Final

May 2013

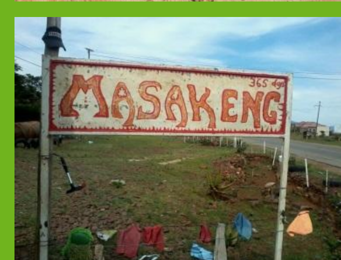
Lepelle-Nkumpi Local Municipality

Local Economic Development Strategy









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EXECUTIVE SUMMARY

This LED report for Lepelle-Nkumpi (2013-2018) has been prepared by Kayamandi Development Services (Pty) LTD on behalf of Lepelle-Nkumpi Local Municipality. The review of the previous LED entailed: organising the effort, reviewing the LED strategy, developing an implementation plan and monitoring tool, and proposing an organisational structure.

The LED sets out, and is aligned to, various National, Provincial and Local government policies, programmes and initiatives including the standardised framework for LEDs.

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

Lepelle-Nkumpi is situated a great distance from the economic hubs of South Africa and as such it needs to focus intensely on addressing the large income imbalance and integrating a much larger proportion of the population into the economy. Economic growth of the municipality cannot be sustained if there are continued high degrees of social exclusion.

A detailed analysis of the contribute to the local economy is also undertaken by providing an overview of the key economic sectors, highlighting the most important products produced, existing development initiatives, existing and potential economic linkages, and identifying development potential for the municipality. A summary of the key constraints and opportunities are as follows:

SECTOR	KEY CONSTRAINTS	KEY OPPORTUNITIES
Agriculture	• Unresolved land claims • Scale of current production too low to warrant processing • Lack of youth involvement • Vandalism of infrastructure • Irrigation schemes not operational • Very little commercial farming • Lack of knowledge and training	• Development of a citrus cluster • Grape beneficiation • Animal production: red & white meat • Development of up-stream beneficiation • Aquaculture • Vegetable production
Mining	• Illegal mining • Skills required by large-scale mining	• Untapped mineral sources • Demand for bricks and construction

SECTOR	KEY CONSTRAINTS	KEY OPPORTUNITIES
	operations and skill sets of local residents don't match • Little youth participation • Lengthy mining approval process • No communication channels between mines • Small-scale miners lack resources	materials • Stone crushers • Slate slab mining • Mine services • Skills harvesting centre & mining supply park
Manufacturing	• Lack of infrastructure at the Industrial Park • Poor service infrastructure maintenance • Underutilised buildings • Weak forward and backward linkages • Small base – sector diversification needed • Leakage of buying power – manufactured goods need local buying power • Lack of skilled workers	• Revitalisation of industrial area (infrastructure upgrading) • Food processing • Fresh produce distribution centre & market (showgrounds) • Health and beauty products (Moringa) • Clay processing • Stone crushing • Textiles & clothing • Recycling activities
Retail and trade	• Informal trading spaces inadequate • Skills shortages • Limited capacity for local SMME development • Little local business co-operation and partnerships • Stock sourced outside Lepelle-Nkumpi Local Municipality	• Trade of seed, seedlings & fertiliser • Expand retail sector (link with new Zebediela Plaza development) • Establishment of wholesale outlets • Development of informal trade strategy • Tourism related business • Upgrading of informal trading facilities
Tourism	• Highly competitive alternative destinations • Lack of support for SMMEs • Lack of accommodation facilities • Experiences don't match expectations • Insufficient market research & planning information • Official capacity at tourism level • Lack of marketing • Existing facilities under utilised • Lack of maintenance and conservation	• Upgrade, promote and link nature reserves • Edu-tourism • Cultural tourism • Adventure tourism • Hospitality expansion • Sport & community facilities upgrading
Business services	• Transport sector forms bottleneck for development: Poor access to villages • Lack of coordination of freight transport between emerging farmers • Upgrading of roads and access to public transport • Shortage of business services • Limited capacity for SMME development • Limited established business networks • Little local business co-operation and partnerships	• Establishment of a local business database • Mentorship programmes • Branding of Lepelle-Nkumpi

Fortunately, drawn from this LED strategy is that an abundance of economic options and opportunities exist to unlock Lepelle-Nkumpi's economic development potential.

The LED framework to enable the LED unit and other role players and stakeholders to facilitate local economic development in a coordinated and structured manner is summarised as shown below:

LED THRUSTS:				
Local business support and stimulus	**Restructuring and diversifying the informal economy**	**Sustainable agricultural expansion and value adding development**	**Mining sector growth and maximisation along value-chains**	**Tourism development, and sustainable town revitalisation**
LED PROGRAMMES:				
• Establish entrepreneurial and small-business support structures • Trade development • Industrial strengthening	• Capacity building, mentorship, skills training and youth development • Social capital renewal and improved access to external markets	• Sustainable farming practices for emerging farmers and youth • Agro-processing industrial development • Expansion of diversification of existing agricultural products	• District wide mining service and product development support • Mineral beneficiation and processing • Development of joint ventures and new mining operations	• Tourism development and promotion • Local marketing and promotion of investment opportunities • Beautification and clean-up • Carbon footprint reduction

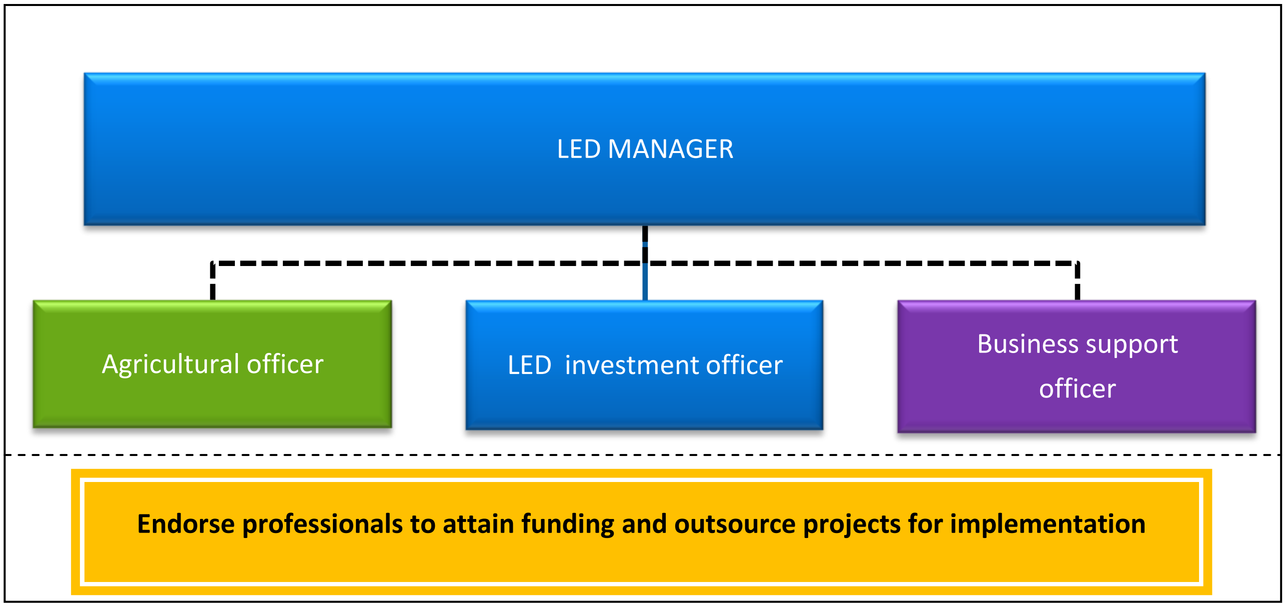
Detailed information regarding potential projects and development facilitation actions required for each programme listed above are provided.

Priority projects and development facilitation focus areas have been prioritised through stakeholder consultation and through the use of a project prioritisation matrix required for the 5-year implementation plan of the strategy along with actions plans, timeframes, financial and other resource requirements, a financial plan, and a spatial plan.

The prioritised project and facilitation actions are summarised hereunder:

THRUST 1: LOCAL BUSINESS SUPPORT AND STIMULUS
• Compile and maintain a Lepelle-Nkumpi gateway 2 opportunity database • Conversion of the former 'Basadi ba Bapedi' facilities into a manufacturing incubator for small-scale manufacturers • Revitalisation and infrastructure upgrading of the Lebowakgomo industrial area • Zebediela plaza development support: facilitate and negotiate inclusion of informal retail facilities and identification of appropriate retail, services and entertainment facilities
THRUST 2: RESTRUCTURING AND DIVERSIFYING THE INFORMAL ECONOMY
• Develop a mentorship programme through a database and network of experienced business mentors to support local emerging entrepreneurs within the relevant field • Establish a local youth drop-in and development centre with a computer centre, mobile education programme and entrepreneurial & small business development support
THRUST 3: SUSTAINABLE AGRICULTURAL EXPANSION AND VALUE ADDING DEVELOPMENT
• Attain funding and establish the Zebediela orange juice extraction and packaging plant • Attain funding and establish goat meat and milk slaughtering, processing, packaging and marketing plant • Develop a multi-purpose agricultural centre and distribution depot at the underutilised showground's • Roll-out and expand existing Moringa production and investigate beneficiation potential to produce health/medicinal and beauty products • Develop fish farms at dams and in the irrigation canals
THRUST 4: MINING SECTOR GROWTH AND MAXIMISATION ALONG VALUE-CHAINS
• Establish a skills harvesting academy/ 'mining school' to transfer applicable artisan and engineering skills to the local community • Attain funding and establish small scale excavation and tile manufacturing of slate in Mafefe • Formalise illegal sand mining and assist in obtaining permits • Establish a Dilokong mining corridor producers forum or joint working group
THRUST 5: TOURISM DEVELOPMENT, AND SUSTAINABLE TOWN REVITALISATION
• Attain funding and establish farm-based tourism & recreation opportunities linked to Zebediela citrus estate • Establish accommodation and day visitor facilities at the MEC residence • Revitalise Mafefe village camp and identify sustainable future uses such as youth camps and promotion of packaged deals • Undertake an 'invest in Lepelle-Nkumpi' campaign through promotional brochures • Trash-for-cash

The existing institutional structure and framework has been evaluated and the proposed institutional structure and the most efficient organisational structure to enable implementation of the LED strategy is as follows:



A monitoring and evaluation tool is also developed to enable monitoring and evaluation of performance and to enable adjustments where needed. An economonitor has also been developed to enable comparison with the performance of the Province and the District. To ensure accountability and implementation, the monitoring and evaluation tool and economonitor needs to be utilised on an annual basis.

With diligent implementation of this LED Strategy and its logical interventions, which are rooted in the realities of the area, economic growth and development of the municipal area can be stimulated.

Contents

ACRONYMS

ARDC	Agricultural Rural Development Corporation
BBBEE	Broad Based Black Economic Empowerment
CRDP	Comprehensive Rural Development Programme Framework
EAP	Economically Active Population
EPWP	Extended Public Works Programme
GDP	Gross Domestic Product
HDI	Historically Disadvantaged Individual
ICT	Information and Communication Technologies
IDP	Integrated Development Plan
IPAP2	Industrial Policy Action Plan 2011/12-2012/13
ISDPC	Integrated Strategy on the Development and Promotion of Co-operatives
ISRDP	Integrated Sustainable Rural Development Programme
LADC	Limpopo Agribusiness Development Corporation
LADS	Limpopo Agriculture Development Strategy
LED	Local Economic Development
LEDA	Limpopo Economic Development Agency
LEGDP	Limpopo Employment Growth And Development Plan
LIBSA	Limpopo Business Support Agency
LIMDEV	Limpopo Economic Development Enterprise
LM	Local Municipality
LRAD	Land Distribution for Agricultural Development
LSDP	Local Spatial Development Plan
MSA	Municipal Systems Act, Act 32 of 2000
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NEPAD	New Partnership for Africa's Development
NFLED	National Framework for Local Economic Development
NIPF	National Industrial Policy Framework and Action Plan
NSDP	National Spatial Development Perspective
PGDS	Provincial Growth and Development Strategy
PPP	Public Private Partnership
PPPF	Preferential Procurement Policy Framework
RESIS	Revitalisation of Smallholder Irrigation Schemes
RIDS	Regional Industrial Development Strategy
SDA	Strategic Development Areas
SDF	Spatial Development Framework
SEDA	Small Enterprise Development Agency
SMME	Small, Medium and Micro Enterprises
TGS	Tourism Growth Strategy
TIL	Trade and Investment Limpopo

SECTION 1: INTRODUCTION

This report has been prepared by Kayamandi Development Services (Pty) LTD as part of the Local Economic Development (LED) strategy which is being reviewed for Lepelle-Nkumpi Local Municipality. This Section sets out the background and purpose of the LED and provides a common understanding of the LED concept in South Africa. This Section also provides the methodology followed, the data sources consulted in undertaking the study, describes the study area and sets out the structure of the remainder of the report.

This section is comprised of the following sub-sections:

- Background and purpose
- Defining LED
- Methodology
- Study area
- Resources and data sources
- Structure of remainder of report

1.1 BACKGROUND AND PURPOSE

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

Local government has a constitutional obligation to participate in development. In terms of section 152 of the constitution (1996: 84) local government should 'promote social and economic development of communities.' It defines this role as a 'central responsibility (for municipalities) to work together with local communities to find sustainable ways to meet their needs and improve the quality of their lives. This has been crafted into a national framework for LED in South Africa. The framework acknowledges that 'the majority of South Africans were kept out of the mainstream of the economy through inferior education, restrictions on movement and trade, no access to finance and resources, and deliberate state action that forced people into poverty and distress'. The purpose of the LED plan is to investigate the current situation with regards to available options and opportunities for broadening the local economic base in order to address the creation of employment opportunities and the resultant positive spin-off effects.

A number of elements in a local economy can contribute to increased unemployment levels providing an unfavourable and unhealthy environment for investment, which in turns leads to the local economy stagnating. This in turn places further strain on an already overdrawn local resource base, reinforcing the need for a ground-breaking and effective broadening of the local economic base. This entails introducing new activities, exploiting local strengths, offering incentives, applying new technologies, development of SMMEs, broadening ownership, etc.

This LED strategy is to be utilised and implemented by the Lepelle-Nkumpi Local Municipality and will assist in ensuring that the available local resources are used in a committed and effective manner to promote local economic development in a proactively and dynamically. The strategy is based on the underlying principle that there is a gap between the existing levels of development in Lepelle-Nkumpi Local Municipality and the potential level of development. In order to bridge this gap the LED strategy provides the municipality with the following:

- A strategically focused local economic development profile
- Identification of the development potential of the municipality
- Identification of the constraints to development in the municipality
- Identification of opportunities for SMME development in the municipality
- Methods to enhance co-ordination, integration and participation in local economic development
- A local economic development plan
- Sustainable and commercially viable business opportunities appropriately packaged for investment
- An implementation plan and investment programme

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

1.2 WHAT IS LED?

Each and every local community is unique with a distinctive and unique environment that holds an array of opportunities and threats. These unique features are the foundation for any LED strategy as a strong local economy can only be created once the community understand its strengths and weaknesses and learn how to transform these into opportunities and lucrative economic activities. The ability of communities to enrich themselves and improve their living conditions depend on them being able to adapt to the fast changing and increasingly competitive market environment. Prioritising the local economy and increasing the productive capacity of local businesses and individuals are crucial if communities are to succeed and prosper.

It is thus very important to state that the aim of LED is not for municipalities or public bodies to fund small local projects with government funds, neither for municipal officials to run or manage these or larger projects. In the past these types of projects have been initiated without proper business plans or any serious notion of sustainability, and the duration as well as employment created was temporary. Thus, LED is not about funding small unsustainable projects, but rather about developing robust and inclusive local economies.

LED is a term which is used to denote both local and broader actions which seek to build strengthen and further capacitate local markets i.e. business and employment developments. Defining LED is not an easy task, as it is an integrated strategy that incorporates a number of important components. One way of trying to better understand LED is by saying what it is not:

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

LED is also not about quick fixes or generating wish lists. It requires a practical understanding of what the local area does well and what it has to offer, where the weaknesses and gaps lie, what outside threats and opportunities exist, and what the local area wants and needs. LED actions are market based and are more often than not geared towards a business unit, namely SMMEs or even larger enterprises.

LED focuses on enhancing competitiveness, increasing sustainable growth and ensuring that growth is inclusive. LED actions are therefore those which:

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

The purpose of LED is to enhance the economic capacity of a local area and to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation. LED actors and facilitators therefore usually include, but are not limited to national, provincial and local governments and parastatal and development agencies. A partnership between the aforementioned actors and stakeholders are key to the successful formulation and implementation of an LED, and it is often the strength of these partnerships that can make or break local economic development. LED encompasses a range of disciplines including physical planning, economics and marketing, and incorporates many local government and private sector functions including environmental planning, business development, infrastructure provision, real estate development and finance.

The idea driving LED today is that economic opportunities and activities can be utilised to improve the quality of life for all members of the community. LED should go beyond merely addressing economic aspects like growth in employment, income and business activity, and should consider development (the need for structural change, level of integration between informal and formal sectors, the quality of development, etc.) and the local community (poverty reduction, increased self-reliance, satisfying basic human needs, mutual commitment, integrated social and environmental objectives).

This above argument recognises that LED cannot succeed if it is about merely choosing a winning project, as this would be doing economic development planning backwards. Successful local economic development necessitates a clear LED strategy that correctly synthesises the current realities of the local economy. Furthermore, a successful LED reflects the values of its citizens and helps create a positive environment where economic activity and growth can thrive.

It is important that the LED is developed within the context of the municipal Integrated Development Plan (IDP), as described in Section 25 of the Municipal Structures Act. Integrated development planning is a process whereby a municipality prepares a comprehensive 5-year strategic plan (the IDP) that is reviewed annually in consultation with the local community and other stakeholders. The IDP outlines a long-term vision, includes an assessment of the existing level of social and economic development, and outlines the setting of development priorities and objectives, the existing spatial framework and land development objectives, operational strategies and municipal budgeting. By synthesising the development objectives, priorities, strategies and budgets, the IDP helps to ensure coordination between LED and other government initiatives. As the IDP is now the basic unit of planning for government as a whole, it is vital that the LED be fully integrated within the IDP.

