golf can play a role in developing the tourism potential in Lepelle-Nkumpi LM if marketing and branding plans are implemented. In order for local communities to take up employment at the golf estate, plans for capacity building and skills development must be implemented.

Demand:

The importance of golf as a sport is growing, but not only golfers are attracted to these sites, non-golfers are also attracted by the potentially secure, non-urban and relaxed lifestyle that these estates offer. The importance of residential stands which are attached to golf courses are due to the safety and security aspects of these developments.

The slowdown of the economy could have an impact on the demand for residential stands.

Supply:

Golf estates in Limpopo:

- ⇒ Euphoria Golf Estate and Hydro (Naboomspruit)
- ⇒ Zebula Country Lodge (Bela Bela)
- ⇒ Elements Private Golf Reserve (Waterberg)
- ⇒ Hans Merensky Hotel & Estate (Phalaborwa)
- ⇒ Koro Creek Bushveld & Golf Estate (Modimolle)
- ⇒ Royal North Land Golf Estate (Bela Bela)
- ⇒ Sterkrivier (Waterberg)

It can therefore be concluded from the above that an opportunity exists for the development of a golf estate in the area.

Chapter 5: Marketing Strategy

Potential investors are unaware of the business perspectives offered by the Lepelle-Nkumpi LM, mostly because of the little knowledge they have on all the opportunities in the area. Little knowledge of the area decreases the effectiveness of investment promotion programmes, therefore a key component of any Investment Strategy should be to increase the awareness of local opportunities. The latter could be addressed by formulating and implementing a Marketing Strategy.

The Marketing Strategy is the cornerstone of the Investment Guide and Strategy of the Lepelle-Nkumpi LM. The proposed Marketing Strategy for the Lepelle-Nkumpi LM is divided into the following marketing theme and a set of marketing tools.

5.1 MARKETING MESSAGE



The Marketing Strategy is aimed at achieving the following objectives:

-  Promote the Lepelle-Nkumpi LM as a pro-business environment with government workforce dedicated to address the needs of potential investors and create an environment conducive for their business development.
-  Make potential investors and stakeholders aware of Lepelle-Nkumpi LMs competitive advantages in the mining and agriculture sectors and its advantageous location with regard to land (City Deep), air (Polokwane International), and sea (Maputo) ports.
-  Increase the awareness among potential investors of business opportunities in such sectors as:
 - Agriculture
 - Mining
 - Tourism
 - Manufacturing
-  Target South African and foreign investors, particularly from such countries as the United States, Canada, Mexico, Brazil, Zimbabwe, Kenya, Mozambique, Israel, Czech Republic, Portugal, Ukraine, Puerto Rico, Spain, United Kingdom, Italy, Russian Federation, Sweden, France and Belgium.

The Marketing Strategy to improve the image of the Lepelle-Nkumpi LM and attract new investors will make use of such marketing mix as promotional information, public relations activities, and inward and outward missions.

5.2 TARGET MARKET

Table 16 identifies the investment opportunities in the Lepelle-Nkumpi LM and indicates what type of investor might be interested in the specific projects. These investors are seen as the target market, and all marketing strategies should be focused on them. The first column gives a description of the investment projects. These projects have been derived from a review of the IDP and LED (Local Economic Development Plan) for the Local Municipality as well as interviews with key stakeholders and a site visit. The most relevant projects were selected from the numerous opportunities that have arisen from the review. The criteria used for the prioritisation includes:

-  Economic contribution
-  Job creation
-  Sustainability
-  Utilising comparative advantages
-  BEE/SMME opportunities
-  Projects should be private sector driven

The second column gives an indication of the sector on which the project will have an impact and the third column broadly indicates the target market for each project. This column should be used by the LM to focus marketing initiatives.

Table 16: Investment projects and target markets

PROJECT DEVELOPMENT	Sector	TARGET MARKET
1. Goat meat production	Agriculture Manufacturing	Goat farmers Butcheries Tanners Clothing manufacturers Wholesalers Cold storage keepers
2. Citrus juice extraction	Agriculture Manufacturing	Canning industries Juice industry Local business people
3. Zebediela Farm stay	Tourism	Business people Tour operators
4. Production of slate slabs	Mining Manufacturing	Tile manufacturers Mining industry Construction companies
5. Organic cotton farming	Agriculture	Woolworths Crop Farmers Irrigation companies Produce retailers Distribution companies Packaging companies Storage companies

Lepelle-Nkumpi Investment Strategy










6. Mafefe Tourism Centre	Tourism	Local business people Business people Hospitality industry
7. Aquaculture	Agriculture Manufacturing	Local farmers Fish industry
8. White meat cluster	Agriculture Manufacturing	Chicken Farmers Butcheries Wholesalers Cold storage keepers
9. Golf estate	Tourism	Property developers Local community

5.3 PROMOTIONAL INFORMATION

Introductory brochure

The purpose of this brochure is to provide social and economic information about the Lepelle-Nkumpi LM. A high quality brochure is the first step in showing potential investors government's dedication in pro-active approach to business development in the area, professionalism, and high standard of service offered. Section 2 (Doing Business in Lepelle-Nkumpi) of this study, as well as the Local Economic Development Plan can be the starting point in development of the brochure.

This brochure should contain such information as:

-  Map of the Lepelle-Nkumpi LM
-  Background to the area
-  Geopolitical information (Size of the LM, average temperature, natural resources)
-  Population statistics and total (Total population, urban and rural division, working age population, Economically Active Population, employed and unemployed population, division between unskilled, skilled and highly skilled workers)
-  Economic background (GGP, major economic sectors, income per capita, average household income)
-  Infrastructure information (Road and railroad routes, distances to main urban centres, airports, energy and water supply capacity)
-  Tourism information
-  Institutions located in the area and their contact details (Education, business support, non-government organisations etc.)
-  Available incentives.

Sectoral studies and business opportunities

The main purpose of the sector studies is to provide detailed information on priority industries in the Lepelle-Nkumpi LM, their competitive advantages, and business opportunities. This information should assist potential investors to differentiate the Lepelle-Nkumpi LM from other localities in the country.






























Each sector study should be packaged in such a way that highlights the main advantages of locating a business in the Lepelle-Nkumpi LM. The sector study should also outline the constraints in each sector and indicate government's plan to address these constraints.

Business Opportunities portfolio

This portfolio is designed to support sector studies and supply information on quality investment and partner opportunities in the area. The business opportunities portfolio should consist of a collection of





brief profiles of business prospects in the Lepelle-Nkumpi LM for each priority industry. It is used to market the area to the investors. Each profile serves as a preliminary business plan that can be given to an investor to indicate the local opportunities with regard to specific industries and businesses. An example of the context of each profile is indicated in Table 17.

Table 17: Business Opportunities Portfolio Template

Section	Context
Opportunity	 Scope  Envisaged products/services  Expected location
Nature of project	 Type of envisaged opportunity  Dominant economic sectors involved  Marketing focus
Rationale for this venture	 Motivation for the venture
Attractiveness assessment	 Industry attractiveness  Perceived demand-supply gap  Long-term growth prospects  Competitive forces
Opportunity alignment	 Implementation time  Alignment with IDP principles  Alignment with national and provincial strategies
Key competitive advantages	 List of comparative advantages of the proposed venture
Potential economic impact	 Anticipated annual wealth creation  Expected number of employment opportunities  Anticipated Return on Investment (ROI)
Investment Requirements	 Anticipated total capital  Anticipated sources of capital  Investment already made
Linkages	 Upstream linkages  Downstream linkages  Support infrastructures
Contact details	 Details of the contact person who is in charge for business development in the Lepelle-Nkumpi LM
Opportunity synopsis	 Venture status (scope, planning, raising of finance or implementation)  Anticipated capital requirements  Anticipated Return on investment  Anticipated employment creation

Business Directory brochure

The purpose of this brochure is to provide a detailed directory of local businesses, imposing business networking of existing companies in the area. The target market of the brochure should mainly be businesses that plan to expand or establish a new company in the area, and therefore, need to identify suppliers and buyers, as well as to know their competitors. The brochure should contain the following information:

-  Brief introduction to the Lepelle-Nkumpi LM as well as the Capricorn DM
-  Regional road and local street maps
-  Sector and resources allocation map that would show spatial distribution of economic sectors in the District and location of mineral resources and other natural resources
-  Details of the local businesses grouped according to the sectors. The details should contain information such as postal and physical address, e-mail, website, contact numbers, operating hours, main-, secondary- and intermediate products or services offered.

It is suggested that advertising space is sold to cover the costs incurred. The brochure should be updated on a yearly basis.

Electronic media

Some of the above information can be put on the Internet and CDs. For the former, a dedicated website needs to be developed that would include a summary form of the Introductory Brochure, extracts from sector studies, and a database of local businesses. This portal could also be used to update the business database by allowing new business and exiting businesses to enter or amend their information. The website could also be used for communication with potential investors requesting them to submit their enquiries. A website will need to be manned by a person from the Municipality. The CD should include complete information contained in the Introductory Brochure, sector studies, business opportunities portfolios, and business database and should be properly organised with a menu that links specific items on the CD.