LED is based upon the following economic principles and should be practiced within the context of the economic principles, referred to in the following table:

Table 1.1: LED economic principles

ECONOMIC PRINCIPLE	DESCRIPTION	RELEVANCE TO LED
Broaden economic base / diversification	• An important development principle is to broaden the economic base through the integration of diverse economic initiatives. This includes: • Introducing new activities, which are not currently operational in the area • Development of SMMEs to have a broader representation base on the size of establishments • Ownership should be broadened to include all members of the community	• **Diversification and production of new products and services must be considered when identifying programmes and possible projects** • **Promote SMMEs, women, youth, disabled individuals and BEE ownership of new and existing companies**
Capacity building	• This principle encompasses the building of capacity of the municipalities and associated public sector role players with respect to LED.	• **Stakeholder participation at Economic Indabas in LED** • **LED training (theory and practice) for public officials** • **Business start-up, management and financial training for private sector**
Comparative and competitive advantage	• Comparative advantage indicates relatively more competitive production function for a product or service in a specific local economy than on the aggregate economy (provincial or national). It therefore measures whether a specific economy produces a product more efficiently	• **All comparative advantages in the local area must be identified in a SWOT analysis and built upon when identifying programmes and potential projects, thereby exploiting the existing strengths and opportunities in the local area**
Creation of favourable locational factors	• The environment in which businesses operate must be conducive to conducting business. This includes: • Reducing the establishment and operating costs of businesses • Improving infrastructure • Facilitating the provision of trained labour	• **A locational analysis will reveal what locational factors need to be improved upon to promote the local area as a desirable location to conduct business**
Enabling environment	• Creating favourable conditions for the growth and development of business enterprises by reducing risk and making it more calculable by: • Creating a stable business environment (discussed above) • Increase confidence levels of the public and private sector investors • Unlocking under-utilised resources	• **One of the roles of the local municipality is to create an environment that promotes both existing and new business in the local area. The LED process can be used to facilitate this process**
Historically disadvantaged individuals (HDIs)	• LED should target HDIs, marginalised communities and geographic regions, Broad-Based Black Economic Empowerment (BBBEE) companies and SMMEs to allow them to participate fully in the economy	• **This principle must be incorporated during the visioning and setting of LED objectives and may be implemented through specific LED projects**
Income generation potential	• The sustainable income generation potential is a way to measure market potential (i.e. commercial viability) and is used to inform the prioritisation of projects	• **The income generation potential of a specific project must be considered when prioritising potential projects**

Integrated / holistic approach	• An integrated and holistic approach to the development planning process is of paramount importance. This implies that the interrelationships between economic activities and other development dimensions such as the social, demographic, institutional, infrastructural, financial and environmental aspects have been carefully considered	• **The situational analysis of the local area will identify social, demographic, infrastructural, financial and environmental strengths and opportunities that must be considered and included in potential LED programmes and projects**
Linkages	• Linkages refer to the flow of goods and services between at least two agents. Linkages with neighbouring economies refer to • Leakages (the net outflow of buying power) i.e. households residing within the study but purchasing goods and services outside the local area; and • Injections, (the net inflow of buying power) i.e. businesses located outside the study area but purchasing products inside the study area.	• **Important to encourage circular flow of capital within the community** • **One LED objective is to reduce leakages and increase injections through programmes and projects**
Local markets	• LED aims at creating places and opportunities to match supply and demand as well as to discover, propagate and promote new business opportunities	• **Current strengths and opportunities for expansion and new ventures will be identified during the SWOT analysis of the area**
Local ownership	• LED promotes local ownership, community involvement, local leadership and joint decision-making	• **The identification and involvement of key stakeholders will ensure that local leadership and the local economy are involved in the LED process** • **Specific LED projects may be aimed at increasing the number of locally owned enterprises**
Public Private Partnerships (PPP)	• LED involves local, national and international partnerships (e.g., twinning) between communities, businesses and governments to solve problems, create joint business ventures and build up local areas	• **The establishment of PPPs should be explored in the implementation of projects**
Promoting business	• This can be the promotion of existing business, start-ups or external companies coming into a location	• **Local municipalities are responsible for creating an enabling business environment that encourages the expansion of existing business and the emergence of new business ventures**
Maximise the use of existing resources	• LED aims at making better use of locally available resources and skills and maximises opportunities for development of resources	• **Local skills and resources of the local area must be identified during the situational analysis and ideally must be utilised during the implementation of projects, as extensively as possible**
Promoting SMMEs	• **It is important to involve and uplift the SMME sector through enhancing the capacity of local entrepreneurs by establishing support measures and incentives to promote participation. This suggests that appropriate technology transfer needs to place in an environment conducive for the successful establishment of SMMEs**	• **An enabling environment in which SMMEs can be established and maintained must be created** • **SMMEs can be promoted through specific projects**

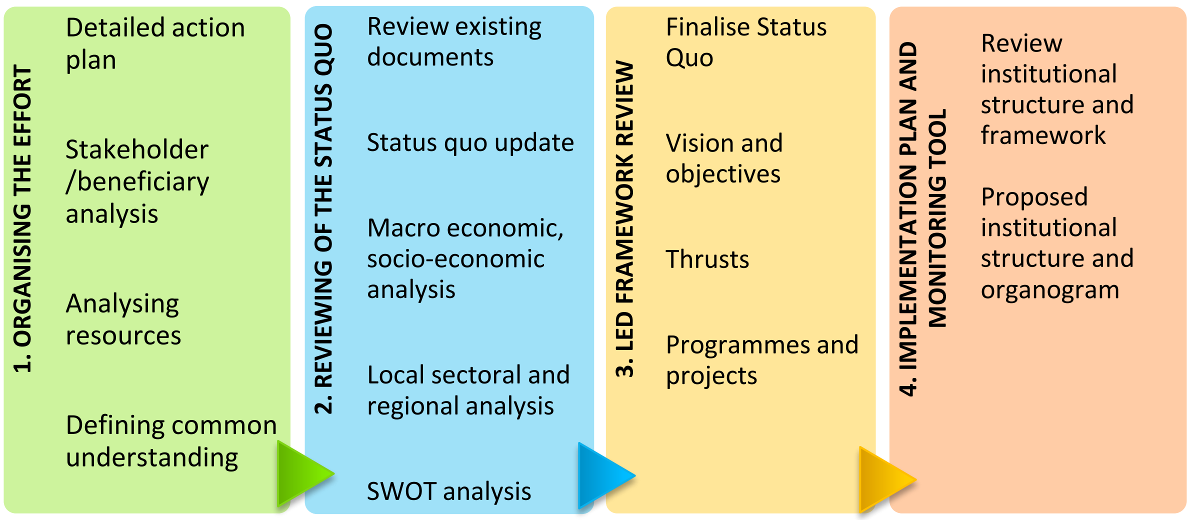
In conclusion, the LED strategy is a tool for sustainable economic growth and development, job creation and improvement of the quality of life for everyone community member. LED should be a combined effort from local government, businesses, companies and individuals, and should remove bureaucratic barriers,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

1.3 METHODOLOGY

The review of the Lepelle-Nkumpi LED strategy is comprised of the following elements:

- Organising the effort
- Review of the LED strategy
- Implementation plan and monitoring tool
- Organisational structure

Figure 1.1: LED review structure



ELEMENT 1: ORGANISING THE EFFORT

The first step in the review process of the LED strategy for Lepelle-Nkumpi Local Municipality was used for orientation purposes and entailed addressing the following aspects:

- **Detailed action plan:**
  - cost and time breakdown

- **Stakeholder/beneficiary analysis:**
  - Identification of stakeholders: public, private and community
  - Means of involving stakeholders
  - Roles and responsibilities of stakeholders

  - Establish a Steering Committee
  - Mobilise LED forum and clusters
- **Analysis resource:**
  - New legislation, policy, strategies and plans incorporation
- **Defining common understanding:**
  - LED concept and background
  - Shared LED vision, mission, goals and objectives of reviewed LED strategy

In this step workshops were held with key stakeholders and role-players within the study area. The workshops focussed on:

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

The following sectoral workshops were held from 12-14 November 2012:

1. Internal stakeholders (Local Municipal departments)
2. Tourism and accommodation sector
3. Mining, prospecting and mineral beneficiation sector
4. Agriculture and agro-processing sector
5. SMME, business and industrial development sector

ELEMENT 2: REVIEWING OF THE STATUS QUO

The second step in the process involved the review of the status quo of Lepelle-Nkumpi to identify the current socio-economic profile of the Local Municipality, and to revise the demographic analysis as well as the policy framework. This entailed addressing the following:

- **Obtain & review municipal background information:**
  - LED, SDF, IDP, tourism strategy, etc.
- **Obtain & review Provincial & District documents:**
  - PGDS, LED, SDF, IDP, sector strategies, etc.
- **Develop amended structure aligned to above**
- **Status quo update:**

    - Demographics update
    - Socio-economic situational analysis update
    - Needs and priority changes
- **Macro-economic review & analysis:**
    - Macro-economic profile update
    - Economic base, employment and growth
    - Competitive and comparative advantages
- **Local sectoral profile review:**
    - Sectoral production and linkages
    - Market trends
- **SWOT analysis:**
    - Gap and opportunity analysis

ELEMENT 3: LED FRAMEWORK REVIEW

The purpose of the third step was to review the projects and programmes identified in the previous LED strategy. This included:

- **Analyse progress of programmes and projects**
    - Projects implemented
    - Challenges and successes
- **Identify current applicability of previous LED programmes and projects**
- **Identify new thrusts, programmes and projects**
    - Develop a new strategic framework based on opportunities and key sectoral thrusts, programmes and projects

ELEMENT 4: IMPLEMENTATION PLAN AND MONITORING TOOL

The purpose of the fourth step was to develop a reviewed implementation plan and monitoring plan. This included the following steps:

- **Identify priority focus areas:**
    - Project prioritisation matrix
- **Develop action plans:**
    - Priority project action plans
    - 5-year action plan
    - Finance plan
    - Spatial plan

- **Develop a monitoring & evaluation tool:**
  - Indicators and proxies
  - Aligned to goals and objectives

1.4 STUDY AREA

Lepelle-Nkumpi Local Municipality is situated in the centre of the Limpopo Province, within the southern region of the Capricorn District Municipality. The Capricorn District consists of 5 Local Municipalities namely: Aganang, Blouberg, Molemole, Polokwane and Lepelle-Nkumpi Local Municipality (see table below for further details). Lepelle-Nkumpi Local Municipality borders onto Polokwane Local Municipality to the north, Mopani District Municipality to the east, Greater Sekhukune District Municipality to the south and Waterberg District Municipality to the west.

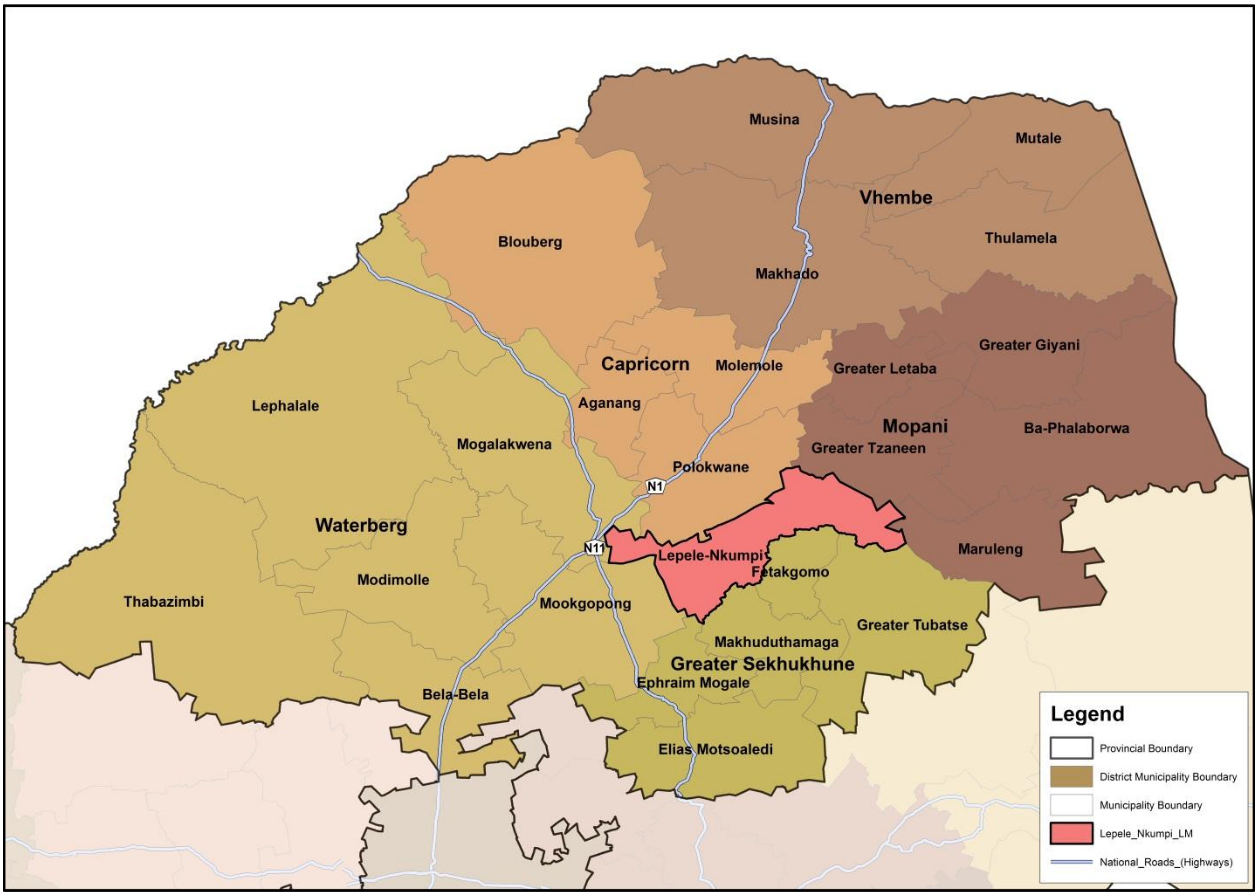
Table 1.2: Local Municipalites' area as a percentage of Capricorn DM's area

Local Municipality	Size of Location	% of CDM
Aganang local Municipality	1,852.22km^2	10.90%
Blouberg LM	4,540.84km^2	26.80%
Lepelle-Nkumpi LM	3,454.78km^2	20.40%
Molemole LM	3,347.25km^2	19.70%
Polokwane LM	3,775.21km^2	22.20%
Capricorn DM	**16,970.30km^2**	**100%**

Source: Capricorn DM IDP, 2006

Limpopo covers an area of 123 910km^2, representing 10% of the total area of South Africa. Lepelle-Nkumpi Local Municipality covers an area of approximately 3 500km^2 and comprises approximately 20% of the CDM area. The municipality is divided into 29 wards which comprises a total of 109 settlements. Lebowakgomo is the major urban node located within Lepelle-Nkumpi which also host the Lepelle-Nkumpi Local Municipal offices and the Provincial Legislature. The map below illustrates the location of Lepelle-Nkumpi Local Municipality within in Limpopo Province and Capricorn District Municipality.

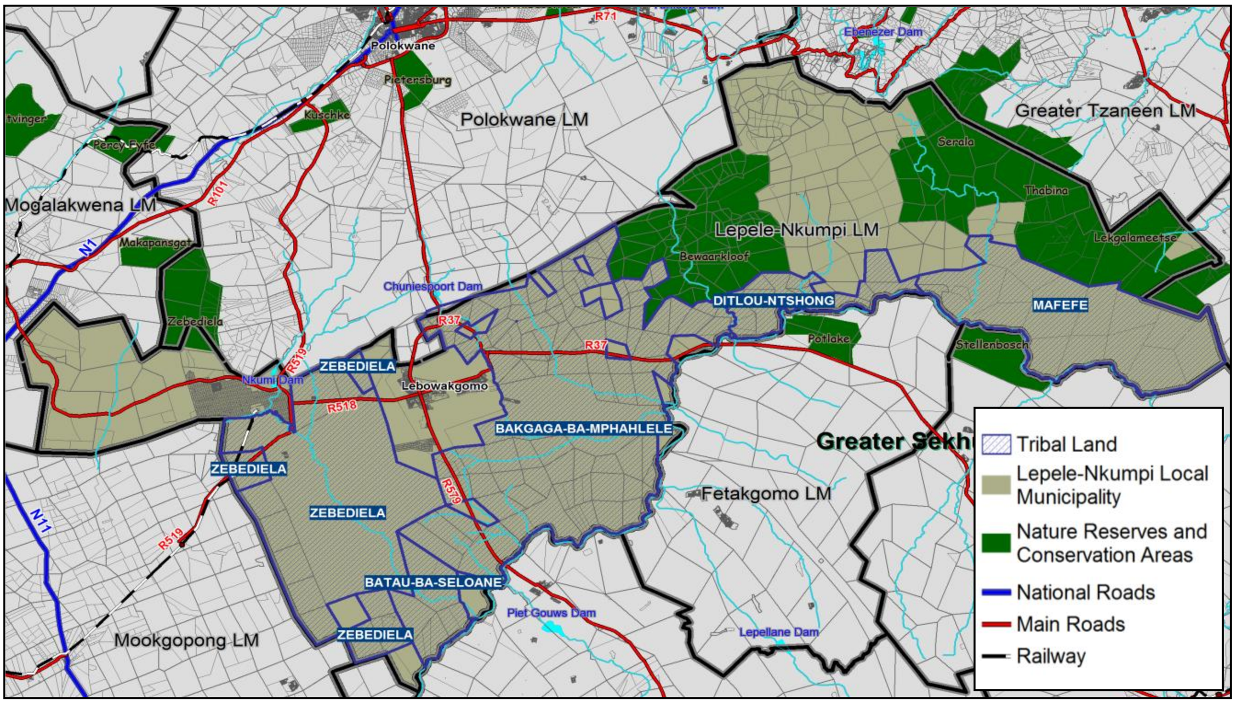
Figure 1.2: Location of Lepelle-Nkumpi within Limpopo Province and Capricorn District Municipality



Source: Stats SA, digital spatial boundaries, Census 2011

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 in the manner in which land is made available to individuals for settlement, as well as the use thereof for economic purposes (e.g. agriculture, tourism, etc.). Most of these decisions are made on an ad hoc basis and usually without any consideration of the impact it may have on the spatial pattern and the rendering of cost effective and efficient services to communities. Approximately 95% of the land falls under the jurisdiction of Traditional Authorities (refer to the map below). Lebowa was reincorporated into South Africa in 1994.

Figure 1.3: Tribal land within Lepelle-Nkumpi Local Municipality



Source: Lebowakgomo LSDP, 2012

The majority of the settlements are clustered towards the southern half of the municipality. The municipality also has a dualistic economy comprising a component that for the purposes of this study can be considered 'first-economy' and a component that can be described as 'second-economy'. The overwhelming majority of the municipality is however comprised of the non-commercial component. The second-economy within Lepelle-Nkumpi comprises informal and marginal activities such as subsistence farming and informal trading and is largely practiced in the area that comprises the former homeland of Lebowa. The formal economy in Lepelle-Nkumpi is fairly concentrated in Lebowakgomo. This can largely be attributed towards the high contribution generated by the services sector, which in the case of the former homelands can assumed to be comprised of salaries paid to government officials. This high level of concentration renders the economy extremely vulnerable to any factor that may decrease the absolute number of government officials working and residing in the municipality or a factor that reduces the real value of total salaries paid.

The population per ward is approximately 7943 people per ward (Stats SA, Census 2011). Lepelle-Nkumpi Local Municipality has approximately two-thirds of its total population residing in growth points and population concentration points. These are (Lebowakgomo LSDP, 2012): Lebowakgomo, Alldays, Avon, Eldorado, Magatle, Mphakane, Chloe A, and Sebayeng.

1.5 STRUCTURE OF REMAINDER OF REPORT

The remainder of the report is structured as follows:

- **Section 2: Policy and legislative directives:**
  This Section sets out the National, Provincial and Local government policies, programmes and initiatives to which the LED strategy needs to align and/or take into consideration.
- **Section 3: Macro Situational analysis:**
  This Section sets out the socio-economic context with regards to demographics, environmental and infrastructure contexts as well as the economic context in relation to the District, Provincial and National context in order to create the background against which an appropriate development path can be determined.
- **Section 4: Sectoral Analysis**:
  This section examines each of the key sectors that contribute to the local economy by providing an overview of the sector, highlighting the most important products produced, existing development initiatives, existing and potential economic linkages, and identifies development potential for the municipality.
- **Section 5: Reviewed LED framework:**
  This section provides the local economic framework that guides local economic development within Lepelle-Nkumpi Local Municipality. This section sets out the shared strategic direction, which enables the Municipality to facilitate development in a coordinated and structured manner.
- **Section 6: LED Implementation:**
  This section set-outs the priority projects and development facilitation focus areas required for the 5-year implementation period of the strategy along with action plans, timeframes, resource requirements, a financial plan and a spatial plan.
- **Section 7: Institutional structure:**
  This section provides an analysis of the existing institutional structure and recommends the most appropriate institutional structure and organogram in order to implement the LED strategy successfully.
- **Section 8: Monitoring and evaluation:**
  This section provides a monitoring and evaluation tool and an economonitor to be used throughout the implementation of the LED strategy.

SECTION 2: POLICY AND LEGISLATIVE DIRECTIVE

Municipalities within the South African context, operate within a complex structure dictated by numerous legislation and policies which set out the roles and function of local municipalities. This section is thus dedicated to provide an overview of legislation, strategies, policies, plans and programmes on National, Provincial and Local level which informs, influences and adds value to Lepelle-Nkumpi Local Municipality's LED.

2.1 POLICIES AND STRATEGIES

The following policies and strategies were consulted in the process of compiling the LED strategy for the Lepelle-Nkumpi Local Municipality to ensure that it is aligned with national, provincial, district and local objectives:

2.1.1 NATIONAL POLICIES AND STRATEGIES

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

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

- National Framework for Local Economic Development, 2006-2011
- Tourism Growth Strategy, 2008-2010
- Integrated Strategy on the Development and Promotion of Co-operatives, 2010-2020
- Industrial Policy Action Plan, 2011/12-2013/14
- Outcome 9

2.1.2 PROVINCIAL POLICIES AND STRATEGIES

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

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

2.1.3 CAPRICORN DISTRICT MUNICIPALITY POLICIES AND STRATEGIES

The following district policies and strategies have been consulted to ensure alignment with the LED strategy for the Lepelle-Nkumpi Local Municipality:

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

2.1.4 LEPELLE-NKUMPI LOCAL MUNICIPALITY POLICIES AND STRATEGIES

The following local policies and strategies have been consulted to ensure alignment with the LED strategy for Lepelle-Nkumpi Local Municipality:

- Lepelle-Nkumpi Local Municipality IDP, 2012/13
- Lepelle-Nkumpi Local Municipality SDF, 2007
- Lepelle-Nkumpi Local Municipality Investment Strategy, 2009
- Lepelle-Nkumpi Local Municipality Local Spatial Development Plan (LSDP) for Lebowakgomo, 2012
- Agric Profile and Agri-Market Overview for Lepelle-Nkumpi Municipality, 2011
- Lepelle-Nkumpi Agricultural Hub, 2009

Detail on the above policies, legislation, and strategies and requirements for the alignment of the LED strategy of Lepelle-Nkumpi are detailed upon in **Annexure 1**.

2.2 IMPLICATIONS FOR LEPELLE-NKUMPI LOCAL MUNICIPALITY

The legislation and policies listed above, all contain principles and objectives which are all meant to inform and guide the development of the LED strategy for the Lepelle-Nkumpi Local Municipality. These policies and legislation from all spheres of government have various objectives and strategies which all strive to achieve the same overarching goals. These are to ensure effective, efficient and sustainable service delivery, to achieve economic development, to stimulate skills development and to combat unemployment. This subsection will provide a brief overview of these objectives in terms of the relevant legislation, and its implications and relevance for the Lepelle-Nkumpi Local Municipality LED strategy.

Service delivery is an important issue that needs to be addressed. It is clear when looking at the policies and legislation that this is a perplexity evident within all three spheres of government. The importance and obligation of local authorities to supply proper basic service delivery is stipulated within the Constitution and the MSA. The Limpopo Employment, Growth and Development Plan acknowledges the importance of service delivery, the uplifting of the living conditions of the local population as well as the impact that service delivery has on the local economy. The District and Lepelle-Nkumpi Local Municipality SDF and the Lepelle-Nkumpi Local Municipality IDP set out projects and strategies to upgrade service delivery as it is a great concern within this region. It is thus very important for the Lepelle-Nkumpi Local Municipality LED to strive to achieve efficient and effective service delivery through its programmes and projects.

Stimulating economic development and growth is a priority throughout the country and is thus reflected in legislation and policies as discussed previously. It has been revealed that it is of cardinal importance that economic developments benefit everyone and be distributed equally. The agriculture sector of Lepelle-Nkumpi Local Municipality was identified as holding significant potential, and thus further development and expanding of the agriculture sector should be supported as it has the potential inject into the local economy. According to the White Paper on Agriculture (1995), existing and emerging farmers and agri-businesses should be supported.

Numerous projects and plans to improve and expand the economy of Lepelle-Nkumpi Local Municipality have been proposed such as the Orange Juice Manufacturing Programme, Goat Meat Production and White Meat Cluster and as initiated by the District and Local Investment Strategies, other proposals include fast tracking access to land for emerging farmers to expand the agriculture sector of Lepelle-Nkumpi Local Municipality and through encouraging and supporting SMMEs.

As mentioned, skills and human capital development is a matter of importance for development within our country. The reason for emphasising skills and human capital development is because by investing in people and equipping them with skills and education, they not only gain a skill, but also employment opportunities and prospects which may lead to a better financial future and thus to poverty alleviation and indirectly to better living conditions.

Job creation, the eradication of poverty and the upliftment of previously disadvantaged groups are important priorities in numerous documents like the MTSF, BBBEE Strategy and BBBEE Act, NEPAD and LRAD. District and local level IDPs and SDFs view the issues of unemployment and poverty in a serious light, and strive to supply in the needs of those that have suffered under apartheid practices. The Lepelle-Nkumpi Local Municipality LED should be focussed on stimulating job creation through creating a platform for entrepreneurs and emerging SMMEs to develop and thrive.

SECTION 3: MACRO SITUATIONAL ANALYSIS

This section seeks to provide an indication of the status-quo reality in terms of socio-economic components such as demographics, environmental, and infrastructure components within the national, provincial, district and local context which specifically relate to the critical areas of LED. This is done to determine the background against which an appropriate development path can be determined.

This section combined with Section 4 becomes the status quo base from which problem identification within the local economy and the development thereof is assessed to create development strategies and interventions which are targeted specifically at the local economy of Lepelle-Nkumpi local municipality.

The critical areas of analysis includes the identification of the main issues and concerns facing local communities and businesses, the manifestation of poverty in the area, the local (un)employment structure, an analysis of the first and second economies, and a gap and opportunity analysis with a perspective on what interventions are required to unlock the economic potential of Lepelle-Nkumpi Local Municipality.

The remainder of this section is structured as follows:

- Socio-economic profile
- Environmental profile
- Infrastructure profile
- Macro-economic profile

3.1 SOCIO-ECONOMIC PROFILE

The purpose of this sub-section is to analyse the current socio-economic situation in the municipality and to compare both the demographic conditions of the municipality with that of Capricorn District and Limpopo Province, in which it is located.

3.1.1 PROVINCIAL AND REGIONAL SOCIO-ECONOMIC PROFILE

To determine the potential for development in the study area, it is important to understand the background of the area and its people in terms of population, where the people reside, who they are, what skills they have, how much they earn, etc. This information gives some indication as to which groups are most in need of economic development, as well as where potential is not currently being utilised to its full extent.

This sub-section, thus, seeks to create a broader understanding of the socio-economic status of the study area and how it fits into the larger context. The Table below gives an indication of the population composition on different levels of the economy.

Table 3.1: Population Composition

	South Africa		Limpopo Province		Capricorn DM		Lepelle-Nkumpi LM	
Year	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**
Total Pop	44 821 240	51 770 561	4 992 611	5 404 868	1 154 678	1 261 462	227 962	230 350
Gender								
Male	47.8%	48.7%	45.5%	46.7%	45.6%	46.8%	44.8%	45.5%
Female	52.2%	51.3%	54.5%	53.3%	54.4%	53.2%	55.2%	54.5%
Total	100%	100%	100%	100%	100%	100%	100%	100%

Source: Stats SA: Census 2001 & 2011

In 2001, Capricorn District represented some 23.1% of the total population of Limpopo Province, compared to 23.3% for 2011. Capricorn District has seen its population grow by 106 784 people between 2001 and 2011. The population situated in Lepelle-Nkumpi Municipality, with a population size of 230 350, takes up some 18.3% of the total population of the Capricorn District. The population in Lepelle-Nkumpi has grown slower 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 increase in population of 1.5% (2 388 people) between 2001 and 2011.

According to the Census 2011, except for Gauteng and the North West Province, females take up the larger proportion of the country's population. This is mainly as a result of Gauteng's strong market, high levels of economic activity and resultant employment opportunities in this province, and an abundance of mining activities in the North West, resulting in the migration of men towards these pulling factors.

Limpopo Province has the highest female proportion in the country. As is evident from the Table above, in Lepelle-Nkumpi Municipality the male to female ratio has seen the number of males increase slightly and females decrease slightly from 2001 to 2011. 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 (1.2:1) is slightly higher in Lepelle-Nkumpi Municipality. This reveals the need for dedicated women empowerment and job creation programmes.

The population statistics for Lepelle-Nkumpi Local Municipality is revealed in the table below as population per ward.

Table 3.2: Population distribution per ward

Ward	Population	Percentage
1	8 021	3.48%
2	8 697	3.78%
3	7 564	3.28%
4	6 758	2.93%
5	7 066	3.07%
6	7 940	3.45%
7	8 120	3.53%
8	9 656	4.19%
9	8 093	3.51%
10	5 763	2.50%
11	7 031	3.05%
12	6 279	2.73%
13	7 312	3.17%
14	8 011	3.48%
15	10 939	4.75%
16	8 816	3.83%
17	9 710	4.22%
18	6 079	2.64%
19	9 843	4.27%
20	7 708	3.35%
21	7 272	3.16%
22	10 416	4.52%
23	7 604	3.30%
24	5 704	2.48%
25	8 079	3.51%
26	11 302	4.91%
27	7 750	3.36%
28	6 794	2.95%
29	6 022	2.61%
Total	**230 349**	**100%**

Source: Stats SA: Census 2011

The majority of the population of Lepelle-Nkumpi Local Municipality resides within ward 26, with approximately 11 302 residents. Although the population is seemingly equally spread across the wards, none of the wards contain less than 5000 people.

The urban node and growth point contained within Lepelle-Nkumpi, Lebowakgomo, stretches over a number of wards, i.e. wards 15 (Lebowakgomo Zone F and B, MEC Complex and Mmakotse), 16 (Lebowakgomo Zone S and Bester X2), 17 (Lebowakgomo Zone A, P, R and Q and Rockville) and 18 (Zone A, Tleane, Sefako, Caravan Park, Bester X1, Roma, Complex). These wards' combined population adds up to 35 544 or 15.4% of the total population.

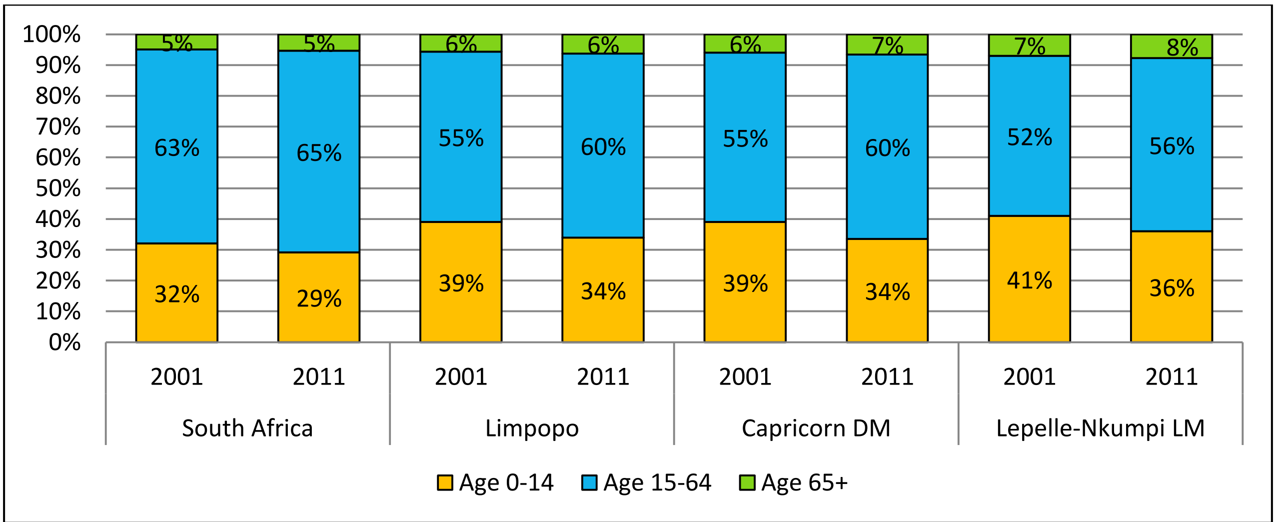
Statistics South Africa defines an economically active person as a person of working age (15-65 years) who is available for work and is either employed or unemployed. The below table and graph provides a comparison of the age distribution.

Table 3.3: Percentage age distribution

	South Africa		Limpopo Province		Capricorn DM		Lepelle-Nkumpi LM	
Age	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**
0-14	32.1%	29.2%	39.1%	34.0%	39.0%	33.6%	41.0%	36.0%
15-64	63.0%	65.5%	55.2%	59.8%	55.0%	59.9%	52.0%	56.2%
65+	4.9%	5.3%	5.7%	6.3%	6.0%	6.6%	7.0%	7.8%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Stats SA: Census 2001 & 2011

Graph 3.1: Percentage age distribution for 2001 & 2011



Source: Stats SA: Census 2001 & 2011

In comparing the age distribution on different levels, it is evident that Lepelle-Nkumpi has a relatively young population, albeit a decline since 2001, with the proportion of children younger than 15 years being higher than on National level. The potential economically active population (people of working age i.e. Age 15-64) of Lepelle-Nkumpi Municipality is slightly lower than that of Capricorn and that of South Africa. This can be attributed to the fact that many people of working age will move towards centres of higher economic activity, such as Gauteng. Within the District, the potentially economically active population will also tend to be concentrated in more urbanised areas such as Polokwane, due to the education and job opportunities they offer. There is thus a need for facilitated job creation in order to retain the population.

The Table below gives an indication of the economically active population (EAP) for 2001 and 2011, as well as the employment rates for this segment of the population. The Table also shows the potential economically active population (population aged 15-64 years). While this whole section of the population is capable of working, many are classified as not working as they are not available for work, such as housewives/homemakers; students and scholars; pensioners and retired people; people who cannot work due to illness or disability; seasonal workers; and those who choose not to work. This segment of the population is also included in the Table as not working.

Table 3.4: EAP and employment status, 2001 & 2011

	South Africa		Limpopo Province		Capricorn DM		Lepelle-Nkumpi LM	
Year	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**
Potential EAP	21964408	33904491	2679122	3231439	608033	755218	119906	129488
EAP	12288712	18774132	1181887	1450903	259916	359151	48933	53054
Employment Status (%) – Potential EAP								
Employed	28%	39%	22%	27%	21%	30%	16%	21%
Unemployed	28%	16%	22%	17%	21%	18%	25%	20%
Not working	44%	45%	56%	55%	57%	52%	59%	59%
Total	**100%**	**100%**	**100.0%**	**100%**	**100%**	**100%**	**100%**	**100%**
Employment Status (%) - EAP								
Employed	58%	70%	51%	61%	50%	63%	39%	52%
Unemployed	42%	30%	49%	39%	50%	37%	61%	48%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Stats SA: Census 2001 & 2011

An employed person can be defined as a person who works for pay, profit or family gain and includes employers, employees, self-employed persons or a working family member (Statistics South Africa, 2004). This also includes both formal and informal employment. As is evident from the Table above, 52% of the economically active population of Lepelle-Nkumpi is employed, which is higher than the level of employment in 2001. Unemployment rates are far higher than that on a national (30%) and District level (37%). Lepelle-Nkumpi Municipality has an unemployment rate of 48%. The unemployment rate is expressed as a measure of the economic 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). There is thus a pressing and urgent need for job creation.

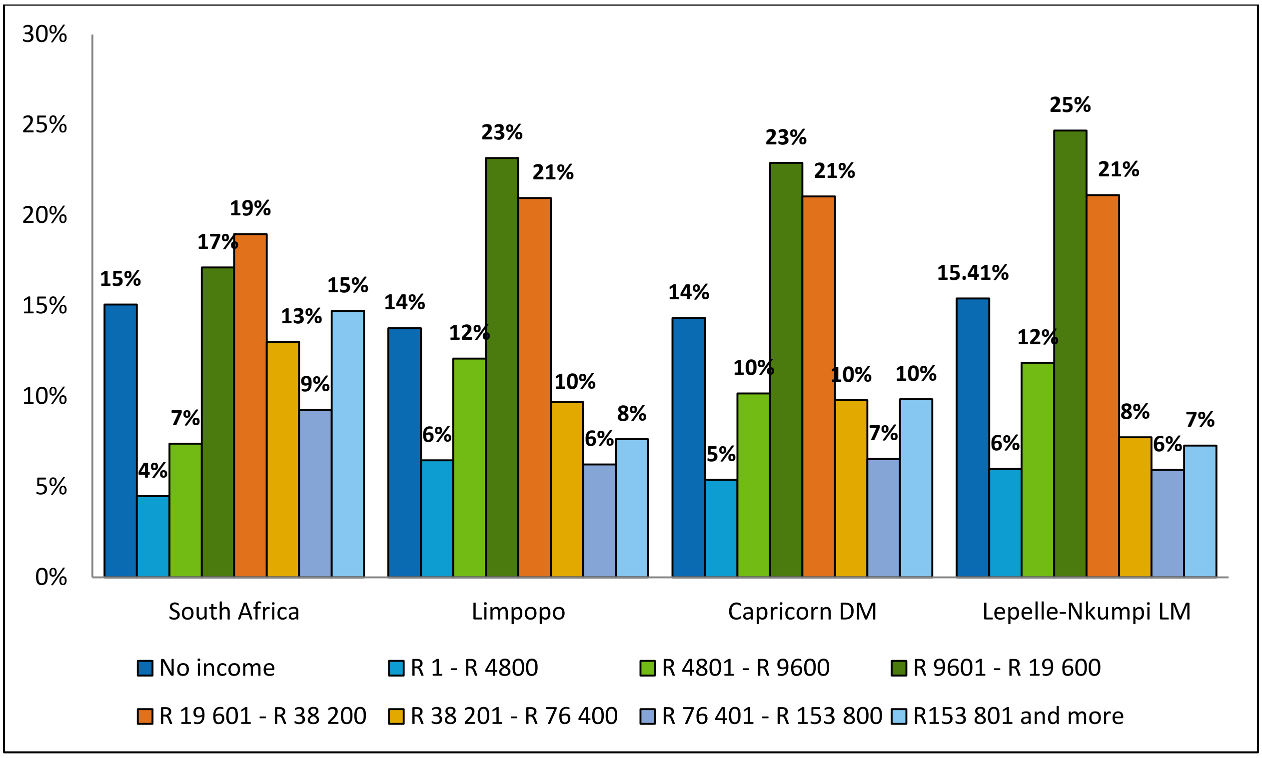
However, of the 129 488 people in Lepelle-Nkumpi Municipality that can potentially take up employment (ages 15-64), nearly 60% are not available for work. This is significantly higher than in the case of Capricorn District (52%) and particularly South Africa (45%). Looking at the reasons why such a large proportion of the potentially economically active population are not working, is due to them becoming discouraged after not being able to find a job or because they do not choose to work.