5.4 PUBLIC RELATIONS

The information about the Lepelle-Nkumpi LM is very limited and potential investors are not necessarily aware of its business opportunities. To address this problem, it is recommended that the Municipality conducts a public relations campaign to generate favourable publicity. The public relations campaign could be a cost-effective method of raising awareness about the local economy and its potential. In this regard it is proposed that the following activities are implemented.

Domestic PR Campaign

The target market that the Lepelle-Nkumpi LM would wish to attract to the area includes South African and foreign investors; at the same time South Africa has headquarters of numerous international corporations. Thus by conducting a domestic PR campaign, the Lepelle-Nkumpi LM will not only target potential domestic investors but also foreign investors that have already established their businesses elsewhere in the country. To further save costs and receive support from the provincial level, the domestic PR campaign could be organised through TIL.

International PR Campaign



International PR Campaign is aimed at improving business relationships with the countries that were identified as the target market. This campaign is run through international media. During inward and outward missions, the Lepelle-Nkumpi LM should capitalise on the opportunity to talk to the journalists and give them details of one or two major investment projects taking place in the area.

5.5 INWARD AND OUTWARD MISSIONS

Inward and outward missions include various activities that involve participation in domestic and foreign seminars, conferences, and exhibitions the purpose of which is to establish business contacts and promote local business opportunities. Since the Lepelle-Nkumpi LM does not have financial capacity to conduct these missions on its own, it is recommended that they actively participate in the missions organised by TIL. This also entails being fully prepared for these missions in terms of having a complete information package about the Lepelle-Nkumpi LM.

Chapter 6: Investment Incentives









The purpose of this chapter is to highlight the prospects for investment incentives in the Lepelle-Nkumpi LM and list potential financial and non-financial incentives that could be introduced in the area to attract new businesses. Based on the above, the chapter is structured according to the following elements:

-  Local prospects for investment incentives
-  Lepelle-Nkumpi investment incentives

6.1 LOCAL PROSPECTS FOR INVESTMENT INCENTIVES

Investments, or capital formation, are an essential factor for economic growth as they enlarge a scale of production and increase employment opportunities. Investment incentives can potentially provide an environment conducive for capital accumulation in the area. However, a number of research papers have been written on the extent of the economic benefits of the investment incentives and there are no shared agreements on their effectiveness. The discussion is mainly converged around whether investment incentives can attract new businesses and whether benefits acquired from the incentives exceed their costs.

When a company is planning to expand, relocate or to build a new facility in the area, they first compare geographic regions and identify the most suitable one, and then select a locality within the identified region through comparison of different sites based on specific criteria identified for the project. Some of the criteria that companies use to evaluate regions and districts to select a number of potential sites are as follows:

-  Areas image
-  Location of suppliers and markets
-  Cost of energy
-  Transportation costs
-  Cost, size and quality of available land
-  Cost of capital
-  Availability and cost of housing
-  Agglomeration economies





A company's main criterion in site identification however, is usually the long-term profitability that the community offers. An area which fails to meet this criterion will not be able to attract investors by merely providing additional investment incentives. At the same time, when a few sites are relatively

similar with regard to the long-term profitability criterion, the provision of investment incentives can slant the decision of the managers to choose one locality over another.

Currently the Lepelle-Nkumpi LM does not offer any incentives to prospective investors, which could prove to be a comparative advantage for the area.

6.2 LEPELLE-NKUMPI INVESTMENT INCENTIVES

Currently, eligible businesses can apply for national incentives presented in Annexure A. In addition to these national incentives, the Lepelle-Nkumpi LM could consider providing the following local incentives grouped into the following categories:

-  **General financial investment incentives** that would make the Lepelle-Nkumpi LM competitive with regard to service rates in the region
-  **Performance-based investment incentives** that would attract businesses and industries which have the highest potential to create new revenue streams and generate new employment opportunities
-  **Non-financial investment incentives** that would improve the image of Lepelle-Nkumpi LM and make it more competitive in the region
-  **SMME and secondary economy investment incentives**



The following sections describe the proposed incentives in more detail.






General financial investment incentives

NOTE: It should be kept in mind that the Lepelle-Nkumpi LM does not currently have the financial capacity to provide financial incentives to possible investors. Therefore it is suggested that the LM firstly focus on providing non-financial investment incentives. General financial investment incentives are discussed subsequently if the LM develops the capacity to provide this support.

General financial investment incentives should be provided to increase competitiveness of the Lepelle-Nkumpi LM in the Limpopo Province. These incentives should offer competitive service rates to businesses or industries that have made a decision to relocate in the Lepelle-Nkumpi LM.

The following incentives could be offered to businesses:









-  A basic rebate on rates and taxes which is effective on date of issuing an occupation certificate for new building/alterations, and which decreases per annum.
-  Rebate adjustments based on the value of improvement of the building, BEE principles, job creation potential and local business stimulation.

-  Rebates for Foreign Direct Investments (FDI) for 10 years for the first year decreasing per annum afterwards.
-  Planning approvals within 90 days.
-  Discount on assessment rates according to a sliding scale.
-  Discounts on water services per kilolitre.
-  Reasonable discount on electricity charges to industries and businesses.

Performance-based investment incentives

The performance-based incentives are financial investment incentives provided to the investors who satisfy the criteria of the most advantageous project to the community. This ensures that the project undertaken within the Lepelle-Nkumpi LM has long-term spillover effects through improvement of the area's image, economic growth, job creation and poverty alleviation.

The performance-based incentives have the following underlying principles:

-  Address investors' requirements and not wishes of the LM
-  They are about trust, confidence and delivery
-  Make the place attractive for the investor
-  Indicate that the LM understands its economic environment, thus, exerting confidence and trust towards the investor
-  Erase infrastructural and other developmental constraints
-  Provide conducive environment for augmentation of economic linkages and agglomeration potential
-  Do not threaten current businesses
-  Present an on-going support to the business, i.e. aftercare

Non-financial investment incentives



The non-financial investment incentives are non-monetary support that the Lepelle-Nkumpi LM should offer to businesses and industries. These incentives aim at improvement of the area's image and quality of services.

The non-financial investment incentives can be divided between those that offer administrative support and those that provide information. The purpose of these incentives is to indicate the local council's commitment to a development of the local economy and its openness to new businesses.

ADMINISTRATIVE NON-FINANCIAL INCENTIVES




The recommended administrative non-financial incentives could be as follows:

-  Expedited permit processing

-  Assistance in preparation of Environmental Impact Assessments
-  Prompt assistance with regard to provision of information for business development in the area







NON-FINANCIAL INCENTIVES THAT PROVIDE INFORMATION

Non-financial incentives that provide information could be the following:

-  Business Directory Brochure: to provide a detailed directory of local businesses, imposing business networking of existing businesses in the area.
-  Lepelle-Nkumpi Brochure: to provide social and economic information about the municipality in brief.
-  Business Opportunities portfolio: to supply information on quality investment and partner opportunities in the area.








SMME and secondary economy investment incentives

In addition to the above-mentioned investment incentives, the Lepelle-Nkumpi LM could provide additional support to SMMEs and the secondary economy. In this regard the following tailored investment incentives are recommended to be provided for BEE companies and SMMEs:

-  Exemption from property tax for start up companies during the first year and a discount on a sliding scale over the 2nd and 3rd operational years.
-  Property tax rebates to the existing companies on a sliding scale.
-  Assistance in developing a business plan for start-up companies or companies that want to expand.
-  Promotion of mechanisms for co-operation between SMMEs, through further use of the SMME association system and by studying optimum mechanisms for cooperation among SMMEs to meet contemporary needs.
-  Assistance in establishing SMME networks that lead to competitive advantage, cost savings, market access and knowledge exchange. The emphasis should be on establishing supply chain linkages with the large companies outsourcing costly, inefficient services to small companies that could better perform those services.
-  Easing the licensing burden through simplification of business registration procedures for SMMEs.

Chapter 7: Investment Guide

The purpose of this chapter is to present the investment guide and strategy for the Lepelle-Nkumpi LM. It is divided into the following segments:






-  7.1 Business retention and expansion programme
-  7.2 Business Attraction Programme
-  7.3 Establishment of a
-  7.4 Guidelines for formation of joint ventures
-  Co-operative development guidelines
-  SMME development guidelines
-  7.7 Implementation plan



7.1 BUSINESS RETENTION AND EXPANSION PROGRAMME

Economic development is largely stimulated by activities of existing businesses. It has been found that existing businesses are the main sources of job creation and new investment – about three quarters of new jobs are created by businesses already located in the area. They have already adapted themselves to the local conditions, producing and selling goods and services that are in demand by the community and surrounding regions. Therefore, they have a higher survival rate than new businesses and are more sustainable in terms of jobs and income paid to the government. In addition, existing businesses' satisfaction with regard to provided services and support and their successful development serve as an advertisement for new businesses to establish in the local area.