The low proportion of the potential economically active population that are employed in Lepelle-Nkumpi Municipality (21%) indicates that there is a very large dependency ratio, with every one person employed supporting approximately 2.8 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.

Limpopo Province is one of the poorest provinces in the country, with approximately 14% of households having no form of income, compared to the National level where this figure stands at 15%. Lepelle-Nkumpi Municipality also has very high poverty levels, with more than 15% of households without any form of income (see below Graph).

Furthermore, in Lepelle-Nkumpi Municipality and Capricorn District Municipality, up to approximately 53% and 58% of households respectively earn less than R19 600 per annum, which amounts to less than R1 600 per month. Lepelle-Nkumpi Municipality also has a very low proportion of households that generate higher level incomes, with only approximately 13% of all households in Lepelle-Nkumpi Municipality earning above R76 401 a year. This percentage is lower than that of the Provincial and National levels, as is evident from the Graph above.

Graph 3.2: Percentage distribution of annual household income, 2011



Source: Stats SA: Census 2011

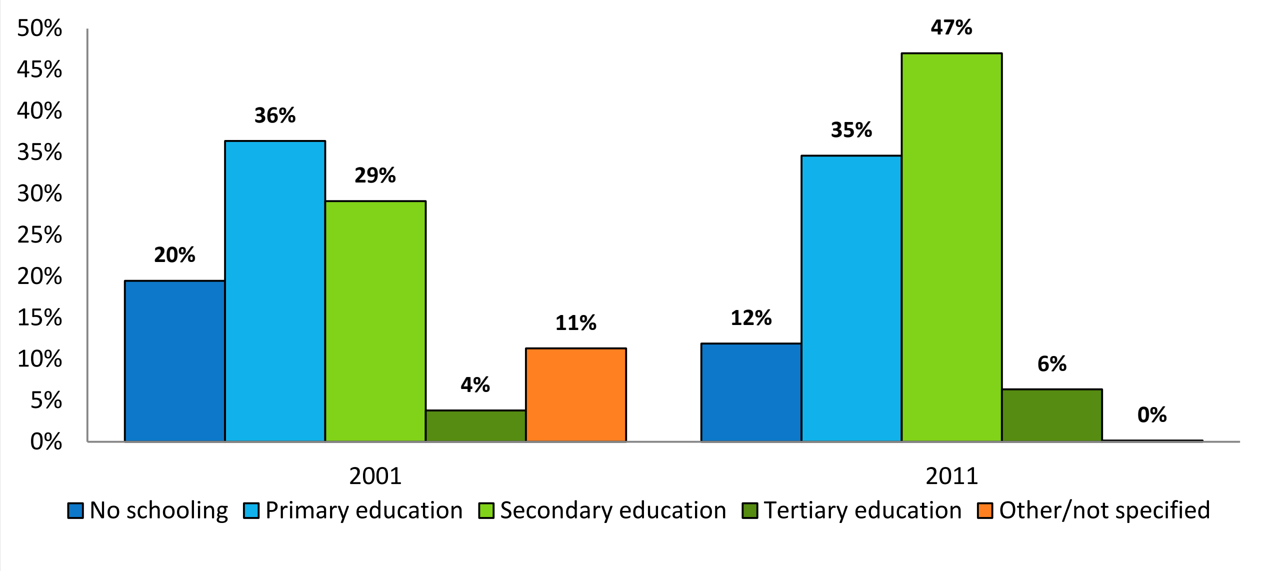
In respect of education, South Africa has a significant proportion of people who either have no education, or have only reached basic education levels, with almost 40% of the population falling within these two categories. The Table below shows that on all levels the percentage of people who do not have any form of education has largely decreased, with increases in primary, secondary and tertiary education occurring across the board between 2001 and 2011. Both Capricorn District Municipality and Lepelle-Nkumpi Local Municipality have slightly lower levels of people without any schooling than on Provincial level although higher than on National level. Despite this, the number of persons without any schooling has decreased significantly from 20% in 2001 to 12% in 2011 and the number of individuals with secondary education has increased from 29% in 2001 to 47% in 2011.

Table 3.5: Percentage distribution of levels of education, 2001 & 2011

	South Africa		Limpopo Province		Capricorn DM		Lepelle-Nkumpi LM	
Year	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**	**2001**	**2011**
No schooling	14%	7%	20%	12%	16%	9%	20%	12%
Primary education	33%	31%	36%	34%	36%	33%	36%	35%
Secondary education	37%	53%	29%	49%	32%	50%	29%	47%
Tertiary education	5%	8%	4%	6%	5%	8%	4%	6%
Other/not specified	10%	0%	11%	0%	11%	0%	11%	0%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Stats SA: Census 2001 & 2011

Graph 3.3: Percentage distribution of education levels for Lepelle-Nkumpi Local Municipality



Source: Stats SA: Census 2001 & 2011

As can be seen from the Graph and Table above, Lepelle-Nkumpi Municipality has improved its education on all levels, except for primary education, between 2001 and 2011. Nonetheless, there is still only 6% of the population that have completed tertiary education. The increases in education levels indicates 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 District Municipality and Lepelle-Nkumpi Local Municipality performed above the National average for primary education.

It is clear that both Lepelle-Nkumpi Municipality and Capricorn District are mainly rural in character, with households in these regions being very poor. The difference in the male and female ratio has remained more or less stagnant in the Lepelle-Nkumpi, although females still represent the largest proportion of the population. The region is also characterised by a relatively young population, indicating the need for Local Economic Development in the region to focus on women and youth. Literacy rates have also increased over the years, providing labour resources that can take up employment opportunities above basic elementary occupations. The increased literacy levels may also, to some extent, have contributed to the increased employment rates in the region.

3.1.2 LOCAL SOCIO-ECONOMIC PROFILE

Lepelle-Nkumpi Municipality forms part of the Capricorn Municipality and consists of 29 wards, 25 of which are rural (approximately 109 villages/settlements), while four are located within Lebowakgomo. The below Table provides an indication of the population growth rates and projections.

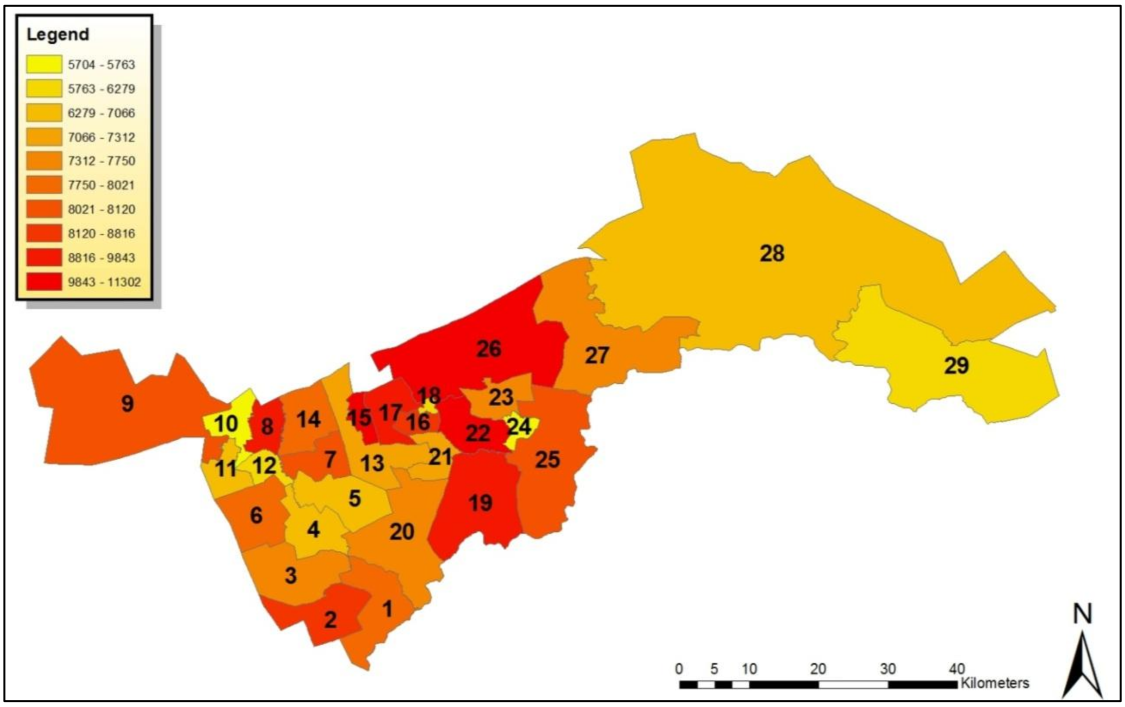
Table 3.6: Population growth rates and projections

Total population 2001	Growth rate (%) per annum	Total population 2011	Projected population	
			2016	2021
227962	0.1%	230 350	231 553	232 763

Source: Stats SA: Census 2001 & 2011, Kayamandi Calculations

The above table reveals that the growth rate for Lepelle-Nkumpi is approximately 0.1% per annum, much less than the anticipated growth rate of 1.48% as revealed within the Limpopo Spatial Rationale. From the above growth rate, the projected population for 2016 is approximately 231 553 and for 2021 it is approximately 232 763.

Figure 3.1: Total population per ward, 2011



Source: Stats SA: Digital Spatial Boundaries, Census 2011

The overall density for Lepelle-Nkumpi Municipality measures at approximately 67 persons per square kilometre, with the highest population densities occurring around Lebowakgomo. From the Map above, it is evident that eastern half of the municipality is more sparsely populated.

However, in analysing population growth, it is important to also take into account the HIV/Aids prevalence for the municipality, as the incidence of HIV/Aids will have a distinct effect on the population totals in the future.

According to the Department of Health as referenced by the Capricorn District Municipality IDP, approximately 9% of the Lepelle-Nkumpi Local Municipality's population are infected with HIV and another 8.6% are HIV positive with Tuberculosis (TB). The relatively high prevalence of HIV in Lepelle-Nkumpi could in future result in a diminished labour force, which in turn will affect the economy of the region and this could leave households even poorer than is currently the case. This will also result in reduced productivity due to intermitted periods of sick leave.

Table 3.7: HIV/Aids & TB prevalence, 2009 & 2010

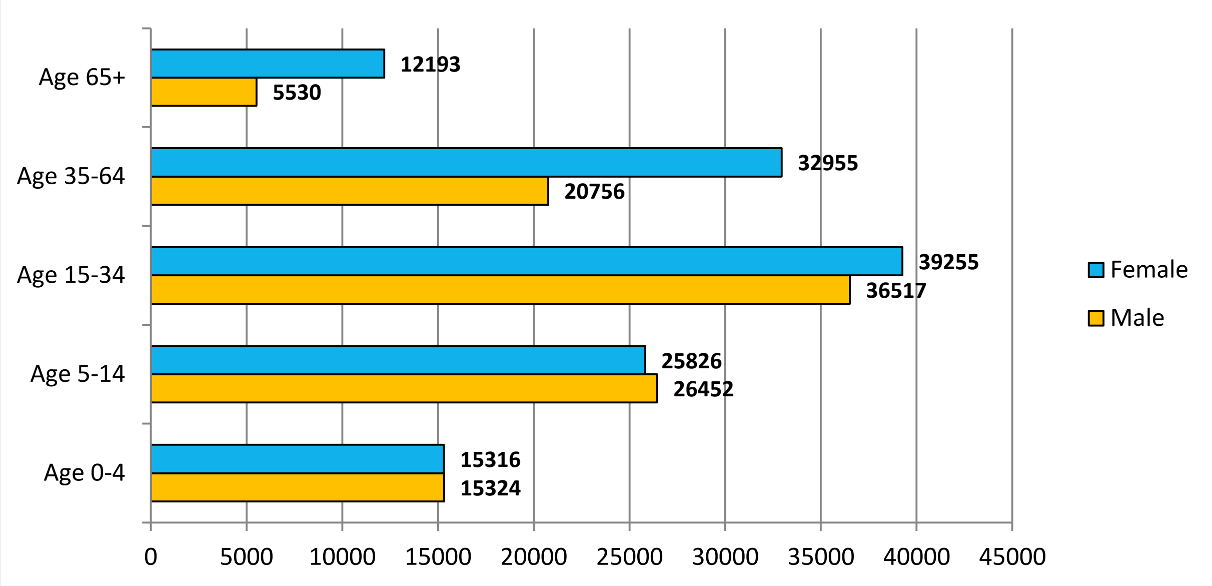
Lepelle-Nkumpi		
Year	**2009**	**2010**
HIV Prevalence	21.8%	9.1%
HIV + with TB	10.0%	8.6%

Source: CDM IDP, 2012/2013

HIV/Aids this is a growing problem, which in future will place pressure on the economy of the municipality, both directly and indirectly.

The Graph below gives an indication of the age and gender distribution of the municipality and from the graph, it is clear that Lepelle-Nkumpi Municipality has a fairly young population, with nearly 40% of its population being below the age of 15. The largest population group, however, remains that of the age group 15-64, people that are of working age and can potentially generate an income. From the age breakdown above, it can also be seen that even within this age group, the population is reasonably young. This could be an indication of outward migration of workers, especially males, to other centres of economic activity where employment opportunities are more readily available. The relatively large youth also has a direct influence on the dependency ratios of the region, where the number of people supported by a single income is reasonably high.

Graph 3.4: Age and gender distribution, 2011



Source: Stats SA: Census, 2011

As is clear from the age graph, Lepelle-Nkumpi Municipality is dominated by females. 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 labour market.

Within Lepelle-Nkumpi Municipality, the largest proportion of population within the age group 15-64 is found in Lebowakgomo (17.2%). This indicates that Lebowakgomo is a centre of higher economic activity and attracting mainly the workforce of the surrounding areas to Lebowakgomo.

Lepelle-Nkumpi and Capricorn District as a whole are characterised by very low levels of urbanisation. While there is no definitive definition of what constitutes an urban area, Statistics South Africa classified urban areas in the 2001 Census according to the dominant settlement type and the land use. Urban areas typically include cities, towns, townships and suburbs, although informal settlements, hostels, institutions, industrial and recreational areas, and smallholdings within or adjacent to any formal urban settlement are classified as urban.

Within Lepelle-Nkumpi, only Lebowakgomo and Magatle is classified urban settlements, which could explain the higher percentage of working age and male dominated population here, compared to other areas in Lepelle-Nkumpi. The Table below gives an indication of the average household size in Lepelle-Nkumpi.

Table 3.8: Average household size, 2001 & 2011

Year	Total population	Number of hh	Average hh size
2001	227972	51242	4.4
2011	230350	59682	3.9

Source: Stats SA: Census 2001 & 2011

Lepelle-Nkumpi Municipality has an average household size of 3.9 persons per household, compared to 4.4 in 2001. The average household size for the Limpopo province is 3.8, which is similar to that of Lepelle-Nkumpi Local Municipality. It has been noted that the tendency is that larger extended families are encountered in the more rural areas.

As mentioned in the regional socio-economic profile, Lepelle-Nkumpi Municipality has seen a significant improvement in its education levels, with the percentage of the population having no form of education decreasing by 7% in 2001 to 2011. Other levels of education have also seen improvements, particularly on secondary education level, from only 29% in 2001 to 47% in 2011. The below Table provides an indication of the education levels within Lepelle-Nkumpi.

Table 3.9: Percentage distribution of education levels, 2001 & 2011

Year	No Schooling	Primary education	Secondary education	Tertiary education	Other
2001	19%	36%	29%	4%	11%
2007	7%	70%	20%	3%	1%
2011	12%	35%	47%	6%	0.2%

Source: Stats SA: Census 2001 & 2011, Community Survey 2007

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 ward with the highest percentage of none schooled population is ward 24 (Matime, Maijane, Makaung, Madilaneng and Seleteng) with more than 18% of the population living in ward 24 unschooled. The below Tables provides an indication of the local employment profile.

Table 3.10: Employment profile, 2001 & 2011

Year	EAP	Employed (%)	Unemployed (%)	Total
2001	48933	39%	61%	100%
2007	47502	58%	42%	100%
2011	53054	52%	48%	100%

Source: Stats SA: Census 2001 & 2011, Community Survey 2007

Table 3.11: Employment profile per ward, 2011

Ward Name	EAP 2011	Employed 2011	Unemployed 2011	Total
Ward 1	765	38%	62%	100%
Ward 2	1 052	51%	49%	100%
Ward 3	788	38%	62%	100%
Ward 4	1 142	41%	59%	100%
Ward 5	977	27%	73%	100%
Ward 6	1 307	37%	63%	100%
Ward 7	1 735	39%	61%	100%
Ward 8	2 422	68%	32%	100%
Ward 9	2 296	50%	50%	100%
Ward 10	1 342	58%	42%	100%
Ward 11	1 251	51%	49%	100%
Ward 12	1 604	47%	53%	100%
Ward 13	2 326	45%	55%	100%
Ward 14	1 808	58%	42%	100%
Ward 15	5 677	77%	23%	100%
Ward 16	3 474	69%	31%	100%
Ward 17	3 985	62%	38%	100%
Ward 18	2 285	78%	22%	100%
Ward 19	1 661	32%	68%	100%
Ward 20	1 244	41%	59%	100%
Ward 21	1 748	29%	71%	100%
Ward 22	2 140	37%	63%	100%
Ward 23	1 508	39%	61%	100%
Ward 24	773	34%	66%	100%
Ward 25	1 367	36%	64%	100%
Ward 26	2 924	38%	62%	100%
Ward 27	1 296	49%	51%	100%
Ward 28	1 413	49%	51%	100%
Ward 29	744	36%	64%	100%
Total	**53 054**	**52%**	**48%**	**100%**

Source: Stats SA: Census 2011

Of the 53 054 people in Lepelle-Nkumpi Municipality who are economically active, only 52% have some form of employment. In Lepelle-Nkumpi wards 15, 16, 17 and 18, which form Lebowakgomo the proportion of the economically active population that enjoy some form of employment is on average between 70%and 66%, indicating that a large percentage of all persons of working age who wanted to work and actively sought out employment opportunities, were able to secure a job and generate an income. In contrast, ward 29 has unemployment rates of approximately 80%. This is much higher than that of the municipality as a whole, as well as on District, Provincial and National levels and demonstrates that there is an acute shortage of job opportunities in ward 29 consisting of Mlakabaneng, Ngwaname, Sekgwarapeng, Motsane, Kappa, Dublin and Mankele.

The Table below provides an indication of the annual household income distribution and reveals that the majority of households in Lepelle-Nkumpi earn a total household income of between R9 601 and R19 600 per annum, represented by 25% of the households, Ward 3 (Droogte and Ga-Molapo) has the greatest proportion of households with no income. In other words, more than 58% of households earn less than R19 600 per annum, indicating the high poverty levels of the region. The average household income is approximately R33 164 per annum, translating to an average monthly household income of approximately R2 764.

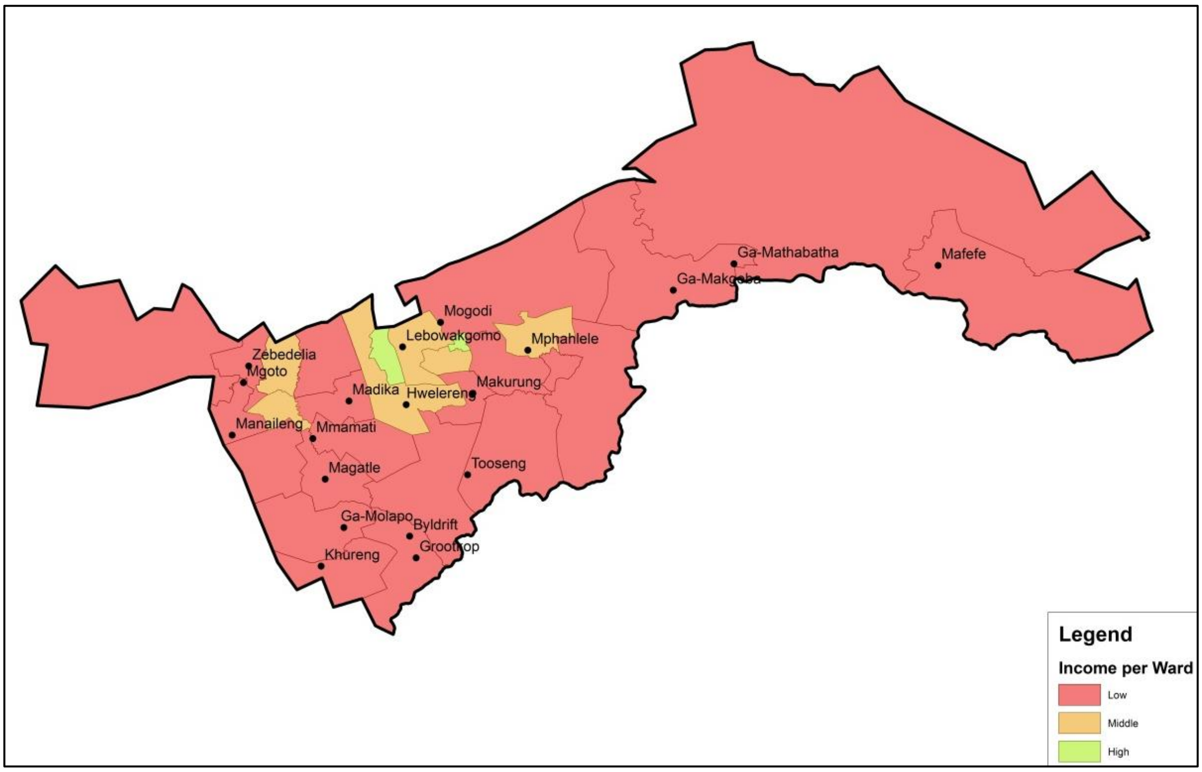
Table 3.12: Percentage annual household income distribution, 2001 & 2011

Year	No income	R1-R4800	R4801-R9600	R9601-R19600	R19601-R38200	R38201-R76400	R76401-R153800	R153801 +
2001	32%	11%	25%	14%	8%	6%	3%	1%
2007	11%	8%	13%	27%	21%	11%	4%	3%
2011	15%	6%	12%	25%	21%	8%	6%	7%

Source: Census 2001 & 2011

The income levels are also shown in the below Map which clearly indicates that the areas with the highest income are concentrated around Lebowakgomo which is the urban hub of Lepelle-Nkumpi.

Figure 2.2: Income levels per ward



Source: Stats SA: Digital Spatial Boundaries, Census 2011

In terms of the general infrastructure provisions and services in the municipality, the Lepelle-Nkumpi Municipality IDP 2012/13 indicates the following:

- **Health facilities:** There are a total of 13 public health facilities within the area of jurisdiction of Lepelle- Nkumpi Municipality (10 primary health care clinics and 3 hospitals); one more private hospital and two clinics is being constructed in Lebowakgomo. This would improve the level of health services within the Municipality. These facilities are supplemented by the operation of nine mobile clinics.
- **Welfare:** Approximately 8300 grants are issued in Lepelle-Nkumpi Local Municipality by the SA Social Security Agency, which constitutes of 21% of the grants issued within the Capricorn District Municipality. These social grants issued within Lepelle-Nkumpi Local Municipality are set out below:
  - Old age pension (27%)
  - Disability (5%)
  - Child support (67%)
  - Care dependency (1%)
  - Foster care (0.02%)
  - Grant in aid (0.1%)
- **Educational facilities:** There are 115 primary schools, 81 secondary schools and 1 FET College within the jurisdiction of the Municipality. Presently, the ‘learner/educator’ ratios compare very favourably to the national norms used by the Department of Education, i.e. 1:40 for primary schools and 1:35 for secondary schools.
- **Water:** A total of 68% of households have access to water above RDP standards, with a backlog of 18715 households that do not have access to adequate water. Approximately 37% or 2167 households have water connections inside their yards, while a 27% of households still rely on communal standpipes. Approximately 32% of communities receive water below RDP standards. The major concern is those people (8% of households) receiving water from natural sources like rivers, dams, springs, etc. 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.
- **Electricity:** Electricity is generated and distributed by ESKOM in the municipality. Electricity and energy is provided by means of the following sources, viz.: 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. A total of 90% of households in the municipal area has access to electricity. Almost 10% of households use other energy source

such as wood, paraffin, coal, gas. The municipality's mission is to provide electricity to all residents by 2014.

- **Refuse removal:** More than 24% of households in Lepelle-Nkumpi have access to a municipal solid waste disposal service, mostly in the urban area of Lebowakgomo. Thus approximately 76% of households in Lepelle-Nkumpi do not have access to such service. Most people who reside within rural areas dig their own refuse dumps within their yards.
- **Telecommunications:** Telkom's public telephone service provides telecommunication to 60.33% of households in the municipal area. A substantial percentage of households (76%) have access to mobile phones.
- **Transport and roads:** for more detail see the Transport sector which is analysed in more detail in the following section.
  - **Freight transport:** Moving South Africa identified three significant freight corridors through Limpopo, of which one runs through Lepelle-Nkumpi, i.e. the R37 from Mashishing to Polokwane, through Lebowakgomo and Burgersfort. There is significant potential for freight transport due to mining activities in Lepelle-Nkumpi and adjacent municipal areas.
  - **Taxi operations:** There are 12 taxi ranks in the Lepelle-Nkumpi area of which 5 are informal.
  - **Bus operations:** There are 19 subsidised bus routes in the Lepelle-Nkumpi municipal area.
  - **Rail operations:** There are no rail lines operating in the Lepelle-Nkumpi municipal area.

3.2 ECONOMIC PROFILE

This sub-section provides an understanding of the broader economy within which Lepelle-Nkumpi is situated. This is followed by the local economic profile.

3.2.1 LOCAL ECONOMIC PROFILE

The Table below shows the sectoral contribution to the economy for South Africa, Limpopo, Capricorn District and Lepelle-Nkumpi Local Municipality. This is measured in respect of the gross domestic product (GDP) or output each sector contributed to the total GDP of the region, indicating which sectors are most important for that region.

The GDP is one of several measures of the size of a region's economy. The Gross Domestic Product of a region is defined as the market value of all final goods and services produced within a country in a given period of time. GDP of a region is a measure of the income generated in that region.

In respect of its input into the National economy, Limpopo Province only contributes about 7% of the total GDP generated by the country as a whole, making it one of the lowest contributors in the country. However, Limpopo Province makes the second biggest contribution the total GDP in the Mining sector (22%), topped only by North West Province (26%).

Table 3.13: Percentage sectoral share of the GDP per area, 2001, 2007 & 2011

Sector	South Africa			Limpopo			Capricorn DM			Lepelle-Nkumpi LM		
	2001	2007	2011	2001	2007	2011	2001	2007	2011	2001	2007	2011
Agriculture	4%	2%	2%	3%	3%	2%	2%	2%	2%	1%	1%	2%
Mining	8%	7%	10%	26%	24%	30%	4%	3%	4%	17%	14%	17%
Manufacturing	19%	19%	13%	4%	4%	3%	4%	4%	3%	3%	4%	3%
Utilities	2%	2%	3%	3%	3%	3%	3%	4%	6%	2%	3%	4%
Construction	2%	3%	5%	2%	2%	3%	2%	2%	4%	2%	3%	4%
Wholesale & retail trade	14%	14%	14%	13%	13%	12%	17%	13%	12%	12%	11%	10%
Transport & communication	10%	10%	8%	9%	10%	8%	13%	12%	9%	9%	9%	6%
Finance and business services	19%	22%	21%	15%	18%	15%	23%	27%	24%	14%	15%	12%
Social and personal services	6%	6%	7%	5%	5%	6%	6%	7%	8%	8%	9%	10%
Government services	15%	14%	16%	20%	18%	18%	26%	26%	29%	32%	31%	31%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Quantec database 2011

From the above information, it is clear that Capricorn District relies heavily on finance and business services represented by 23% of the contribution to the economy 2001 and increasing slightly by 2011 to 24%. Other sectors that are important contributors to the general output of the District's economy in both 2001 and 2011 are government services, wholesale and retail trade sectors, as is indicated by the Table above. However, mining sector is far more important to the economy of Lepelle-Nkumpi than that of the District. The mining sector contributes to 17% of the output of Lepelle-Nkumpi and only 4% to that of the District. The importance of the Mining sector has decreased slightly from 2001 to 2011 Lepelle-Nkumpi by 0.6% and increased on Provincial level from 26% in 2001 to 30% in 2011. While the Manufacturing sector appears to play a major role in the National economy, it is among the lower performing sectors in the Province, District and local Municipality. The majority of the sectors have remained relatively constant between 2001 and 2011.

The municipality's dependency on the government services are very high (31%) and has remained constant from 2001 to 2011, which is a negative indication in that the economy is dependent on income from the government services sector, which does not represent new income generation.

From the table, it is clear that Lepelle-Nkumpi Local Municipality's economy is not dependent on the agricultural sector. However, it is widely known and has been reported on various occasions that a great number of informal agricultural activities and businesses are operating within the Local Municipality, and that Lepelle-Nkumpi has tremendous potential for extended agricultural activities and beneficiation of existing formal agricultural activities.

The contribution of Lepelle-Nkumpi municipality to the economy of the District, will however provide a better indication of the sectoral importance or contribution to the Districts output. The Table below illustrates the overall output each municipality contributed to the total GDP of Capricorn District.

Table 3.14: Percentage municipal contribution to total GDP of Capricorn District, 2011

Sector	Blouberg	Aganang	Molemole	Polokwane	Lepele-Nkumpi
Agriculture,	0.12%	0.15%	0.71%	0.69%	0.21%
Mining and quarrying	0.15%	0.09%	0.13%	1.53%	2.31%
Manufacturing	0.08%	0.22%	0.19%	2.51%	0.48%
Utilities	0.15%	1.29%	0.14%	3.44%	0.55%
Construction	0.07%	0.17%	0.25%	2.44%	0.60%
Wholesale and retail trade	0.65%	1.27%	0.76%	7.57%	1.43%
Transport and communication	0.57%	0.14%	0.53%	6.84%	0.88%
Finance and business services	0.76%	0.83%	1.31%	19.12%	1.70%
Social and personal services	0.64%	0.67%	0.54%	4.92%	1.36%
Government services	1.50%	1.49%	1.40%	20.14%	4.35%
Total contribution to Capricorn DM GDP	**4.68%**	**6.31%**	**5.96%**	**69.19%**	**13.86%**

Source: Quantec database 2011

As is evident from the above Table, Polokwane contributes the overwhelming majority of the GDP generated by the District and contributes almost 70% to the economy of the District. The sectors of Polokwane that contribute the most to the District are finance and business, followed by government services, wholesale and retail trade and transport, storage and communication. Lepelle-Nkumpi Local Municipality contributes the second most to the District. The government services sector and the mining sector of Lepelle-Nkumpi also provided a substantial contribution to the districts output, namely approximately 4% and 2% respectively.

The table below sets out the sectoral share for each local municipality towards the sectoral share for Capricorn District Municipality. From the table, it is clear that the mining sector in Lepelle-Nkumpi contributes the most towards the GDP share for mining and only third most for agriculture within Capricorn District Municipality.

Table 2.15: Percentage contribution towards the sectoral share of the GDP for Capricorn District, 2011

Sector	Blouberg	Aganang	Molemole	Polokwane	Lepele-Nkumpi	Total contribution towards sector
Agriculture,	6%	8%	38%	37%	12%	**100%**
Mining and quarrying	4%	2%	3%	35%	56%	**100%**
Manufacturing	2%	6%	5%	72%	14%	**100%**
Utilities	3%	23%	2%	61%	11%	**100%**
Construction	2%	5%	7%	69%	17%	**100%**
Retail and trade	6%	11%	7%	65%	12%	**100%**
Transport and communication	5%	1%	6%	78%	9%	**100%**
Finance and business services	3%	3%	5%	81%	7%	**100%**
Social and personal services	8%	8%	7%	61%	16%	**100%**
Government services	5%	5%	5%	70%	15%	**100%**

Source: Quantec database 2011

In analysing the growth, it is possible to identify whether industries are becoming more or less important in the economy and whether industries on local levels are growing of their own accord, or whether growth in a particular sector is a national trend. The Table below sets out the growth rates.

Table 3.16: Percentage GDP growth for year 2011

Sector	South Africa	Limpopo	Capricorn DM	Lepelle-Nkumpi
Agriculture, forestry and fishing	2.14%	3.73%	6.04%	9.06%
Mining and quarrying	0.03%	0.72%	-1.12%	-1.08%
Manufacturing	2.32%	2.25%	3.04%	8.13%
Electricity, gas and water	2.35%	3.94%	7.46%	7.05%
Construction	7.71%	5.83%	4.91%	10.31%
Wholesale and retail trade	3.61%	2.96%	-0.58%	1.94%
Transport and communication	4.73%	4.69%	1.85%	2.26%
Finance and business services	5.50%	4.95%	4.12%	2.90%
Community and social services	2.95%	3.00%	3.69%	3.09%
General government	3.15%	2.62%	3.14%	2.46%
Total growth	3.56%	2.92%	2.84%	2.58%

Source: Quantec database 2011, Kayamandi calculations 2011

From the Table above, it is clear that the economies of Limpopo Province (2.92%), Capricorn District (2.84%) and Lepelle-Nkumpi Local Municipality (2.58%) have grown slower than that of the country as a whole (3.56%).

The economy of South Africa as a whole appears to be a more diversified one, with the growth rates of the sectors experiencing the highest growth being very similar. In this respect, the highest growth rates in Lepelle-Nkumpi are experienced in the construction sector, with an average annual growth rate of 10.31%, followed by agriculture with a growth rate of 9.06%.

The mining sector have shown slight negative growth rates, which can be ascribed to the decreased mining activities and the majority of established mines placed under care and maintenance within the area as a direct result of the economic recession. The other sectors have all experience positive growth rates over the ten year period.

To further illustrate which sectors are enjoying a competitive advantage in relation to other regions, a number of economic analysis techniques are used, as defined below:

- **Multiplier Effect** is a measure of the Indirect and Induced employment that is created by increasing employment in a Sector by one
- **Location Quotient** (LQ) is a means of comparing the performance of regions against a benchmark region, usually the District, Province or the Nation. It compares how a Sector is performing in a region compared to the performance of the same Sector in the benchmark region. A Location Quotient of 1 means that the regions are performing equally, where as a Location Quotient of less than 1 means that the study region is not performing as well
- **Industrial Mix** (IM) measures the share of regional economic change that could be attributed to the benchmark region's industry mix. It reflects the degree to which the local region specializes in industries that are fast or slow growing in the benchmark economy. IM is positive where a region specialises in benchmark fast growing industries, whereas it is negative where regions specialise in benchmark declining industries
- **Differential Share** (DS) is reflected in the difference between the industry's local regional growth rate (or rate of decline) and the industry's benchmark region growth rate. Some regions and some industries generally grow faster than others, even during times of overall prosperity. This is usually attributed to some local comparative advantage. Regions with a comparative advantage have a positive DS
- **Carvalho Scale** (CS) combines the Location Quotient, Industrial Mix and Differential Share to give a sectoral breakdown of a region's potential for growth and its potential strengths and weaknesses. The Location Quotient is used to provide information on concentration of employment or GDP, while the Industrial Mix and District Share components provide assessment of Sector capacity for growth/decline compared to benchmark trends (in that

Sector). Therefore, the Carvalho Scale combines the two in order to classify the past growth of the economic sectors of a region into one of nine categories, based on whether it had a High Medium or Low Location Quotient and if it had a Leading or Lagging IM and DS. The nine classifications are shown below:

Location Quotient	Provincial Sector Growth	Local Sector Growth	Carvalho Classification	Industry Classification
> 1.25 (High)	Leading	Leading	Driving	Current strength
0.75 – 1.25 (Medium)	Leading	Leading	Accelerating	
< 0.75 (Low)	Leading	Leading	Rising	Emerging strength
> 1.25 (High)	Lagging	Leading	Evolving	Prospects limited by external trends
0.75 – 1.25 (Medium)	Lagging	Leading	Transitional	
< 0.75 (Low)	Lagging	Leading	Moderate	Prospects limited by weak base & external trends
> 1.25 (High)	Leading	Lagging	Promising	High priority retention target
0.75 – 1.25 (Medium)	Leading	Lagging	Yielding	
< 0.75 (Low)	Leading	Lagging	Modest	Prospects limited by weak base & declining competitiveness
> 1.25 (High)	Lagging	Lagging	Challenging	Prospects limited by external trends & declining competitiveness
0.75 – 1.25 (Medium)	Lagging	Lagging	Vulnerable	
< 0.75 (Low)	Lagging	Lagging	Marginal	Prospects limited overall

The table and graph below outlines the Carvalho classifications and prospects for each industry in Lepelle-Nkumpi Municipality compared to Capricorn District, based on GDP growth (2001 to 2011).

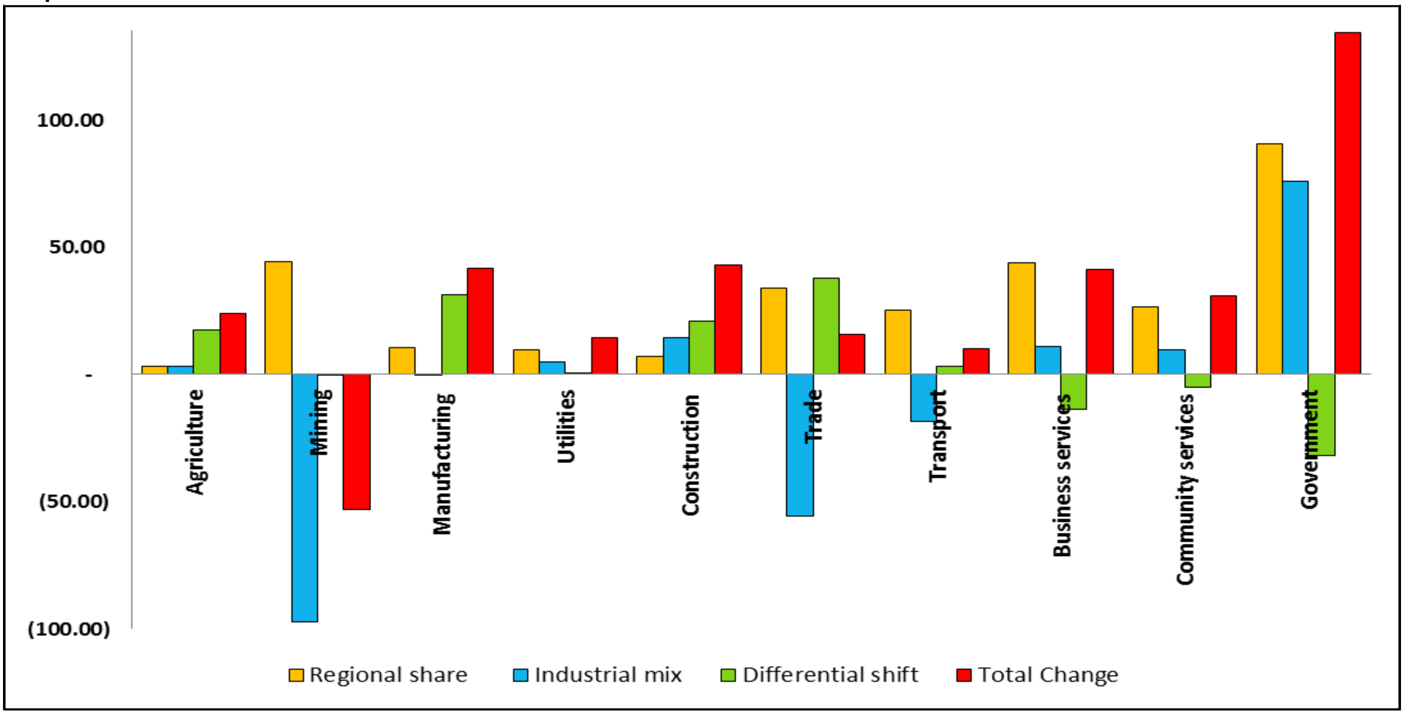
As is evident from the below, the sector in Lepelle-Nkumpi with the highest Location Quotient and therefore the largest comparative advantage is that of mining (4.34), followed by Construction (1.31), community, social and other personal services (1.27), and government services (1.16). These sectors in Lepelle-Nkumpi Municipality are therefore outperforming the same sectors in Capricorn District and serve the needs extend beyond the boundaries of the municipality. These sectors are likely 'exporting' goods and services. The lowest performing industries in Lepelle-Nkumpi Local Municipality are the finance and business services and transport and communication that all have Location Quotients below 0.75, which indicates that local needs are not being met by these sectors and the municipality is importing goods and services in these sectors. The utilities (water, electricity and gas) sector, agriculture, wholesale and retail trade, manufacturing and government services sector have LQ between 0.75 and 1.25, which means that these sectors are self-sufficient in that sector.