The above suggests that one of government's priorities should be nurturing and supporting the existing local businesses, which is the purpose of the BR&EP. In addition, the implementation of the BR&EP can send positive messages to the local and potential businesses as it will promote a perception of a pro-businesses climate in the Municipality indicating that local government is pro-actively involved in the local economic development and is interested in supporting its businesses.



The BR&EP is a collaborative effort between local government, local businesses, local communities, agencies, and government organisations. It involves planning and implementation of activities that promote interaction with local stakeholders and create a conducive environment for their operations. In detail it is aimed at:

-  Identifying needs and concerns of the local businesses
-  Removing obstacles that prevent existing firms from continuing their operations or expanding
-  Reducing costs and risks of doing business in the local economy
-  Improve competitiveness of the local businesses
-  Enhance market opportunities for the local businesses

-  Improve business infrastructure for the local businesses, and
-  Generally creating an environment that would improve businesses' survivability and create a sustainable community through implementation of a defined set of actions

Target market

Existing local businesses that fall under either of the categories below:

-  Existing businesses that are struggling to survive due to certain unfavourable economic conditions in the Municipality. These businesses are experiencing a slowdown in their market or were never able to access the market, are forced to downscale, reduce the number of employees, or completely close down.
-  Existing businesses that are unable to expand due to various constraints, including, poor market access, lack of finance, shortage of required skills in the local labour force, poor knowledge of business plan compilation, weak downstream and upstream linkages, etc.

Actions


The following set of actions is recommended for establishing and implementing the BR&EP in the Lepelle-Nkumpi LM.






- **DEVELOP A COMPLETE BUSINESS INVENTORY** of the existing businesses in the Municipality and update the database on an annual basis. This database should include all small, medium and large enterprises.

The database should contain the following information: name of the business, ownership information, and contact details of the owner/manager, address, location, and employment figures.









- Identify needs and constraints of the existing businesses by **CONDUCTING A SEMI-ANNUAL BUSINESS SURVEY** among a representative sample of small, medium and large businesses in the Local Municipality. A disaggregation in terms of the size of the business is important because problems faced by small companies might be considerably different from concerns of large companies. In addition, the sample size for each group of companies should be large enough that it would make the findings of the survey reliable, accurate, and representative of the local situation.

The purpose of the survey is to:





-  Improve understanding of the needs and concerns of local businesses with regard to:
 - Skill labour supply
 - Infrastructure
 - Transportation
 - Access to market




- Telecommunications
- Marketing
- Government regulations
- Incentives
- Planning restrictions
- Export development
- Finance assistance
-  Address these concerns in a timely manner.
-  Assist local businesses to connect to necessary resources and support mechanisms.
-  Develop strategies and actions that would target economic development and job creation given the identified constraints of the local companies.
-  Increase community's enthusiasm and capacity to become involved in other initiatives.
-  Illustrates to the local communities that government is interested in growing the local economy and supporting its businesses.


The survey should contain a relatively simple questionnaire, to ensure that it is accepted by most of the respondents and does not take a lot of their time to complete it. A completed questionnaire should supply the following information:

-  Business climate perceptions
-  Impediments to growth
-  Support, information, and training needs
-  Gaps in the local business mix
-  Skills shortage
-  Deficiency in services and infrastructure provision
-  Business with growth potential
-  Diversification opportunities for local businesses






The compilation of the questionnaire is recommended to be outsourced to the companies specialising in this field of work along with the initial training of local government employees. After the pilot project, local government employees and employees of government organisations involved in local economic development should be tasked with running and managing the survey in different parts of the Local Municipality. The survey should preferably be completed within three to six months and results are analysed within one month.

-  **LAUNCH OUTREACH ACTIVITIES** aimed at creating a relationship between different local stakeholders and assist in developing strategies and activities aimed at addressing local constraints and supporting local businesses. These activities could include:
 -  Organise meeting with business representatives.
 -  Establish an advisory Ad Hoc Committee comprising of business owners of major companies in the area and consulting companies.
 -  Launch a competition "Business of the month".

-  Provide business counselling to businesses.
-  Conduct economic outlook sessions to familiarise local businesses with the current economic conditions and outlook on the future focusing on factors that will have a substantial impact on the local businesses.
-  Attend trade shows.

-  **DEVISE A PLAN OF ACTION** to address constraints and needs of the local businesses given information collected from the surveys and outreach activities. A certain number of problems that could potentially restrain local businesses from expansion or lead to their closure have already been identified during this study. Although risk mitigation forms part of this Strategy, a targeted Action Plan can only be developed after the audits and surveys are complete.








A targeted Action Plan should include the following items:

-  A statement of what must be achieved
-  A list of activities that needs to be implemented to reach the objectives identified previously along with an implementation plan.
-  Assignment of responsibilities for each activity
-  Indication of resources and inputs that are required to implement the activities.
-  A monitoring framework that would assist in evaluation of the success of the implemented activities, providing valuable lessons learnt for the next action plan.

7.2 BUSINESS ATTRACTION PROGRAMME

Business Retention and Expansion Programme, as was mentioned earlier, is the key to ensuring sustainability of the community. However, the importance of the Business Attraction Programme also needs to be realised. While the BR&EP is aimed at supporting local businesses, the BAP is focused on attracting new investment and creating new businesses. In essence the BAP comprises of actions that are aimed at addressing local developmental constrictions and risks, thus it has the elements of a risk management strategy.

The overarching purpose of a BAP is to attract new industries to the area in order to diversify and build the local economy. The main objectives of the BAP include:

-  Attraction of businesses operating within the targeted sectors (agriculture, tourism, manufacturing, mining)
-  Promote the Local Municipality as a favourable location for the targeted businesses
-  Creating an enabling environment for business development
-  Encourage both local and foreign investment
-  Create an awareness of various development opportunities in the area
-  Create a fair, efficient, and competitive market place
-  Diversify the economy and improve its sustainability

-  Foster economic development and growth.

Target market

The BAP should target South African and foreign investors. TIL's Annual Report identifies the current exporting networks of the Capricorn DM, from which the following potential foreign investors in the Municipality were identified. Since countries that have already showed an interest in the local economy through the procurement of local goods and products are the most likely investors in the local economy, it is these countries that need to be targeted by the BAP.

Table 18: Potential key foreign investors

Asia and Middle East	Europe	Africa	Americas
<ul style="list-style-type: none"> Israel 	<ul style="list-style-type: none"> United Kingdom France Italy Spain Belgium Russian Federation Czech Republic Portugal Ukraine 	<ul style="list-style-type: none"> Mozambique Kenya Zimbabwe 	<ul style="list-style-type: none"> United States Canada Mexico Brazil Puerto Rico

Actions

The following actions of the BAP are proposed.

- **CONDUCT ANNUAL SURVEY OF INVESTORS' PERCEPTIONS** to identify the main focus areas for the government's initiatives and monitor their effectiveness through changes in the responses of potential investors.
- **IMPROVE INFRASTRUCTURE SERVICES PROVISION IN THE MUNICIPALITY** by making an investigation into the main causes of the current poor service provision and addressing these issues through negotiations with local, provincial, and national departments.
- **INCREASE THE SUPPLY OF LAND THAT IS FREE OF LAND CLAIMS.** As was indicated earlier, land reform creates a certain level of risk for potential investors, as on-going land claims can discourage businessmen from investing in the area. It is recommended that government assist in negotiations with the current owners of the land and communities who put a claim to come to a compromise faster. This need to be done in association with the Department of Agriculture (DoA), the Regional Land Claims Commission (RLCC), and the Provincial Land Reform Office (PLRO).
- **PROMOTE AND PLAN THE ESTABLISHMENT OF CLUSTERS IN THE LOCAL MUNICIPALITY.** It is recommended that the Business Attraction Programme of the Lepelle-Nkumpi LM is geared towards attracting

businesses that can capitalise on the local opportunities and create clusters of competing, connected, and complementary industries. The biggest benefit of clustering is the establishment of linkages between the interrelated companies, increased competitiveness between the competing industries, and improved productivity resulting from these relationships.

Clustering of economic activities involves the establishment of an economic infrastructure including the provision of industrial estates with serviceable sites, financial assistance, and consulting services. The Lepelle-Nkumpi Industrial Park could be re-designed and upgraded to the modern standards of an industrial estate and promoted as such to potential investors.

■ **ACTIVELY PARTICIPATE IN LOCAL, REGIONAL, AND FOREIGN INVESTMENT SEMINARS, OUTWARD AND INWARD MISSIONS, EXHIBITIONS** together with TIL and other government organisations. The purpose of this action is to ensure awareness of the opportunities in the area, and, secondly, to create a direct relationships with potential investors attending these seminars and missions.