Table 3.17: Carvalho scale analysis of Lepelle Nkumpi Municipality, 2001 to 2011

Industry	Location quotient (LQ)	Provincial sector growth (IM)	Local sector growth (DS)	Carvalho classification	Sector targeting classification
Agriculture	0.90	Leading	Leading	Accelerating	Current strength
Mining	4.34	Lagging	Lagging	Challenging	Prospects limited by external trends & declining competitiveness
Manufacturing	1.06	Lagging	Leading	Transitional	Prospects limited by external
Electricity & water	0.82	Leading	Leading	Accelerating	Current strength
Construction	1.31	Leading	Leading	Driving	Current strength
Wholesale & retail trade	0.95	Lagging	Leading	Transitional	Prospects limited by external trends
Transport & communication	0.72	Lagging	Leading	Moderate	Prospects limited by weak base and external trends
Business services	0.55	Leading	Lagging	Modest	Prospects limited by weak base & declining competiveness
Social services	1.27	Leading	Lagging	Promising	High priority retention target
Government services	1.16	Leading	Lagging	Yielding	High priority retention target

Source: Quantec database2011, Kayamandi calculations 2012

Graph 3.5: GDP shift share



Source: Kayamandi calculations, 2011

In terms of the Industrial Mix, lagging industries are sectors in which Lepelle-Nkumpi Municipality is specialising, while this sector is declining in the District. This is particularly the case for the mining, manufacturing, trade and transport sectors. This gives an indication that Lepelle-Nkumpi should be aiming to diversify its economy into other sectors. Leading sectors in Industrial Mix indicate specialisation on a local level in industries, which are growing fast in the benchmark economy. In Lepelle-Nkumpi, agriculture, utilities, construction, business services, community services (social and personal) and government sectors are well-performing sectors, which are also growing in the District. This creates opportunities for further development of these industries locally.

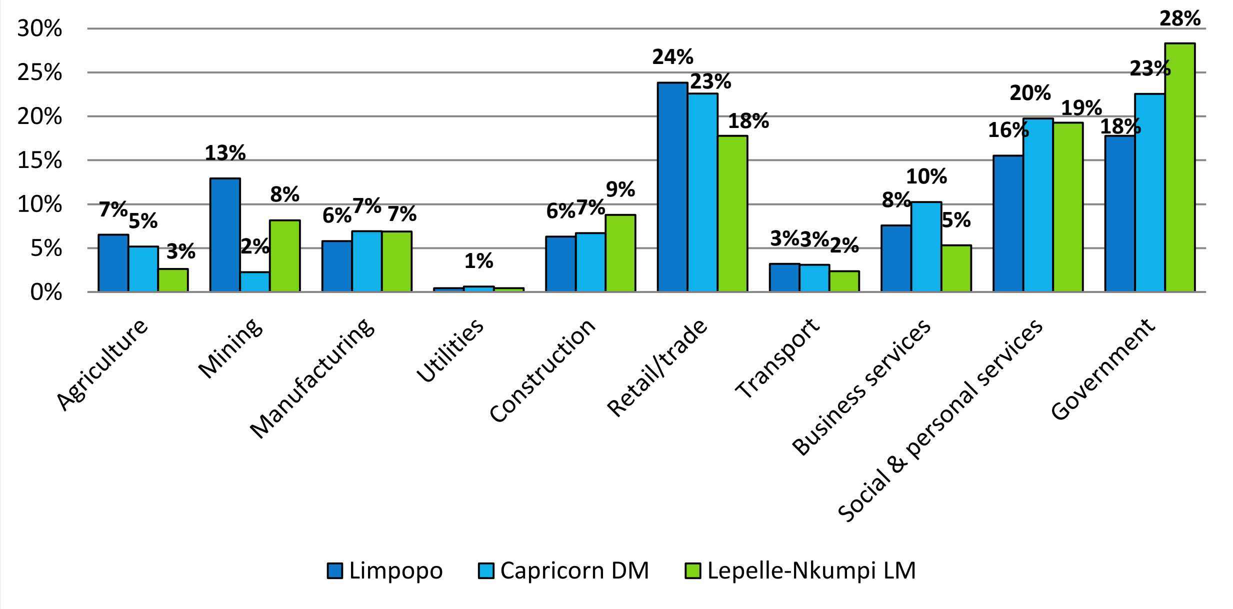
The Differential Shift gives a further indication of which sectors have a comparative advantage on a local level, causing it to grow faster than the same sector in the benchmark economy. Leading industries illustrate a region's comparative advantage above others. From the Table above, it is clear that comparative advantages in Lepelle-Nkumpi Municipality in terms of the Differential Shift exist in the agriculture, manufacturing, construction, trade and sectors. Where industries lack comparative advantages, factors affecting these sectors should be addressed in order to retain and expand current business in these sectors, and to attract new business.

Overall therefore, apart from government services, the manufacturing and construction sectors are shown as promising, with a high priority retention target. The other high growth sectors are business and financial services, community services and agricultural sectors.

The employment provided within a sector is also a good indication of the strength and importance of a sector in the economy. The Graph below gives an indication of the performance of different sectors of the economy in Lepelle-Nkumpi Municipality, compared to employment trends in Capricorn District and the Limpopo Province.

From the below Graph it is evident that the highest employment sectors in Lepelle-Nkumpi are government services, followed by community, social and personal services (which include those working for a private household) and retail/trade. The sector contributing the least towards employment is the utilities (water, electricity and gas) sector. The community, personal and social services sector has a far lower contribution to GDP than for example business services, yet, it has a far higher share of employment than the mining sector. This reveals that the community, social and personal services sector is not a large contributor to the economy of the municipality, but it is a significantly large contributor to employment (approximately 19%). The opposite is true for business services, with only a 5% share in employment for the local municipality, but contributes 15% towards the GDP of Lepelle-Nkumpi.

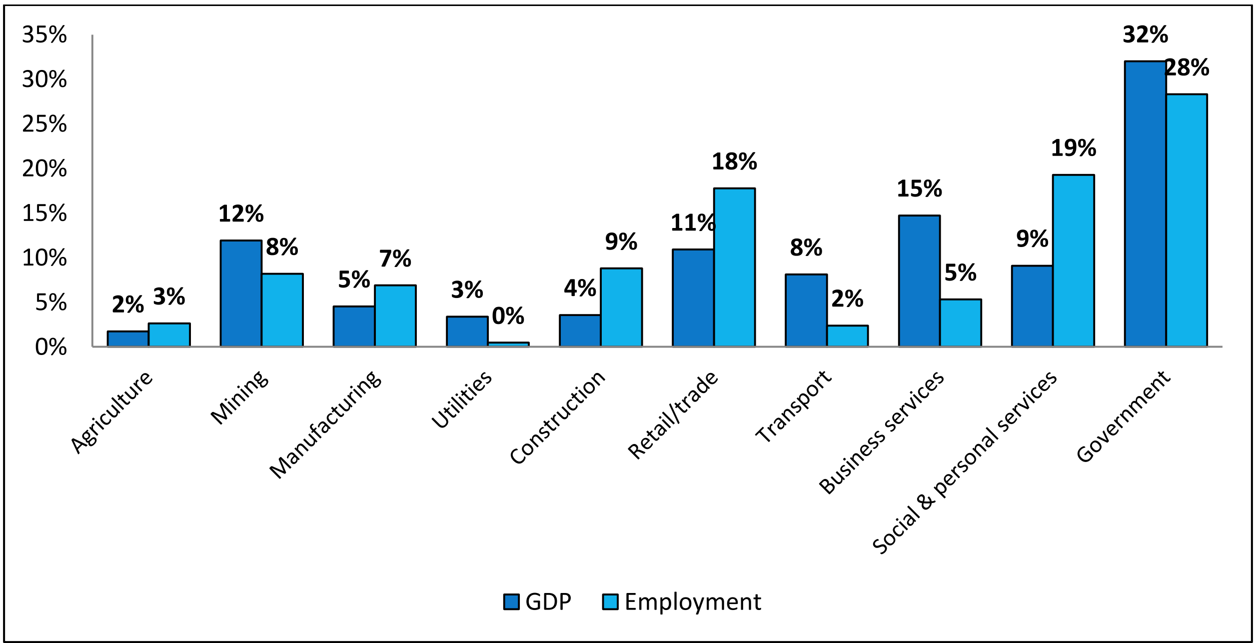
Graph 3.6: Sectoral percentage employment distribution, 2011



Source: Quantec database, 2011

The graph below illustrates the above and the comparison of the other economic sector's GDP versus employment.

Graph 3.7: Employment share versus GDP contribution, 2011



Source: Quantec database, 2011

When referring back to Graph 3.6, it is clear that the community, social and personal services sector is more or less on par with that of Capricorn District Municipality and Limpopo in terms of employment share. The agricultural sector employment in Lepelle-Nkumpi is however far lower than that of the Province and the District and the mining sector employment contribution is much higher. The remaining sectors are more or less on par with the District and Province. Approximately 28% of the employment within the municipality is however in the government services sector and this dependency on the government services sector, reveals the need for greater focus on creating other sectoral employment opportunities.

3.2.2 LOCAL ECONOMIC SITUATIONAL ANALYSIS

The purpose of this sub-section is to analyse the current economic situation of Lepelle-Nkumpi Municipality on a local level in order to give an indication of which sectors are the main contributors to the economy of the study area, which sectors are growing and becoming more important and to assist in identifying opportunities that exist for further development and growth.

Economic activity is generally measured in terms of its output or production. Gross Domestic Product (GDP) is a good measure of the size of an economy and represents the market value of new goods and services produced in a given period of time. A further measure that gives a good indication of the most important sectors in an economy is its contribution to employment.

The Table below demonstrates the sectors that were the biggest contributors to the economy of Lepelle-Nkumpi in terms of its output for 2001, 2007 and 2011.

From the Table below it is clear that the government service sector remains an important contributor to Lepelle-Nkumpi Local Municipality's GDP. While its importance has decreased slightly from 2001 to 2007, it still contributed 31% to the overall GDP generated in Lepelle-Nkumpi in 2011. The mining sector is increasing its contribution to the economy after decreasing from 17% in 2001 to 14% in 2007, to contribute 17% to the GDP share 2001, which ranks it the second in its share of the overall GDP. Even though the finance and business services decreased its contribution to the GDP share it is still important to the economy of Lepelle-Nkumpi, and contributes approximately 12% to the GDP of the municipality in 2011.

Table 3.18: Percentage distribution of sectoral share of GDP, 2001, 2007 & 2011

Sector	Lepelle-Nkumpi LM		
	2001	2007	2011
Agriculture, forestry and fishing	1%	1%	2%
Mining	17%	14%	17%
Manufacturing	3%	4%	3%
Electricity & water	2%	3%	4%
Construction	2%	3%	4%
Wholesale & retail trade; catering and accommodation	12%	11%	10%
Transport & communication	9%	9%	6%
Finance and business services	14%	15%	12%
Community, social and other personal services	8%	9%	10%
General government services	32%	31%	31%
Total	**100%**	**100%**	**100%**

Source: Quantec database, 2011

While the output of a region and the different sectors are essential in analysing the strengths and weaknesses of each region, output is often influenced by historically important sectors and patterns of economic activity. However, as shifts occur in the focus areas of different economies, some historically important sectors, while still generating considerable output, may be declining in importance. Therefore, the growth experienced in different sectors and in the economy of a region as a whole gives valuable insight into what the trend is and what can be expected in the future.

Table 3.19: Percentage GDP annual growth per sector

Sector	Lepelle-Nkumpi LM
Agriculture, forestry and fishing	14.97%
Mining	-2.47%
Manufacturing	5.78%
Electricity & water	4.04%
Construction	8.09%
Wholesale & retail trade; catering and accommodation	0.45%
Transport & communication	0.22%
Finance and business services	0.79%
Community, social and other personal services	1.20%
General government services	2.43%
Total	**1.54%**

Source: Quantec database, 2011

Overall, Lepelle-Nkumpi experienced an annual growth rate of approximately 1.54% between 2007 and 2011. Substantial growth was experienced in the agriculture sector, recording a growth of 14.97%, as well as in the construction sector, which recorded a growth rate of 8.04%. Growth was also experienced in the manufacturing (5.78%) and the utilities (4.04%) sectors. Negative growth occurred in the mining sector and the government services, recording -2.47%.

As previously discussed, the mining sector is historically one of the key industries in the economy of Lepelle-Nkumpi Local Municipality. However, the negative growth experienced in this sector, demonstrates that its importance in terms of GDP contribution to the economy of Lepelle-Nkumpi Municipality is declining. The Tress Index gives an indication of the level of concentration or diversification in an economy. The Tress Index is calculated by ranking the different sectors according to their contributions in GDP or employment to the economy of a region. These values are cumulatively added and then indexed. An index of zero represents a totally diversified economy, while an index closer to 100 demonstrates a high level of concentration. The Table below sets out the rankings and Tress Index for Lepelle-Nkumpi Municipality in 2011 in terms of the GDP contributions.

Table 3.20: Tress Index of GDP, 2011

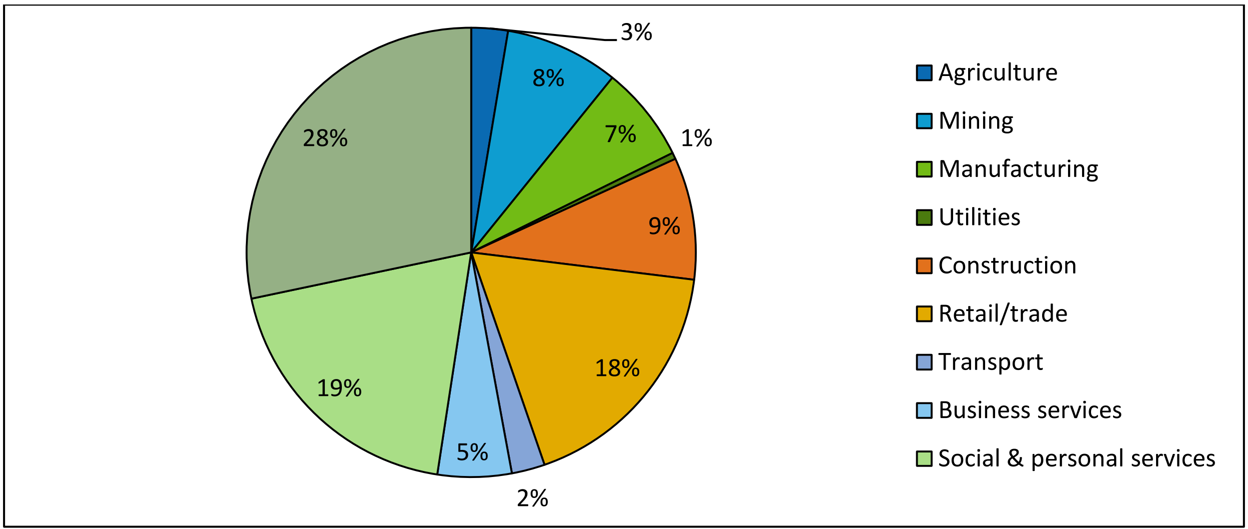
Sector	GDP	% Share	Rank
Government and community services	R 1 294 008 300	41%	9
Mining	R 375 167 548	17%	8
Finance and business services	R 463 716 794	12%	7
Wholesale & retail trade; catering and accommodation	R 343 181 764	10%	6
Transport & communication	R 255 328 009	6%	5
Electricity & water	R 106 577 464	4%	4
Construction	R 112 709 597	4%	6
Manufacturing	R 142 922 354	3%	2
Agriculture, forestry and fishing	R 54 898 299	2%	1
Total	**R 3 148 510 128**	**100%**	**-**
Tress Index			**54**

Source: Quantec database 2011, Kayamandi calculations 2012

As is evident from the Table above, the largest contributors to Lepelle-Nkumpi Municipality's economy in terms of output was government and community services (41%), mining (17%) and finance and business services sectors (12%), as discussed above. The Tress Index for Lepelle-Nkumpi measures at 54, which demonstrates a relatively diversified economy, although with much scope for greater diversification. In terms of GDP, the economy has become slightly more diversified compared to the Tress of 56 for 2007.

The Graph below breaks down the employment share per sector for Lepelle-Nkumpi Local Municipality in 2011.

Graph 3.8: Sectoral Percentage employment distribution, 2011



Source: Quantec database, 2011

A further indicator of how well a sector is performing in the economy is the employment it generates for the economy of the region as a whole. In 2011, the government and community, social and personal services sectors made the largest contribution to employment in Lepelle-Nkumpi, followed by the retail and trade sector and the construction sector. The mining sector only provided employment for 8% of the total labour force and agriculture sector only 3%.

From the Table below, it can be seen that the number of people employed in Lepelle-Nkumpi Local Municipality had decreased between 2007 and 2011, with an average of -542 jobs being created yearly in the region.

Table 3.21: Employment per sector for Lepelle-Nkumpi Local Municipality

Sector	2007	2011	Growth Rate	Average jobs created p/a
Agriculture	933	534	-13.00%	-100
Mining	1939	2316	4.55%	94
Manufacturing	1341	1136	-4.06%	-51
Utilities	103	120	3.94%	4
Construction	841	527	-11.02%	-78
Retail/trade	2580	1151	-18.27%	-357
Transport	385	193	-15.83%	-48
Business services	1519	1267	-4.43%	-63

Sector	2007	2011	Growth Rate	Average jobs created p/a
Social & personal services	4350	3675	-4.13%	-169
Government services	7108	8007	3.02%	225
Total	**21098**	**18928**	**-2.68%**	**-542**

Source: Quantec database 2011, Kayamandi calculations 2012

The fact that employment growth is on average negative, gives an indication that the economy of the region is shrinking as an average jobs created at -542 per annum is alarming. The highest growth in employment was experienced in the mining sector, recording a growth rate of almost 5%, with the government services sector generated the highest number of jobs per year to the economy of Lepelle-Nkumpi, namely 225 jobs per annum. The retail and trade sector has declined the most in employment creation per year (-357), followed by the community, the social and personal services sector (-169) and the agricultural sector (-100). The loss of employment in the retail sector probably is due to loss of income and decreased retail activity.

The Tress Index can also be utilised to understand how concentrated or diversified the economy is in generating employment opportunities in the different sectors. The Table below sets out the Tress Index in terms of employment for Lepelle-Nkumpi Local Municipality.

Table 3.22: Tress Index for employment, 2011

Sector	Employment	% Share	Rank
Government and community services	13 463	47.58%	9
Retail & trade	5 026	17.77%	8
Construction	2 484	8.78%	7
Mining	2 316	8.19%	6
Manufacturing	1 947	6.88%	5
Finance and business services	1504	5.32%	4
Agriculture, forestry and fishing	744	2.63%	6
Transport & communication	676	2.39%	2
Electricity & water	131	0.46%	1
Total	28293	**100%**	**-**
Tress Index			**62**

Source: Quantec database 2011, Kayamandi calculations 2012

As discussed above, the government and community services sectors are the most important sector in terms of job creation, with as much as 13463 of the people employed in Lepelle-Nkumpi Local Municipality working in this sector of the economy. The Tress Index for Lepelle-Nkumpi in terms of employment is 62, which indicates a less diversified economy in terms of job creation. As discussed above, the economy is mainly concentrated in the three sectors of government and community services, retail and trade, and construction. The economy has become more slightly more specialised (less diversified) in terms of employment contribution since 2007, when the Tress Index measured at 60.

3.3 DEVELOPMENT CONSTRAINTS AND OPPORTUNITIES

This sub-section analyses the broad constraints and opportunities derived from the legislative context and socio-economic and economic profiles of the municipal area, as discussed above. More detailed constraints and opportunities will be discussed in subsequent sections following further sectoral analysis.

3.3.1 DEVELOPMENT CONSTRAINTS

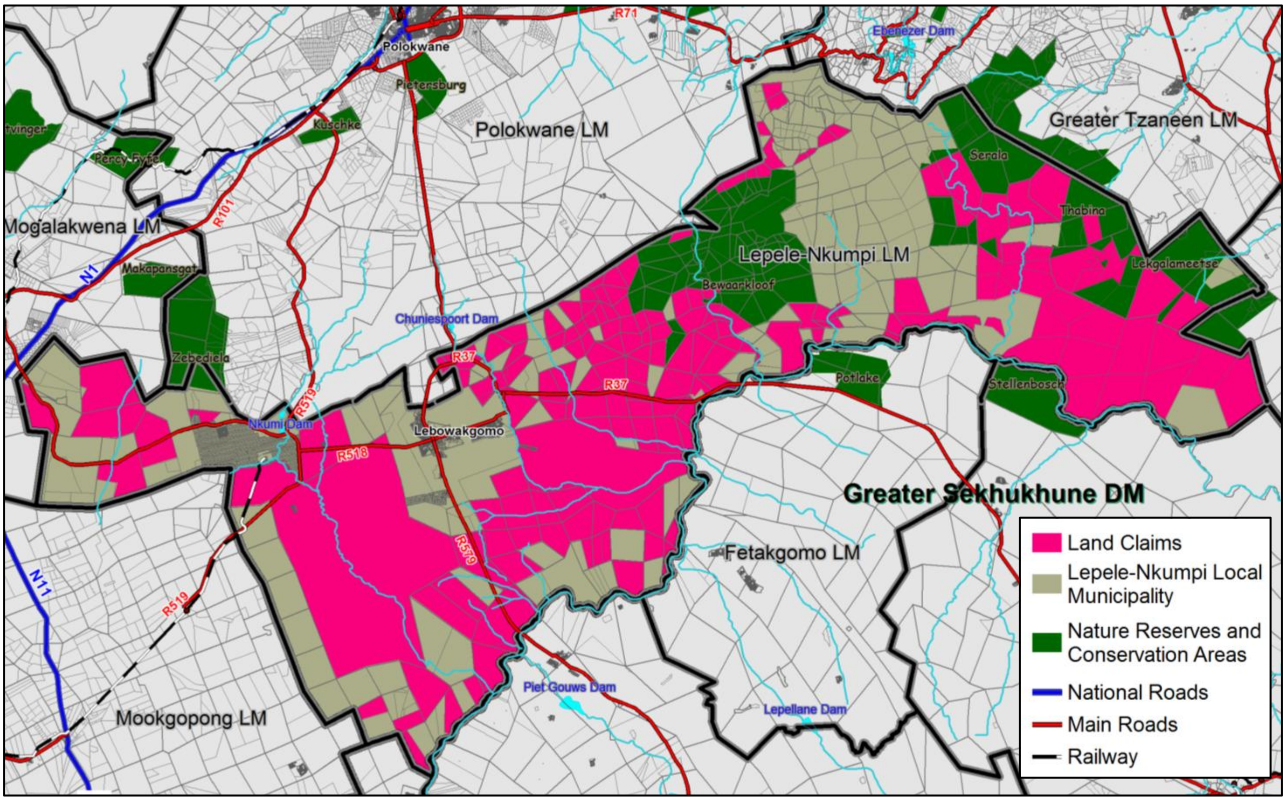
Approximately 75% of settlements in the Capricorn District Municipality area are small and scattered throughout mainly the western, southern, the north-western and eastern areas of the Capricorn District Municipality. Within Lepelle-Nkumpi, Lebowakgomo has been noted as a district growth point, Alldays, Avon, Eldorado, Magatle, Mphakane, Chloe A and Sebayeng as a municipal growth point (as identified in the Lebowakgomo LSDP, 2012). The average number of people per settlement in the Lepelle-Nkumpi Local Municipality is approximately 2279 people per settlement (Lebowakgomo SDF, 2007). Lepelle-Nkumpi Local Municipality has approximately two-thirds of its total population residing in growth points and population concentration points (as identified in the Spatial Rationale, 2004 and Lebowakgomo SDF, 2007). With the current scattered settlement patterns and ad-hoc settlement hierarchy, it is challenging to provide a basis for long-term sustainable development to improve the quality of life of all the inhabitants and communities, without rectifying these settlement patterns.

Lepelle Nkumpi Local Municipality is also situated in a mountainous area which inhibits development. The topography also causes physical obstruction on transport routes. Furthermore the municipality is also constrained by inadequate public transport, and the bad road conditions aggravate the shortage of transportation.

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

A further constraint in respect of development potential and investor confidence in the municipality is the large proportion of land which is currently the subject of land claims. In Lepelle-Nkumpi Municipality, nearly half of the municipal area is held up in 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 has been settled. According to the Lebowakgomo LSDP, 174690 Ha of the 346352 Ha that comprise of Lepelle-Nkumpi Local Municipality are under land claims (50.43%), of which 22242 Ha have been settled (approximately 13% of land claimed). The Map below illustrates the land under land claims.

Figure 3.3: Land under land claims within Lepelle-Nkumpi Local Municipality



Source: Lebowakgomo LSDP, 2012

In terms of the socio-economic characteristics of the population, approximately 41% of the population is economically active, with nearly 12% of the population having no form of schooling whatsoever. The population has relatively low levels of skills which to some extent, constrains the development potential in the municipality for development of more advanced industries.

The large population size also exercises considerable pressure on the water resources, with the effect that progressively less water will be available for secondary purposes such as agriculture and mining. Shortage of water in rivers during winter is also a constraint faced by these sectors. The local municipality also experiences the following environmental problems namely overgrazing, deforestation, urban sprawl, uncontrolled veld fires, and asbestos pollution at Mafefe and Mathabatha. There is also insufficient social, economic, physical and institutional infrastructure.

The economic profile indicates that Lepelle-Nkumpi Municipality makes the second largest contribution to the District GDP. Furthermore, while a positive growth rate was experienced in Lepelle-Nkumpi Municipality between 2007 and 2011, the economy of the municipality has grown significantly slower than the overall economy. This gives an indication that economic activity within the municipality is currently very limited and the formal economy is fairly concentrated in the urban areas (e.g. Lebowakgomo). This can largely be attributed towards the high contribution generated by services, which in the case of the former homelands can assumed to be comprised of salaries paid to government officials. This high level of concentration renders the economy extremely vulnerable to any factor that may decrease the absolute number of government officials working and residing in the district or a factor that reduces the real value of total salaries paid.

The high levels of unemployment in the municipality (48%) and resultant low levels of income (from the formal sector) forced a portion of the population still residing in the area to enter and participate in informal and marginal activities (e.g. subsistence farming). The low levels of income (16% of households have no income) also imply low levels of buying power and, therefore, few opportunities for related activities such as trade. This in turn also supports the leakage of buying power since there are fewer local outlets to buy from. A second implication of the low levels of buying power is the inability of the community to pay taxes (e.g. property tax) and for even the most basic level of services. This situation on the other hand undermines the financial feasibility of the local municipality and makes it difficult to provide the necessary social services and municipal infrastructure in the area. The end result is that a very few of the settlements located in Lepelle-Nkumpi can at the present levels of disposable income, generate the threshold required to establish an economic base of some sorts.

The lowest performing industries in Lepelle-Nkumpi Municipality are the transport and communication sector and financial and business services sector, which both have Location Quotients below 0.75, which indicates that local needs are not being met by the sector and the municipality is importing goods and services in that sector.

Lepelle-Nkumpi Municipality's economy is rather centred on the government services sector, leaving the local economy fairly vulnerable for any significant changes in this industry. It is therefore important that the Municipality should be aiming to diversify its economy into other sectors.

Agriculture takes up large portions of land within the municipality, but only employs approximately 3% of the workforce. The presence of a strong agricultural sector usually also generates opportunities for the further development of the manufacturing sector, particularly in terms of agro-processing, and other backward and forward economic linkages. The retail and trade sector in Lepelle-Nkumpi is also responsible for a substantial amount of the employment (approximately 18%).

A further constraint is the dualistic economy comprising a formal component and an informal, marginal or non-commercial component. The majority of Lepelle-Nkumpi is based on the non-commercial component, which comprises informal and marginal activities such as subsistence farming and informal trading. However, the natural resource base and economy does not have the capacity to support the total population, forcing a large percentage of the labour force to seek employment opportunities outside of the district municipality (e.g. Gauteng). The effect of this migration labour includes high levels of male absenteeism and therefore also a leakage of buying power. The creation of job opportunities needs to get priority as many qualified people leave the municipal area in search for work elsewhere.

3.3.2 DEVELOPMENT OPPORTUNITIES

While the low skills and education levels to constrain development potential to some extent, education levels have increased between 2001 and 2011, with more people obtaining schooling. If this trend continues, opportunities for more advanced industries could increase in the future.

Lepelle-Nkumpi Municipality can also benefit from its inclusion in other development clusters set out by the PGDS. There are opportunities for projects within the municipality to be included in the red and white meat cluster in the future. There are also areas to the north-eastern side of the

Municipality along the Olifants River on the southern boundary, with potential for agricultural developments. Various areas have been identified to have potential for Agri-villages.

Lepelle-Nkumpi also offers unique opportunities for tourism development and should therefore expand its competitive advantage in line with the tourism cluster of the PGDS. Bewaarkloof and Wolkberg have potential for extended conservation and tourism development.

Furthermore, the 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 the boundaries of the municipal area. Mining development can boost the local economy in the area. Platinum mining development in Lebowakgomo (along the Dilokong Corridor) and diamond mining development in Zebediela could create opportunities for SMMEs along the value chain.

A number of important national and regional routes transverse the area, of which the R37 (Polokwane-Burgersfort) is the most important, there is also the R579 between Chueniespoort and Jane Furse, R519 between Kushke and Roedtan, R518 between Mokopane and Lebowakgomo, Moletlane to Magatle, and Hlahla to Mathabatha. The R37 road between Polokwane and Burgersfort has been identified as a SDI route and development should be focussed along this route.

In terms of the expansion of the Business sector and business support, Lepelle-Nkumpi Municipality should capitalise on existing initiatives and support services provided by government and other institutions. In this respect, businesses in Lepelle-Nkumpi Municipality have the opportunity to particularly utilise the information and services provided by organisations such as Limpopo Economic Development Agency (LEDA) (formerly TIL, LIMDEV, LIBSA and LADC), particularly given the proximity to the LEDA office (former LIBSA offices) in Lebowakgomo, which makes it particularly accessible for entrepreneurs and co-operatives in Lepelle-Nkumpi Local Municipality.

In conclusion, the Municipality has inherent potential in its natural resource base, namely mining, agriculture, manufacturing and tourism opportunities, from which the economic base can be diversified, backward, forward linkages can be created, and job creation can be maximised.

SECTION 4: SECTORAL ANALYSIS

Section 4 is aimed at examining the local economic situation of Lepelle-Nkumpi Local Municipality in terms of its outputs and employment generation. This section further analyses each of the key sectors that contribute to the local economy by providing an overview of the sector as well as highlighting the most important products produced within Lepelle-Nkumpi Local Municipality and existing development initiatives on provincial, district and local level.

This section explores the existing and potential economic linkages for each sector and identifies development potential for the municipality, seeking to identify specific projects that could contribute to the further development of each sector and the economy of the municipality holistically.

For more detail pertaining to each sector, consult **Annexure 2.**

4.1 AGRICULTURAL SECTOR

4.1.1 AGRICULTURAL SECTOR OVERVIEW

In order to understand the full extent of economic activities, these activities are divided into categories and sub-categories known as economic sectors and sub-sectors. In respect of agriculture, sub-categories include such activities as growing of crops; market gardening; horticulture, farming of animals and forestry, logging and related services. Horticulture and farming of animals are the key sub-categories that are the most important activities relating to the agricultural sector in Lepelle-Nkumpi Municipality and will therefore be discussed in more detail.

South Africa's agricultural sector is viewed as a dual economy, where the sector comprises of a well-developed commercial function on the one hand, while the rural areas are characterised by mainly subsistence farming.

According to the South African Yearbook 2011/2012, 8.5 million people depend (directly and indirectly) on the agricultural sector in the form of employment and income. With this in mind, the agricultural sector has been identified by the NGP as one of the economic sectors with great potential to create jobs. Targets for the agricultural sector by 2020 is to create job opportunities for 300 000 households and 145 000 jobs in agro-processing.

It is estimated that 12% of South Africa's surface can be used for crop production and 22% comprises of high-potential arable land and only about 1.5% of South Africa's agricultural land are under irrigation (South African Yearbook 2011/2012). Primary commercial agriculture contributes approximately 3% of South Africa's GDP and contributes about 7% towards formal employment. While the share of GDP contributed by the agricultural sector is declining, it remains an essential component of the country's economy.

The Table below gives a short summary of the economic indicators relating to the Agricultural sector in the municipality in relation to that of Capricorn District.

Table 3.1: Summary of agricultural economic indicators, 2011

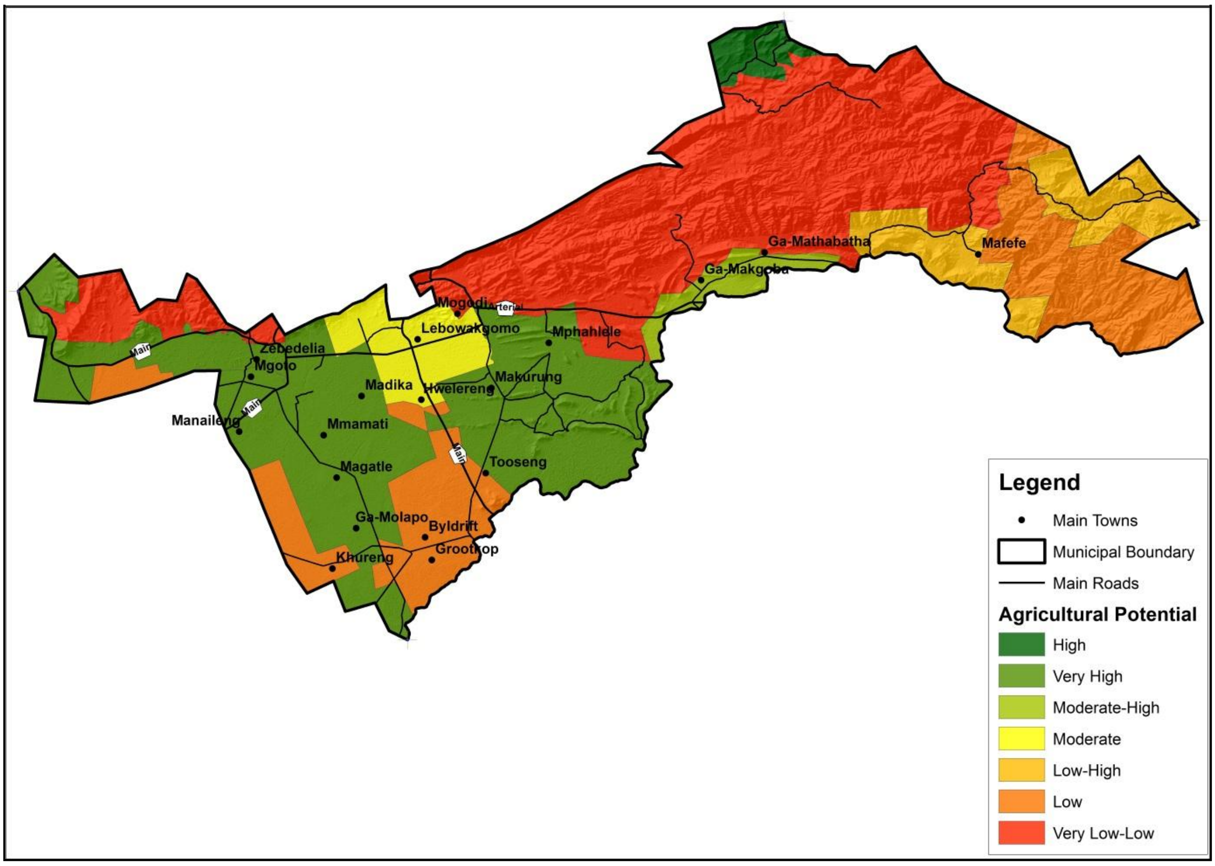
Indicators	Capricorn DM	Lepelle-Nkumpi
Share of GDP	2%	2%
GDP growth per annum	6%	9%
GDP contribution to sector in DM	N/a	12%
Share of employment	5%	3%
Employment growth per annum (formal & informal)	0.38%	1.06%
Employment contribution to sector in DM (formal & informal)	N/a	8%

Source: Quantec database 2011, Kayamandi calculations 2013

From the Table above it is clear that the Agricultural sector contributes 2% to the overall GDP generated by the municipality, constituting approximately the same proportion of the economy on a local level and District as a whole. Lepelle-Nkumpi contributes 12% to the agricultural sector in Capricorn District Municipality. The agricultural sector is not a large employer in the municipality, taking up almost 3% of the overall employment in the Municipality. The agricultural sector is however slightly increasing as an employment contributor at a faster rate compared to Capricorn District Municipality. The agricultural sector is also a quite significant employer on the District level, employing approximately 5% of its workforce.

The following Map provides an indication of the agricultural potential within Lepelle-Nkumpi Local Municipality.