■ **RESPOND EFFICIENTLY TO PROPOSED NEW DEVELOPMENT.** This action refers to expediting permit application processes in the Local Municipality. Time taken in issuing various development approvals is the indication to potential investors of the dedication of the local government to economic development and their interest in attracting new investments. Timely response with regard to permit applications should be viewed as one of the key components of local government's investment strategy. In this context it is recommended that strict competitive deadlines for permit approvals be adopted and adhered to by the Local Municipality. This refers to the following permits:

- Town planning approvals
- Site development plan approvals
- Building plan approvals
- Development approvals
- Development agreement signage

■ **DESIGN INCENTIVES AND SUPPORT MEASURES.** Since not all municipalities are capable of managing an financial incentive policy, the following activities are proposed:

- Design and pilot investment incentive in Lepelle-Nkumpi focussing on non-financial incentives.
- Compare incentive schemes with those offered by other Local Municipalities being identified as competing locations of the Lepelle-Nkumpi LM.

7.3 ESTABLISHMENT OF A SPECIAL PURPOSE VEHICLE (SPV)

To support and implement the BR&EP and BAP, as well as to address other issues identified in this Investment Strategy, an institutional framework needs to be established. It is proposed that a SPV be established through which implementation of the Investment Strategy will be regulated.

The SPV could be in the form of an independent organisation that can be used effectively by the Local Municipality to facilitate the implementation of economic development projects. The SPV could undertake certain functions on behalf of a Local Municipality.

The benefits of SPVs are:




- Provide a way of establishing a formal and legal partnership between different stakeholders to integrate development efforts and overcome problems of duplication and lack of co-ordination.
- Strengthen the capacity of current LED systems and resources in place within a municipal area, using a semi-external body.
- Can be focused drivers of the economic development agenda within a local area, which can raise external resources to support LED.
- Able to support specific business sectors or specific geographical areas e.g. a development corridor.
- Provide an opportunity to alleviate bureaucratic processes within a municipality, promote a more private-sector type culture, and accelerate investment and public private partnerships.

It must be stressed that although the SPV is an independent organisation, municipalities remain:

- a) Politically accountable for LED and cannot delegate political responsibility to the SPV, and
- b) Responsible for public funds, even if projects are delegated to project institutions.

Legal framework





The proposed SPV can take different legal forms. It can either be established as a municipal entity or a non-municipal entity. Under Section 86B of the Municipal Systems Act, municipal entities can take the form of either:

-  A Private Company which involves a process of incorporation in terms of the Companies Act 61 of 1973;
-  Service Utilities established by way of by-law; or
-  A multi jurisdictional service utility established by way of written agreement between two or more municipalities.

A non-municipal entity is selected where the Municipality can be a member of a Section 21 company. However, according to the DPLG's Guidelines for developing a business plan for a Local Economic Development Agency, the municipal entity is the likely route that should be followed.

Mandate

The mandate of the SPV can be developed depending on the needs of the Local Municipality. Overall, the responsibilities of the SPV will include:

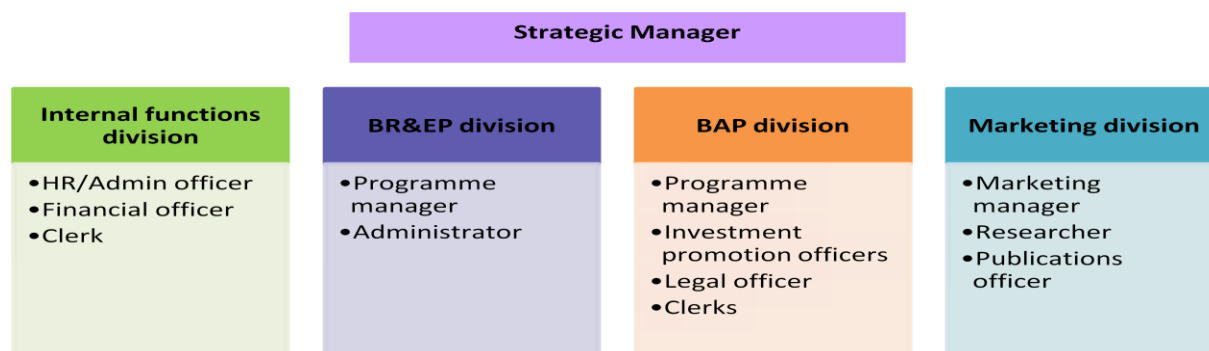
-  Provide business development support and mentoring to the existing businesses either within the SPV capacity or by contracting local consultants, NGOs, university, retired business people, to provide general business mentoring.
-  Provide specialist advice to the existing businesses and potential investors either within the SPV capacity or by contracting experts in particular disciplines to provide support to the businesses.
-  Provide research support by contracting consultants or universities to undertake specific analytical studies, for example, business surveys, investors' perception surveys, sectoral studies, etc.
-  Pro-actively market the Lepelle-Nkumpi LM through implementation of the Marketing Strategy proposed in the previous chapter.

The following paragraphs describe in detail the divisions that are proposed to be established within the SPV.

Structure

It is proposed that the SPV is divided into four divisions (Figure 4). The first division should oversee the implementation of the Business Retention and Expansion Programme; the second division should be responsible for the Business Attraction Programme, the third division should be responsible for the implementation of the Marketing Strategy, and the fourth division should oversee internal affairs of the organization.

Figure 4: Structure of proposed Special Purpose Vehicle



■ INTERNAL FUNCTIONS DIVISION

This division is responsible for the internal functions of the organization. It could include a financial officer, a human resource manager, and a clerk.

■ BR&EP DIVISION

The responsibilities of the BR&EP Division will be:

- 🖨️ Championing the BR&EP and motivating stakeholders to participate.
- 🖨️ Organize the task force/steering committee for the Programme comprising of representatives from public and private sectors and encompassing permanent and temporary members.
- 🖨️ Determining the timeframes and scope of the business audit, and appointing consultants.
- 🖨️ Determining the scope, objectives and timeframes of the annual business survey, and if necessary appointing consultants to do the work.
- 🖨️ Assisting in volunteer recruitment, if necessary.
- 🖨️ Overseeing and supporting implementation of the survey.
- 🖨️ Analyzing the results of the survey.
- 🖨️ Organizing community outreach activities
- 🖨️ Devising necessary action plans to address the immediate business needs and general constraints to their development.

The division should include the following positions:

a) Programme manager with the following responsibilities:

- Facilitate BR&EP in the area and promote it among local communities.
- Identify the number of businesses for the surveys and decide on any changes that need to be made to the questionnaire.
- Organise visits to businesses and outreach programmes.
- Oversee the recruitment of volunteers and training programmes if applicable, or assign consultants to do the survey.
- Respond to immediate businesses needs and concerns as identified through the questionnaire.
- Liaise with stakeholders to address general problems in the area.
- Develop an action plan.
- Follow up on the implementation of devised actions.

- b) Secretary/Administrator. The main responsibility of the secretary/administrator is to provide assistance to the project manager with regard to his or her responsibilities. These include:

- Maintaining the database of audited businesses.
- Assisting in organising meetings with businesses and outreach programmes.
- Keeping track of the survey results, i.e. businesses that have been interviewed and businesses that refused to complete the questionnaire, and inform the project manager on this progress so that necessary actions can be taken.
- Keeping track of responses/assistance provided to businesses to ensure that all companies' immediate needs are addressed in a timely manner.

- c) Volunteers. Volunteers play a crucial part in implementation of the BR&EP. Community volunteers could be employed to assist in gathering information for the surveys and report back to the task force/steering committee. Volunteers need to possess the following qualities and skills:

- Understanding of the programme and its purpose
- Appreciation of the confidentiality of respondents
- Committed to the success of the programme
- Reliable and enthusiastic
- Peoples' skills
- Ability to listen
- Ability to record information accurately.






Volunteers should have at least a matric and preferably some higher education in public relations/economics. They should be older than 20 years of age and have some experience in the business environment, preferably in consulting/public relations/research fields.

- d) Permanent members. The BR&EP division's task force/ steering committee should include a number of permanent members who need to attend task force's discussion sessions and actively participate in it, provide recommendations on action plans, and promote the BR&EP in their communities. It is recommended that the Local Municipality has a set of permanent members that comprise of only local representatives, i.e. people from the LED Unit, local businesses, and local associations, and representatives from TIL, LimDev, LIBSA, etc.
- e) Temporary members. The BR&EP division's task force/steering committee should allow for a small number of temporary members to be included in the discussion. This simply

means having two to three seats open for any person wishing to participate in a particular meeting.

BAP DIVISION

The BAP Division should have in its objective a pro-active approach to attracting new investors. It requires staff educated and experienced in investments promotion, marketing, and legal issues. The responsibilities of the BAP Division should include:

-  Facilitate new investments in the local economy by providing professional services to potential investors aimed at overcoming local constraints.
-  Market the local economy to targeted countries and investors and ensure that they are aware of the development opportunities in the area and incentives schemes.
-  Lobby for any actions from local, provincial and national government and government organisations that could potentially improve the attractiveness of the local economy in the eyes of potential investors.
-  Maintain a close relationship with TIL and other government organisations involved in investments promotion and local economic development.
-  Assist potential investors in establishing networks with necessary government agencies, financial institutions, and other consulting services.

The following positions for the BAP Division are recommended.

- a) Programme manager. A programme manager will be largely responsible for:
- Promotion of the District Municipality as an investment destination through participation in inward and outward missions, launching PR campaigns, and being actively involved in creating an information package about the District.
 - Directly liaise with local, district, provincial and national government officials on the matters of incentives, investment promotion, support programmes, etc.
 - Establish contacts with local and foreign companies that could potentially become investors.
 - Report on the achievements of the Centre.
 - Act as a spokesperson for the Centre.
 - Be personally involved in major investment projects.

An investment manager should have a higher education in the field of commerce/economics/international trade/finance and have at least five-year experience in the same capacity as the proposed position.

- b) Investment officer. The responsibilities of an investment office should include:
- Create and maintain a database of potential local and foreign investors.
 - Provide support to potential investors with regard to permit approval process, EIA process, national incentives, etc.
 - Link potential investors with financial and consulting firms, as well as local businesses.
 - Actively participate in creation of advertising material for the Local Municipality.

An investment officer should have a higher education in the field of international trade or economics and have at least three years of experience in the same capacity.

- c) Legal officer. The responsibility of a legal officer will be providing legal advice to potential investors with regard to South African legislation related to starting a new business, performing financial transactions, applying for incentive schemes, etc. A legal officer should have a degree in law and preferably specialises in Mercantile Law.
- d) Clerks. The responsibility of the clerks will be to provide support to the investment officers and programme manager with regard to their tasks.







■ MARKETING DIVISION

The Marketing division will be responsible for devising marketing material and campaigns for the Lepelle-Nkumpi LM. It will include a marketing manager, a researcher, and publications officer with the following responsibilities:

- a) Marketing manager. The responsibility of the marketing manager will involve devising and implementing marketing initiatives outlined in the Marketing Strategy,
- b) Researcher. The responsibilities of the researcher will revolve around maintaining knowledge of the Municipality's economic conditions, business opportunities, and constraints. He/she will be responsible for either undertaking or contracting out the formulation of sectoral studies and developing business opportunities portfolio.
- c) Publications officer. The publications officer will be responsible for compiling, producing, and disseminating of promotional material.

7.4 GUIDELINES FOR FORMATION OF JOINT VENTURES

In order to promote local investors as joint-venture partners and to promote other forms of enterprise-to-enterprise co-operation, the following activities will need to be undertaken by the development agency of the department responsible for implementing the Investment Strategy¹⁹:



-  Identify potential local partners and obtain information on their company; size, products, technology, markets, financial position and investment interests
-  Compile a joint-venture profile in the form of a booklet. The investment prospects can be amplified in individual project profiles describing the investment proposal and giving enough information to allow a prospective partner to decide whether the venture is worth investigating and pursuing. Profiles might describe the economic and market dimensions of the proposed project (scale of the project, range of products, available or proposed markets, competitors and suppliers, import-export conditions and the foreign resources needed)
-  Prepare profiles of those projects likely to be of greatest interest to overseas partners
-  Local partners should prepare fact sheets on their companies and investment interests
-  Targeted promotion of high potential projects – identify companies likely to be interested in a project, contact them and invite them to come and see for themselves
-  Brokering agreements between partners – bring potential partners together and then help, if necessary, to conclude an agreement

7.5 CO-OPERATIVE DEVELOPMENT GUIDELINES

A co-operative can be defined as an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through jointly owned and democratically controlled enterprises²⁰.

The Co-operative Act 14 of 2005 may be used as an instrument to establish co-operatives that will serve as tools for local development. This is because it provides a clear legislative framework for the development of all types of co-operatives in all sectors of the economy in the country.







It is acknowledged that a genuine, autonomous and economically viable co-operative movement and its membership have a vast development potential²¹. Potential contributions of co-operatives to development include:

-  Development of income-generating activities and sustainable employment
-  Human resource development

¹⁹ UNIDO. 2003. *Guidelines for investment promotion: foreign direct investment flows to developing countries*.

²⁰ DTI, 2004. *A co-operative development policy for South Africa*

²¹ DTI, 2004. *A co-operative development policy for South Africa*





-  Development of business potential, including entrepreneurial and managerial capacities
-  Improved competitiveness and access to markets and institutional finance
-  Increased savings and investment
-  Improve social and economic well-being
-  Sustainable human development
-  Enhanced broad-based economic empowerment

Co-operative type organisations also have an important role in transforming the informal economy by ensuring that entrepreneurs are legally protected and fully integrated into mainstream economic life, without destroying their identity.

Co-operative model can enhance the small business competitiveness nationally and globally in accessing opportunities through its comparative advantage of economies of scale, synergies, increased bargaining power, joint innovation, member involvement and stability.



Application of the Act in the Lepelle-Nkumpi LM

Opportunities for investment promotion and local economic development in the Lepelle-Nkumpi LM include projects from the following sectors:



-  Agriculture
-  Mining
-  Manufacturing
-  Tourism

Since most potential for growth in the municipality lies within the agricultural sector, it would be important to facilitate the development of agricultural co-operatives in order to capture maximum benefits from the competitive advantage which the municipality has in this sector.


An agricultural co-operative means a co-operative that produces, processes or markets agricultural products and supplies agricultural inputs and services to its members²². There are two types of agricultural co-operatives namely primary and secondary agricultural co-operatives. The primary agricultural co-operatives main objectives are one or more of the following:

-  Produce, process, manufacture, market supply of agricultural products
-  Render services related to farming and agricultural services

The secondary co-operatives objectives are to:

-  Provide services to primary co-operatives
-  Insurance business services in respect of all risks

²² Co-operatives Act 14 of 2005

-  Establish and administer pension funds, provident fund and medical aid schemes

The co-operatives act should therefore be used to establish agriculture co-operatives in the municipality in order to improve local economic development in the area.

Actions

The municipality should, within the context of the Act, apply the following interventions which constitute success factors for co-operatives:

■ PROVIDE PROGRAMMES THAT WILL STRENGTHEN SELF HELP, SELF ADMINISTRATION AND SELF-RESPONSIBILITY CAPABILITIES OF AGRICULTURAL CO-OPERATIVES.

This can be done through skills development programmes especially within the agricultural sector and related sectors.

■ USE AGRICULTURE CO-OPERATIVES AS BUSINESS STRUCTURES.

This could lead to the following benefits:

- Economies of scale in purchasing: This means that there will be more units of goods or services being produced on a larger scale, accompanied by average (less) input costs. Basically, as the co-operatives grow and production units increase, the co-operatives will have a better chance to decrease their costs and ensure greater profits which will be important for the growth of local economies. There would also be reduction of transport costs of procuring information, goods and services.
- Reduction of risks: According to the World Bank (2002), co-operatives have a capacity to convert individual risks into collective risks. They provide an opportunity for empowerment and security. This would serve well for growth of the economy as the risks will be shared and thus create a conducive environment for economic growth. For example, agricultural commodity prices often fluctuate considerably throughout the year; co-operatives allow farmers to pool their production with that of other farmers to minimize price and market risk. This means there will also be increased business confidence in the district which is suitable for investments and economic growth to take place.
- Capacity building, and skills training and development: The local people will have opportunities of being empowered in terms of capabilities and skills for conducting the co-operatives functions, for example skills in vegetable production, wood product manufacturing etc., as a result production growth will be enhanced. This will create a competitive labour market in the local areas.

Furthermore, the Financial Business Management International Networks (2008) also point out that co-operatives business have the following advantages:

- Improved product and service quality: Co-operatives facilitate for producers to co-ordinate timely service delivery of commodities. They further enhance the production of quality products, hence services provided to the retail and wholesale sectors are of the highest standards. This will promote linkages with other sectors of the economy and ensure sustainable economic development.
- Increased returns: According to the co-operatives act, the returns generated by the co-operative businesses have to be shared by the members on the basis of patronage. Co-operatives therefore enable producers to capture additional profits.
- Improved bargaining power: Co-operatives can empower groups of producers with marketing power similar to that held by processors and other market players. They achieve this by information research and sharing that information with their members or by acting as a bargaining agent on the producer's behalf. This could result in easier access to markets and acquiring of various operating inputs.

■ **ENCOURAGE FORMATION OF AGRICULTURE CO-OPERATIVES WITHIN LEPELLE-NKUMPI LM; SPECIFICALLY FOCUSING ON THE FOLLOWING ASPECTS :**

- Production of agricultural produce that will compete in the agricultural markets, locally, regionally (SADC) and internationally
- Training, technology and production on high value added export markets
- Capital development projects that will create an enabling environment for agricultural development
- Promoting household food security
- Promoting the role of women and youth in agriculture
- Providing training and extension services to farmers
- Provide information on the industry to the farming community

■ **PREFERENTIAL PROCUREMENT:**

This is an effective instrument to promote co-operative enterprise development. Clear targets should be set to increase the levels of preference to black-owned and black-empowered co-operative enterprises.

■ **DESIGN SPECIAL INCENTIVES AND SUPPORT MEASURES FOR CO-OPERATIVES ENTERPRISES:**





The municipality should provide technical assistance to co-operative enterprises and should assist them in acquiring business development services by linking them with relevant institutions. The Co-operative

Incentive Scheme (CIS) is an incentive for co-operative enterprises in the emerging economy that offers a direct cash grant on a matching-grant basis to qualifying entities.


















7.6 SMME DEVELOPMENT GUIDELINES

Unemployment is one of the most important challenges our country and the Lepelle-Nkumpi LM. It is accepted worldwide that the development and growth of small, micro and medium enterprises (SMMEs) can play an important role in job creation and is acknowledged as the engine of economic growth. Policies and programmes to support the development of SMMEs are therefore an essential because without small business development, the economy stagnates, employment declines and ultimately the general standard of living deteriorates.

In order to ensure the successful SMME development and an operational second economy, it is imperative to ensure the following:

-  Easy access to business support service
-  Access to work opportunities
-  Assistance in development of assets and resources
-  Skilled human resource development

The range of services required by SMME consists of the following:

-  Business idea development
-  Business plan development
-  Financing (loans and incentives)
-  Grants and investment recruitment
-  Technology
-  Sourcing and procuring inputs
-  Operational skills
-  Management skills and HRD
-  Quality management
-  Packaging logistics
-  Export and import processes
-  Tender application skills
-  Legal advice
-  IT advice
-  Accountable advice
-  Marketing (domestic and global export)
-  Client care

Actions

The municipality should consider the following actions to address the above issues:

■ CONDUCT BUSINESS MANAGEMENT AND LIFE SKILLS WORKSHOPS WITH COMMUNITY MEMBERS:

The municipality should create a database of existing entrepreneurs and business owners with relevant skills in the municipal area. The next step would be to lobby these persons to conduct workshops in business management and provide training to other community members.

■ FACILITATE SKILLS DEVELOPMENT THROUGH MENTORING OF EMERGING ENTREPRENEURS BY EXISTING PRODUCT OWNERS:

The municipality needs to do the following:

- Develop an audit of the need for mentoring
- Lobby product owners to provide mentoring
- Link emerging entrepreneurs with product owners for mentoring
- Lobby for increased funding and support for entrepreneurial skills development from the DM

■ DEVELOPMENT OF LITERACY PROGRAMME FOR COMMUNITY MEMBERS:

The municipality should identify a suitable facility where language training (reading, writing, listening and speaking) can be provided.

■ DEVELOP ONE STOP SHOP WHERE SMMEs ARE ABLE TO ACCESS A SINGLE POINT TO SEEK ASSISTANCE:

The municipality should develop a one-stop-shop initiative throughout the municipality. These facilities could be branded as “How to” shops and should offer emerging entrepreneurs with information on “how to” start a business and provide SMMEs with non-specialist advice. When specialist advice is needed they should be referred to a reliable source. “How to” brochures (e.g. how to start a business, how to manage your own business, how to manage your own finances, etc.) should also be developed and distributed at these one-stop-shops.

■ LOCAL PROCUREMENT:

The municipality should assist SMME development through local procurement of goods. A database of BEE compliant companies should be compiled and municipal regulations on local procurement should be developed.

SEEK EXTERNAL FUNDING:

The funding of SMMEs should not only be limited to funds from the Planning and local development department, but also through active harnessing and seeking of external funding, be it other departments in the municipality or district, private sector and other international funding opportunities. The following institutions provide assistance to SMMEs:

National:





- Contractors Finance Corporation
- Business Partners (formerly the SBDC)
- Commercial Banks
- Community Projects Funds - CPF-SP
- Development Bank of South Africa
- Industrial Development Corporation - (IDC)
- International Tourism Marketing Assistance Scheme - (ITMAS)
- Khula Credit Guarantee Scheme
- Khula Micro Credit Outlets
- Khula Retail Financial Intermediaries (RFIs)
- Khula Thuso Mentorship Scheme
- Land Bank
- Sizanani Scheme
- Zimele

Provincial:

- African Contractors
- Anglo Platinum Corporation
- Artpac Lending Services
- Basani Business Development Services
- FNB Momentum UYF Progress Fund
- Khethani Business Finance
- Land Bank Marketing Department
- Sankofa Financial Service
- The Nations Trust
- Tusk Construction Support

ENSURE ENABLING ENVIRONMENT:

The municipality could provide an enabling environment for SMME development by:

-  Co-funding unique and rare services
-  Funding training courses
-  Purchasing services from selected individuals
-  Monitoring and evaluating the quality of services provided by SMMEs









7.7 IMPLEMENTATION PLAN

The following table provides an implementation plan for the proposed Investment Guide and Strategy. It outlines the timeframes of various actions and activities that were proposed in the Strategy.

It is recommended that the majority of the prefatory activities and pilot projects are completed within the first year and a half. Afterwards, certain activities need to be re-launched either on an annual basis or bi-annual basis.

The orange blocks indicates that the actions needs to be investigate or researched further or alternatively, a consultant should be appointed to do so. The green blocks indicate when the actions should be implemented.

The first step of implementation should be to investigate or appoint a consultant to research the implementation of a SPV that would be able to drive the process of implementation. Other actions that should be investigated or researched include:

-  Address internally or appoint consultant to develop promotional information.
-  Address internally or appoint consultant to develop and update a complete business database.
-  Address internally or appoint consultant to conduct a business survey.
-  Address internally or appoint consultant to conduct an investors' perception survey.
-  Address internally or appoint consultant to identify infrastructure services that need to be improved.
-  Address internally or appoint consultant to identify the supply of land available for business and identify land suitable for development.
-  Address internally or appoint consultant to investigate permit approvals' processes to be able to determine how to improve.
-  Address internally or appoint consultant to investigate investment incentives that could be applied in the LM.

All the above actions should be completed in the first year with the exception of the design of investment incentives that should be investigated and updated on an annual basis.

After the actions have been investigated, implementation should commence. The first action to implement is the **establishment of the SPV**. In terms of the **marketing** of Lepelle-Nkumpi LM, promotional information should be updated once or twice yearly and distributed on a regular basis. Public relations activities and inward and outward missions should also be undertaken twice yearly.

The implementation of the **business retention and expansion programme** requires that the business database is completed and updated on a twice yearly basis. A business survey that identifies the needs and constraints of the existing businesses should be done once a year while outreach activities such as

meetings with business representatives, business counseling, etc. should be a continuous action. A plan of action needs to be devised that addresses the constraints and needs of the local businesses given information collected for the surveys and outreach activities. This action plan will need to be updated once a year.

In terms of ***business attraction***, the investors' perception survey should be completed once a year. Other actions in this programme should be implemented on a continuous basis. These actions include:





-  Improve provision of infrastructure services
-  Facilitate the supply of land for businesses
-  Improve permit approvals' processes
-  Design incentives and support measures

Table 19: Implementation Plan

Actions	Year 1				Year 2				Year 3			
	1	2	3	4	5	6	7	8	9	10	11	12
Establish a Special Purpose Vehicle												
Conduct the feasibility and establish SPV												
Operating costs												
Marketing strategy												
Promotional information												
Public relations activities												
Inward and outward missions												
Business Retention & Expansion Programme												
Develop and update a complete business database												
Conduct a business survey												
Devise and update an Action Plan												
Launch outreach activities												
Business Attraction Programme												
Conduct investors' perception survey												
Improve provision of infrastructure services												
Facilitate the supply of land for businesses												
Improve permit approvals' processes												
Design incentives and support measures												
LEGEND:												
		Address internally/appoint consultant					Implement					

Annexure A: National Incentives

The dti provides numerous incentives to potential investors. Incentive schemes are grouped into six categories:

- Investment support
- Small business development
- Increasing competitiveness
- Innovation and technology
- Export assistance
- Industrial development zones

Some of these schemes and their programmes are described in more detail in the table below.

Incentive	Description
Investment support scheme	
Black Business Supplier Development Programme (The Enterprise Organisation)	<p>The Black Business Supplier Development Programme (BBSDP) is an 80:20 cost-sharing, cash grant incentive scheme, which offers support to black-owned enterprises in South Africa. The scheme provides such enterprises with access to business development services that assist them to improve their core competencies, upgrade managerial capabilities, and restructure their process to become more competitive.</p> <p>The beneficiaries of the Grant are black\ firms that have acquired tenders, enterprises that are majority black owned (fifty plus one share) and have a significant representation of black managers on their management team, and enterprises with the maximum annual turnover of R12 million per annum.</p> <p>The maximum grant amount that a single project can qualify for is limited to R100 000. The requested amount should not exceed 25% of the entities previous year's turnover. All fees related to the rendering of business development services, including travel and subsistence costs, qualify for cost-sharing assistance. Enterprises exercise their own choice in selecting services providers, whoever it is subject to acquiring at least three competitive bids. The firm does not have to select the lowest bid, however, if the most expensive bid is chosen motivational letter from the applicant for the grant is to be submitted.</p>
Critical Infrastructure Programme (CIP)	<p>The Critical Infrastructure Programme (CIP) is a non-refundable, cash grant that is available to the approved beneficiary upon the completion of the infrastructure project. The scheme covers between 10% and 30% of the total development costs of the qualifying infrastructure.</p>

Incentive	Description
Business Process Outsourcing and Offshoring (BPO and O)	The BPO and O Investment incentive comprises an investment grant ranging between R37 000 and R60 000 per seat and a training support grant towards costs of company specific training up to a maximum of R12 000 per agent. The incentive is offered to local and foreign investors establishing projects that aim primarily to serve offshore clients. The objective of the incentive is to attract BPO and O investment that creates employment opportunities. The BPO Investment incentive is effective from 06 December 2006 to 31 March 2011.
The Sector Specific Assistance Scheme (SSAS)	No info
The Co-Operative Incentive Scheme (CIS)	The Co-operative Incentive Scheme is a 90:10 matching cash grant for registered co-operatives. The maximum grant that can be offered to one co-operative entity under the scheme is R300 000 (three hundred thousand Rand). The CIS is an incentive for co-operative enterprises in the emerging economy to acquire competitive business development services.
Small business development	
DANIDA Business to Business Programme, Credit Guarantee Scheme	The objective of the Business-to-Business programme is to develop and strengthen business opportunities and create jobs for eligible entrepreneurs from the previously disadvantaged communities. This is achieved through support to the development of commercially viable businesses, based on formation of business partnerships between South African and Danish companies.
Emerging Entrepreneur Scheme, Credit Guarantee Scheme (Khula)	The Emerging Entrepreneur Scheme provides up to R100 000 with the fee payable at 4% p.a. in advance. The duration is 24 months initially but can be extended three times for periods of 12 months each time. The conditions are mentorship of the loan.
Empowerment Scheme, Credit Guarantee Scheme (Khula)	The Empowerment Scheme provides cover up to R5m of bank facility at 60%, with the fee payable at 2.5% p.a. in advance. Duration is 36 months initially but can be extended twice for a period of 12 months each time.
Individual Guarantee, Credit Guarantee Scheme (Khula)	The purpose of the individual guarantee scheme is to enable an entrepreneur to access funding from a participating bank or other financial institution. The scheme enables the entrepreneur to access funding for purposes of establishing, expanding or purchasing a business. Facilities secured under the Khula guarantee scheme often include term loans, bank overdraft, revolving credit, instalment sale, bank guarantees as well as construction performance guarantees.
Institutional Guarantee, credit Guarantee Scheme	<p>The Institutional Guarantee Scheme caters for institutions that on lend to the SMME and are able to source such capital from the commercial banks. Agreements are signed between Khula and the commercial banks to enable utilisation of the Scheme. Finance has to be approved by the financial institution and in the case of a lack of collateral by the borrower; the bank would then apply to Khula for a guarantee. The qualifying criteria is as follows:</p> <ul style="list-style-type: none"> Retail Financial Institution on lending to SMME's

Incentive	Description
	<ul style="list-style-type: none"> Business to be conducted within the RSA, to South African citizens Guarantees limited to 70% of the financing provided by the bank, such limit not to exceed 10% of Khula capital.
Micro Credit Outlets (KhulaStart)	<p>KhulaStart uses the group solidarity methodology (gives loans to groups - not individuals). Individuals select themselves into groups of 3 -10 members and need to meet the criteria established for group participation. Most importantly, the group has to be a cohesive one. The loans are disbursed on an incremental basis from R300 - R3 500 per member within a group. The group decides, based on the activity of the individual businesses, how much each member has to receive, and will subsequently stand surety for the full amount owed by the group as a whole.</p>
Regional equity funds	<p>The need for risk capital (venture capital/private equity) to support Small and Medium Enterprises (SMEs), especially those sponsored by historically disadvantaged entrepreneurs, is not in doubt. Many banks and financial institutions have introduced equity funding into their product mix.</p>
Retail Financial Intermediaries (RFI, Khula)	<p>Business and Capitalisation Loans are provided by Khula, which are loans given to RFI's to enable RFI's to lend to entrepreneurs for business purposes. Entrepreneurs must approach RFI's directly and not Khula. Only companies that want to access these products and become RFI can apply to Khula.</p>
Standard Scheme, Credit Guarantee Scheme	<p>The Standard Scheme provides cover up to R1m of the bank facility at 80% , with the fee payable at 3% p.a. in advance. The duration of the scheme is 36 months initially, but can be extended twice for periods of 12 months each time. Normal criteria apply.</p>
Dutch funds available for investments in South Africa	<p>South Africa is a new market that is expanding rapidly. This provides opportunities for businesses to expand investments and trade relations. The Dutch Ministry of Foreign Affairs finances companies who wish to invest in South Africa, together with a local South-African company. These companies can receive a contribution of 50% of the total project costs.</p>
SEDA Technology Programme (STP)	<p>STP was created to provide technology and business development support services to small enterprises as an integral part of its mandate to drive the national technology and business incubation agenda. It provides a range of services that enable industry and in particular small enterprises in the second economy to access and transfer technology. There are two main areas in which STP provides support:</p> <ul style="list-style-type: none"> Technology Transfer Division that manages the Technology Transfer Fund (TTF). The main purpose of the TTF is to specifically fund defined components of the process of transferring available technology to entrepreneurs, communities and existing South African businesses, focusing on the second economy. The TTF will provide funding to enable technology transfer for the second economy as a grant with no payback up to a maximum of R500 000 per project. Technology Business Incubation. It is designed to strengthen

Incentive	Description
	technology diffusion and harness the entrepreneurship of the science and technology community in South Africa. Incubation provides support to South African enterprise.
The Land Reform Credit Facility (LRCF, Khula)	The Land Reform Credit Facility is a wholesale finance facility at Khula Enterprise Finance Ltd, whose aim is to stimulate and encourage private sector participation and involvement in the Land Reform process. The LRCF is funded by the Department of Land Affairs and the European Union. The facility achieves its objective by incentivising commercial banks and other high credit rated institutions to invest in high value agricultural and ecotourism joint ventures, thereby unlocking private sector investment into the agricultural, agribusiness and ecotourism sector.
Increasing competitiveness and innovation and technology	
Technology and Human Resources for Industry Programme (THRIP)	The Technology and Human Resources for Industry Programme (THRIP) is a partnership programme that challenges companies to match government funding for innovative research and development in South Africa.
Support Programme for Industrial Innovation (SPII)	Support Programme for Industrial Innovation (SPII). This is the dti's innovation support programme that is administered by the Industrial Development Corporation (IDC).
National Technology Transfer Centre (NTTC)	The National Technology Transfer Centre (NTTC) is an initiative by the dti to facilitate technology transfer and diffusion to SMMEs with a specific focus on the Second Economy.
GODISA	The GODISA Trusts is helping South Africans to cultivate their innovations and business ideas, and in the process uplifting and empowering individuals and their communities.
The Down Stream Aluminium Centre for Technology (DACT)	The Down Stream Aluminium Centre for Technology (DACT) is a dti-funded project. DACT is set to gain stature in the casting industry for sound financial, social and environmental management. Providing a sound training and incubating facility and establishing successful small businesses to benefit the community in which it operates.
FURNTECH	Government, through its National Skills Development Strategy (NSDS), identified training and skills development as significant drivers of international competitiveness and organisational development. In response to these requirements, the Department of Trade and Industry (the dti) funded the establishment and operationalisation of FURNTECH as a world-class service provider to South Africa's wood products and furniture industries in the fields of incubation, training, technology transfer and technology demonstration.
National Fibre, Textile and Clothing Centre (NFTCC)	As a technology partner to industry, the National Fibre, Textile and Clothing Centre (NFTCC) of CSIR Manufacturing and Materials Technology, promotes the growth and global competitiveness of the South African textile pipeline. Through awareness of relevant technological developments globally and the acquisition or development of technologies, the centre aims to be the best provider of knowledge and innovative solutions to the textile pipeline in

Incentive	Description
	Southern Africa.
Venture Capital	The Venture Capital fund is an initiative that would primarily focus at financing the first two stages of development of new technology-based firms: that is the seed stage (which involves concept development, prototyping, and product development) and early stage (marketing, production of goods and/or services), with some investment in later stages. Venture Capital is considered funds invested in a venture at high risk to the investor, usually in situations where the venture is unable to secure the required funds from traditional lending sources, such as commercial loans from a bank, or the public equity market.
Technology Linkages	The objective of the programme is to facilitate the establishment of industrial sector needs and offer support as required by the dti sectors. The Unit (Innovation & Technology), together with Trade and Investment South Africa (TISA), interacts with industry on integrated manufacturing strategies and technology issues such as:
Export assistance	
Export Marketing and Investment Assistance Scheme (EMIA)	<p>The purpose of assistance under the EMIA scheme is to partially compensate exporters for costs incurred in respect of activities aimed at developing export markets for South African products and services and to recruit new foreign direct investment into South Africa.</p> <p>This scheme includes:</p> <ul style="list-style-type: none"> • Primary Export Market Research and Foreign Direct Investment Research Scheme • Individual Inward Bound Mission • National Pavilions • Individual Exhibitions • Outward Selling Trade Missions • Outward Investment Recruitment Missions • Inward Buying Trade Missions • Inward Investment Missions • Sector Specific Assistance.
Productive Asset Allowance	The purpose of this offering is to reduce the amount of vehicle platforms and models locally assembled coupled with increased investment and exports with increased local content. The offering will save the customer money by using the rebate certificate to offset import duties on built up vehicle imports.

Annexure B: IDC Financing Options

Strategic business unit (SBU)	Types of businesses financed
Financing by sector	
Metals, Transport and Machinery Products	<ul style="list-style-type: none"> • Basic iron, steel and non-ferrous fabricated metal products • Plant, machinery and equipment • Motor vehicles, components and accessories • Diverse transport products such as boats, planes and trains
Chemicals, Textiles and Allied Industries	<ul style="list-style-type: none"> • Ceramics, concrete and stone products • Glass products • Leather and footwear • The conversion of natural fibres into fabrics • The conversion of fabrics into clothing • Primary and secondary chemical manufacturing • Plastic and rubber conversion • Waste purification • Water recycling.
Wood, Paper and Other Industries	<ul style="list-style-type: none"> • Forestry • Pulp & paper • Furniture • Sawmilling, board production, etc • Renewable energy industries <p>Additional preference is given to greenfields projects, expansion, and rehabilitation, relatively sizable projects, and projects that exhibit economic merit in terms of profitability and sustainability.</p>
2010 and construction	The main focus of this unit is to channel funds to economically viable industries or businesses directly related to the 2010 FIFA World Cup™ through the relevant units within the IDC. The unit also funds directly companies in the construction sector, specifically small to medium enterprises, including providing bridging finance and revolving credit.
Franchising	<ul style="list-style-type: none"> • Fast food • Bakery • Cellular • Sit-down restaurants • Real estate • Specialty stores • Travel • Retail • Petroleum • Waste management depots • Manufacturing concerns • Corporate distribution centres
Healthcare and Education	Within the health sector:

Strategic business unit (SBU)	Types of businesses financed
	<ul style="list-style-type: none"> • Manufacturing of medical equipment • Medical schemes administration and medical schemes management • Medical and dental practice activities • Clinics and related services • Hospital services • Human health services • Management services of the above businesses • Buy-ins or take-overs by BEE partners of the above existing businesses <p>Within the education sector:</p> <ul style="list-style-type: none"> • Private pre-primary education, after-care centres, primary and secondary education • Private Further Education and Training Colleges and private Teacher training colleges • Special education and training of the mentally challenged • Other educational services such as own tutoring, motor vehicle driving schools, dancing, music and sports schools, life skills, etc. • Management services of the above businesses • Buy-ins or take-overs of the above existing businesses
Media and Motion Pictures	<ul style="list-style-type: none"> • Motion Pictures • Broadcasting • Printing • Post-production • Publishing • Advertising • Music
Techno Industries	<ul style="list-style-type: none"> • Information technology • Telecommunications • Electronics • Electrical services
Tourism	<p>The unit seeks to:</p> <ul style="list-style-type: none"> • Contribute to government 's strategy for the tourism industry • Participate in the establishment of good quality hotels in South Africa and the rest of Africa • Diversify its portfolio into other subsectors such as cultural and heritage products, arts and crafts and business tourism. • Support BEE projects with significant development impact in townships and rural areas whilst adhering to the Tourism BEE Charter requirements • Increase participation in projects related to the 2010 Soccer World Cup
Transportation, and Financial Services	<ul style="list-style-type: none"> • Transport services (road freight, logistics, maritime, aviation and bus sector) • Financial services (retail banking acquisitions and commercial micro-finance)





Strategic business unit (SBU)	Types of businesses financed
	<ul style="list-style-type: none"> Other (security services, listed retail acquisitions and catering services)
Food, Beverages and Agro-Industries	<ul style="list-style-type: none"> Horticulture primary agricultural sector Food processing sector Agro-industrial sector Beverage sector Fishing and aquaculture sectors <p>Special preference is also given to greenfields projects, expansion projects, rehabilitation projects, projects with a well developed business plan, projects that involve buy-ins and take overs by PDIs, and business led by competent management teams.</p>
Mining and beneficiation	<ul style="list-style-type: none"> Development of mining, beneficiation and metals projects in South Africa and the rest of the continent Junior and emerging mining houses and mining-related activities such as contract mining Facilitating the acquisition of mining assets by historically disadvantaged persons (HDPs) Developing the South African jewellery manufacturing industry and optimising value-addition beneficiation opportunities
Public Private Partnerships	<p>The unit focuses on facilitating the provision of electricity, water, transport and telecommunications through projects in the following sectors:</p> <ul style="list-style-type: none"> Energy Telecommunications and IT Transportation Bulk water and solid waste management e-Government
Venture capital	<p>The Venture Capital Strategic Business Unit (SBU) is headed by Christo Fourie. The SBU focuses specifically on technology-driven businesses in the very early seed or start-up phases of their development. The products or services being developed should be commercially viable and should present a unique solution to an existing, identified market need.</p> <p>The VC SBU focuses, inter alia, on investments in the following technology-based industries:</p> <ul style="list-style-type: none"> Information technology (mainly software development, e.g. for financial, accounting, healthcare, communications and other industries); E-commerce (software and hardware applications); Telecommunications (software and hardware applications in mobile, fixed-line, satellite and virtual communications networks); Electronics (e.g. in the hi-tech security industry and medical devices); New ICT technologies; Specialist engineering products (e.g. automotive industry

Strategic business unit (SBU)	Types of businesses financed
	<p>applications, production systems);</p> <ul style="list-style-type: none"> • Financial services; • Mining technology; • Other selective technologies (e.g. chemistry, biotechnology).
Special funding	
Agency development and support	The unit is responsible for the establishment of public agencies, linked to local or provincial government, charged with specific development targets, including empowerment, SME creation and social benefits within various spatially (local and regional) defined areas throughout South Africa.
Support Programme for Industrial Innovation	The Support Programme for Industrial Innovation (SPII) is designed to promote and assist technology development in South African industry through the provision of financial assistance for projects that develop innovative products and/or processes. The SPII is focussed specifically on the phase that begins at the conclusion of basic research (at the stage of proof of concept) and ends at the point where a pre-production prototype has been produced. The Industrial Development Corporation of South Africa Limited (IDC), on behalf of the Department of Trade and Industry (the dti), manages the programme.
Strategic high impact projects	<p>The aim of the SHIP SBU is:</p> <ul style="list-style-type: none"> • To put the IDC at the centre-stage of development in South Africa; • To work with project champions to pro-actively identify, conceptualise and develop economically sustainable greenfield projects with high development, employment, environmental and/or community upliftment impact. The minimum project size considered should be at least R100 million; • To assist SBUs in building a pipeline of medium/long term strategic investments; and • To align the IDC with government's ASGISA plan.
Fund for research into industrial development growth and equity (FRIDGE)	FRIDGE funds investigations, studies and facilitation processes leading to the generation of information, knowledge, and/or action initiatives which are aimed at improving South African industries' global economic competitiveness. The fundamental aim of FRIDGE is to fund research into studies where the major deliverables of the study are implementable policy outcomes based on objective facts emanating from that study. In other words, to facilitate the creation of findings which are not only informational but also achievable which can be "fed" back into the public and the private sectors.
Risk Capital Facility	The programme aims to develop entrepreneurial skills, particularly in small and medium-sized businesses. Clients receive business support to solve short-term problems and are provided with long-term assistance. The IDC pays part of the cost of business support and structures a loan facility for clients to pay the balance of the costs when they are in a financially sound position.





Source: www.idc.co.za

Annexure C: Feasibility- and Pre-feasibility Studies

Find attached the following feasibility studies:

-  *Goat meat production*
-  *Citrus juice extraction*
-  *Zebediela Farm Stay*
-  *Production of slate slabs*

Find attached the following pre-feasibility studies:

-  *Organic cotton farming*
-  *White meat cluster*
-  *Aquaculture in Lepelle-Nkumpi*
-  *Mafeke tourism centre*

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