Figure 4.1: Agricultural potential within Lepelle-Nkumpi Local Municipality



Source: Lepelle-Nkumpi Agricultural Hub, Environmental Analysis, 2009

4.1.2 CURRENT DEVELOPMENT INITIATIVES AND PROJECTS IN THE AREA

Currently various agriculture development projects are being initiated. The main agriculture development initiatives within Lepelle-Nkumpi include projects by Limpopo Department of Agriculture (existing and proposed projects), Capricorn District Municipality (IDP) and Lepelle-Nkumpi (IDP). See table below.

Table 4.2: Agricultural projects as identified by the Lepelle-Nkumpi Local Municipality IDP, 2012/2013

Project	Location	Description
Grootklip Irrigation Scheme	Along Lepelle River (Grootklip Citrus & Grapes project)	Production of citrus and grapes
Lebowakgomo hydroponic	Lebowakgomo	Crop farming
Integrated Goat Farming	Ga-Mphahlele	Goat farming for the purpose of selling living livestock, goat meat and milk
Zebediela citrus juice	Zebediela	Processing of juice
Fresh produce market	Lebowakgomo	Vegetable market & distribution

Project	Location	Description
Lepelle-Nkumpi Agricultural Marketing Project	Municipal wide	Mentoring & capacity building of emerging grain farmers
Bee-hive farming	Zebediela	Honey production
Chicken abattoir, broiler, chicken farming & processing	Lebowakgomo & Mphahlele	White meat production
Aquaculture	Nkumpi Dam	Fishing
Crop farming/poverty alleviation gardens	Motserereng, Sekgophokgophong, Makweng, Motantanyane, Makushwaneng, Mahlatjane	Agriculture
Revitalisation of irrigation schemes	Scheming, Tooseng, Malekapane, Makgoba, Maseleseleng, Mokgobolang, Mashadi, Ga-Mampa	Agriculture
Grazing land for livestock	Mogoto, Tooseng, Mamaolo, Mahlatjane	Livestock farming
Dipping facility	Malekapane, Tooseng	Livestock farming
Resuscitation of Lebowakgomo hydroponic	Lebowakgomo	Agriculture
Vegetable co-operatives	Tooseng	Crop farming
Dry land projects	Maseleseleng, Madikeleng, Makgolobeng	Agriculture

Source: Lepelle-Nkumpi Local Municipality IDP, 2012/2013

Table 4.3: Limpopo Department of Agriculture projects

Project	Location	Description
Deciduous fruit & vegetable project	Lepelle-Nkumpi LM	Supply and installation of 10ha drip irrigation system

Source: Capricorn District Municipality IDP, 2012/2013

4.1.3 PRODUCE AND PRODUCTS

As discussed above, the most prominent categories of agricultural production are made up of horticulture products (vegetables and fruit), and some livestock. In this respect, the most important products generated from Lepelle-Nkumpi Municipality are contained in the following Table, referring to its production levels. For the purpose of this Table, the municipality was broadly divided into geographical areas, comprising the northern half and the southern half.

Table 4.4 Products/services in Lepelle-Nkumpi Municipality

Production level	Products/Services	
	Southern Half	Northern Half
Commercial production	Oranges	
	Grapes	
Small scale production	Citrus	
	Deciduous fruit	
	Vegetables	Vegetables
	Maize	Maize
Subsistence farming	Vegetables	Vegetables
	Fruit	Cattle
	Cattle	Poultry
	Poultry	Maize
Development initiatives and projects	Revitalisation of irrigation schemes	Revitalisation of irrigation schemes
	Vegetables	Vegetables
	Poultry	
	Fish farming	
	Citrus and grapes	

As it can be seen from the above table the only commercial production that exists around Lepelle-Nkumpi is oranges which are mainly from the Zebediela Citrus Plantation and grapes from Lombardi.

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

4.1.4 BACKWARD AND FORWARD LINKAGES

Economic linkages refer to the impacts or links one sector has on other sectors of an economy. In this way, the backward linkages are the inputs into a sector, in other words the suppliers, while forward linkages are the outputs of a sector which is demanded by another industry.

The backward linkages of a sector are the inputs needed for that industry to function and include inputs such as the raw materials used, machinery etc. The agricultural sector in Lepelle-Nkumpi Local Municipality predominantly sources its inputs from larger centres of activity such as Polokwane, which is conveniently located in terms of its proximity and road network links. Other inputs such as chemicals and machinery are also sourced from Polokwane and Gauteng, particularly in relation to specialised machinery. Labour is sourced locally, as mainly elementary skills are required in the agriculture sector. Most commercial farmers provide on the job training for employees.

Forward linkages refer to the demand for products and services produced by a sector. In terms of the agricultural sector, the main horticulture products produced in Lepelle-Nkumpi Municipality are citrus. These products are mainly exported as raw products, without any further processing. Due to the lack of commercialisation an enormous amount of production of horticulture, livestock and crops from emerging or small-scale farmers are sold in its raw state. No agro-processing takes place in the region.

4.1.5 DEVELOPMENT POTENTIAL AND POTENTIAL PROJECTS

The development potential in the agricultural sector of Lepelle-Nkumpi Local Municipality is contained in the expansion of the production of existing products in the region. Products such as vegetables and citrus tend to have a longer cycle for production and involve larger capital set-up costs. These products also only naturally occur in the southern parts of the municipal area and would therefore not be viable development options for the northern areas of the municipality, which have drier climates. More potential for development therefore lies in products such as vegetables or livestock, which generally fare well in other areas of Limpopo. Further development potential in the agricultural sector is also seated in agro-processing, linked to the manufacturing sector, which is discussed separately in more detail. Potential projects that could allow for local economic development are contained in the Table below.

The potential for downstream beneficiation exists in the area, especially with regards to the processing of oranges as they are produced on a commercial scale. Oranges are currently transported or sold internationally and locally in their raw state. The processing of oranges is also directly linked to other market related activities such as packaging, marketing, transporting and distribution.

There are a number of chicken farms and abattoirs around Lepelle-Nkumpi Local Municipality. As there are various activities around chicken farming, a poultry industry can be created in Lepelle-Nkumpi Local Municipality.

An opportunity also exists in the expansion of livestock farming and the processing of dairy and meat. Goat milk products such as cheeses can potentially be produced as there is a growing market for such products.

There are several government-owned irrigation schemes that are operating considerably below potential. There is also extensive land and buildings for broiler farming that is not being utilized.

The table below depicts the development potential and potential projects of the agriculture sector in Lepelle-Nkumpi.

Table 4.5 Development potential and potential projects

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 Orange juice production
Grape beneficiation	Grape juice Packaging of grapes Distribution of grapes Production of raisins Production of vinegar
Animal Production: Red Meat and White Meat	Establishment of abattoirs Meat processing plants Packaging and marketing Dairy processing Poultry production & broilers Livestock farming Agro-processing
Development of upstream beneficiation	Supplying of pesticides, feedlots machine parts
Horticultural Production	Fruit processing Vegetable processing Final product manufacturing Juice manufacturing Agro-processing Fresh produce market Vegetable co-operative
Honey Production	Liquid honey Creamed honey Honey vinegar Honey beer Comb honey Honey spread/paste
Aquaculture at Nkumpi Dam	Fish farming Farming of aquatic plants

Small-scale farming enterprises could also be expanded or established in respect of fruit and vegetable production and animal farming. Increased production by small-scale farmers could result in the expansion of its off-set market away from only the local markets. However, in terms of greater job creation and economic growth, development potential is largely seated in the further beneficiation of the existing agricultural products.

4.2 MINING SECTOR

4.2.1 MINING SECTOR OVERVIEW

Limpopo Province possesses large mineral reserves and provides the second biggest contribution the total GDP in the Mining sector, topped only by the North West Province. The mining industry is thus a valuable driver of the economy.

The Mining Industry is seen as one of the three pillars of the Limpopo economy and is therefore of strategic importance to the economic development of the Municipality. The lack of employment creation and linkages to other sectors within the communities in which the mines operate are major gaps in terms of making the mining sector a sustainable foundation for future development. However, the finite nature of the mineral resources, the mining sector is based upon, implies the need to create diversity in the local economies of areas that are dependent on the mining sector. The geographic locations of the mineral deposits have a strong effect on determining the locations of economic activities within a local economy, as economic activities tend to cluster around mining activities. In order to develop a sustainable mining sector in it is vital for the locations of mineral zones to be identified and made known to prospectors and/or investors.

The below Table provides an indication of the economic indicators for the mining sector.

Table 4.6 Mining sector economic indicators, 2011

Indicators	Capricorn DM	Lepelle-Nkumpi
Share of GDP	4%	17%
GDP growth per annum	-1.12%	-1.08%
GDP contribution to sector in DM	N/a	56%
Share of employment	2%	8%
Employment growth per annum (formal & informal)	0.41%	0.42%
Employment contribution to sector in DM (formal & informal)	N/a	56.12%

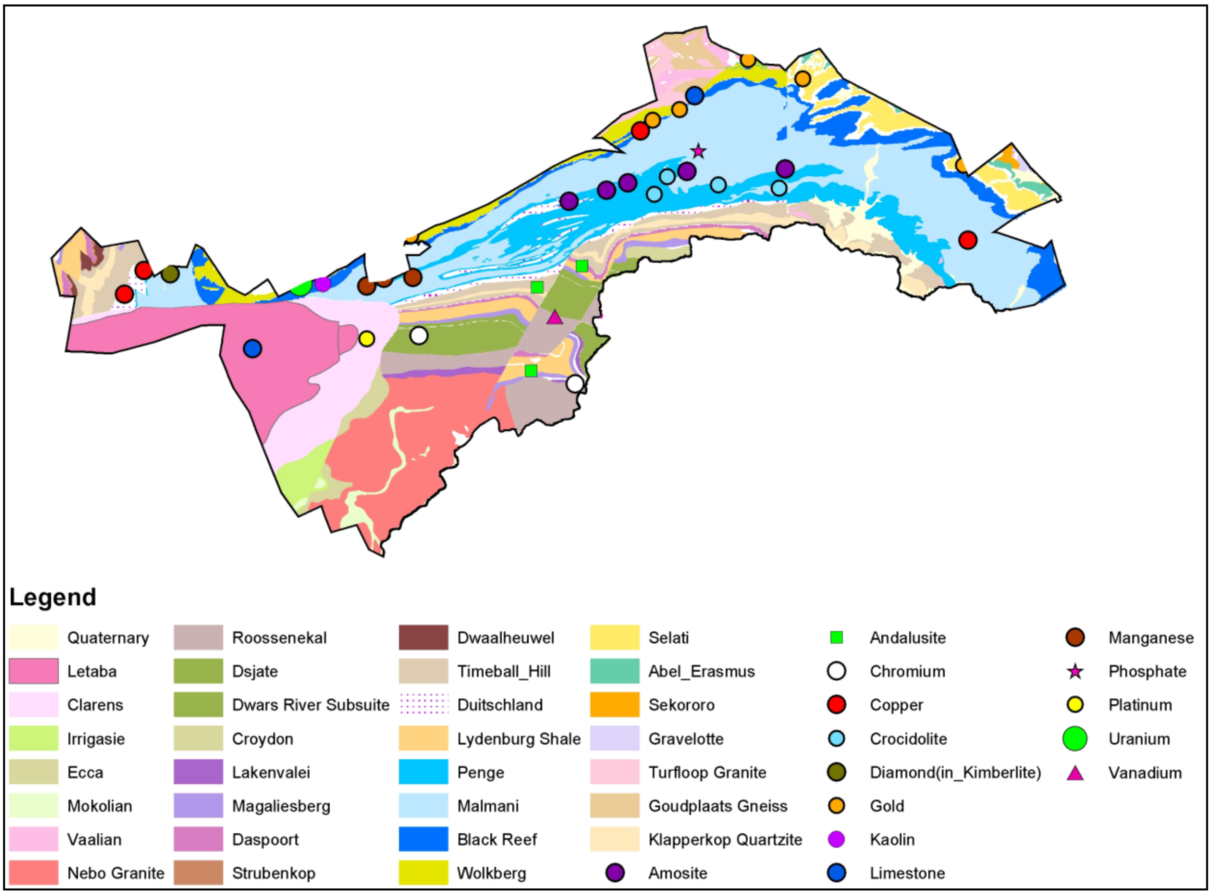
Source: Quantec database 2011, Kayamandi calculations 2013

As is evident from the above Table, the mining sector in Lepelle-Nkumpi Local Municipality is responsible for nearly a quarter of the output. The mining sector is also far stronger in Lepelle-Nkumpi than in the District. The mining sector in Lepelle-Nkumpi Local Municipality and Capricorn District Municipality are seeing a decrease in the average annual growth rate with -1.08% and -1.12% respectively. The mining sector in Lepelle-Nkumpi is not a major contributor to employment and is responsible for 8% of the employment within the municipality and less than 2% of the employment in the District Municipality. The sectors share of employment has increased slightly with an average annual growth of 0.4%. The mining sector of Lepelle-Nkumpi contributes to nearly 56% of the mining sectors output in the District.

4.2.2 MINERAL RESOURCES AND PRODUCTS

The geological map covering the Lepelle-Nkumpi Local Municipality is shown below.

Figure 4.2: Geology of Lepelle-Nkumpi Local Municipality



Source: Council for Geoscience

The Platinum mining cluster on the Dilokong Corridor that extends through the municipal area is a development priority for provincial government and creates a range of opportunities for local economic development and support.

4.2.3 MINING INITIATIVES IN LEPELLE-NKUMPI

There are three main forms of mining that are taking place in the Mining sector of the Lepelle-Nkumpi Municipality specifically: Surface, Opencast, and Underground Mining. Currently there are four major mining operations present within Lepelle-Nkumpi Local Municipality, of which only on operation are active. The table below gives a brief summary of the mining operations and their status:

Table 4.75: Mining operations and status in Lepelle-Nkumpi Local Municipality

Name	Ownership	Commodity	Operational status
Klipspringer Diamond Mine	Mwana Africa & Naka Diamond Mining	Diamonds	Care and maintenance
Baobab Mine	Lonmin Platinum, Messina Platinum Mines & Shanduka	Platinum	Care and maintenance
Lesego Platinum & Umbono	Lesego Platinum	Platinum	Prefeasibility
Hlogo Construction	Jodo Minerals	Sand	Operational

Figure 4.3: Mining operations located within Lepelle-Nkumpi Local Municipality

The following planned mining initiatives in Lepelle-Nkumpi Municipality have been identified in the Capricorn District IDP:

Table 4.8: Mining sector projects identified by Lepelle-Nkumpi Local Municipality IDP

Project	Location	Description
Rietvlei Stone Crusher	Ga-Seloane	Crushing of stone for civil, roads and building purposes. Rietvlei was found to no longer be viable.
Staanplaas Stone Crusher Feasibility	Staanplaas	Feasibility study of stone crushing for civil, roads and building purposes

Project	Location	Description
Nkotokwane Stone Crushers	Nkotokwane	Stone crushing for civil, roads and building purposes
Cement Mine	Zebediela	Cement mining
Klipspringer Mine	Zebediela	Diamong mining
Slate Slabs	Mafefe, Mashadi	Slate slabs mining
Boynton Mine	Mphahlele	Platinum mining
Lonmin Mine	Hwelereng	Platinum mining
China National Minerals	Mphahlele	Platinum mining
Lesego Mine	Mphahlele	Platinum mining
Aquarius Platinum Mining	Mphahlele	Platinum mining

Source: Lepelle-Nkumpi Local Municipality IDP, 2012/2013

Additionally, the following mining initiatives and activities have been noted within Lepelle-Nkumpi Local Municipality:

- Prospecting for granite in the Phoshiri village in Ga-Mphahlele
- Platinum prospecting in Ga-Kekana at Rivier village
- There is prospecting for chrome coal in Moletlane
- There is prospecting for gold in Mankweng
- Storm Manganese in Storm 370KS
- Wolkberg Gold in Mimosa 218KS
- Silica near the Strydpoort Mountains
- Springbok Flats Coalfields in Roedtan
- Feasibility at Boynton Platinum's Tameng mine
- Lebowakgomo gold mine prospecting at Leeukop
- Chrome prospecting in Ledwaba Tribal authority area along platinum mining belt of Dilokong Corridor
- Known reserves of slate in Mafefe, Malemong, Sekurwaneng, and Mathabatha

Illegal sand mining are evident throughout the municipality, especially along the Chunies River along Mamaolo. This illegal sand mining has devastating impacts on the environment such as erosion, flooding, disruption in the eco-system, loss of natural habitat and loss of fertile soil.

The pictures below were taken of illegal sand mining operations within Lepelle-Nkumpi Local Municipality.

Figure 4.4: Illegal sand mining in Lepelle-Nkumpi Local Municipality

4.2.3 ECONOMIC LINKAGES

In general there is a lack of linkages in the Lepelle-Nkumpi Local Municipality within the mining sector.

Backward linkages refer to the supply of inputs required to practice the activity such as electronic equipment, uniforms, catering, roads, buildings etc. Most mining inputs are currently bought outside the municipality. The mining activities of an area can be increased by expanding the supply chain; upstream activities of the local population being included in the procurement activities of the operations.

Forward linkages refer to the consumers of the products of a specific sector. With regard to the mining sector, this refers to the value addition to the minerals produced. This is referred to as beneficiation mineral beneficiation can be defined as the process of adding value to raw materials at various stages of the production chain. The mining activities of an area can be increased by expanding the value chain. There are various opportunities especially, down-stream activities such as a refinery for the processing of the minerals and to the polishing of stones, jewellery making, glass production, pottery etc.

The rationale for beneficiation is that an area can maximise the rent it derives from the exploitation of its natural resource base and have it serve as a foundation for further economic development.

At Present there is a lack of both forward and backward linkages in the mining sector in the Lepelle-Nkumpi Local Municipality. The lack of linkages in the mining sector has led to the situation that the income earned from the mining sector is not retained and circulated within the community but rather spent outside the Lepelle-Nkumpi Local Municipality, thus curbing its revenue base.

4.2.4 DEVELOPMENT POTENTIAL

The platinum mining development in and around Lebowakgomo, the reopening of the Klipspringer diamond mine as well as sand and brick clay mining development in Zebediela could create opportunities for SMME's along the value chain. Access to these opportunities would require negotiations with mine management. There are also numerous opportunities along the platinum corridor towards the southern half of the municipality.

There is a strong likelihood that more minerals can be mined from the area in future. Given the mineral potential and resources of Lepelle-Nkumpi there is potential for the extraction of the minerals and the economic development that will accompany such operations.

Ancient rocks found in the mountains in the eastern part of the area are known to host flake granite, ironstone and marble, and other precious stones which may yet offer scope for further development.

Providing there is continued demand for both platinum group metals and chromite and the price of these commodities remains good, other platinum and chromite deposits are likely to be mined in the future, from rocks of the Bushveld Complex. Active exploration is in progress for PGE's, particularly north and south of Mokopane.

The basic intrusive rocks of the Bushveld Complex also have the potential to be quarried as dimension and monumental stone, where they outcrop and are joint free.

The potential also exists, particularly in the east of the province, for the exploitation of titaniferous and vanadiferous magnetites.

Furthermore, it has been noted by the mining role-players located within the Lepelle-Nkumpi Local Municipality that skillsets required by mining labourers to be employed by these mines, and existing skillsets that local residents comprise of, does not match. This brings about the opportunity to create a 'skills harvesting centre', or 'mining school' located at a central point to create a 'mining hub' or a 'mining supply park' where companies that supply goods and services to the mines can be located, as well as creating a platform for local partnerships. In this way, the majority of mining needs can be satisfied locally, retaining the mines' spending within local municipality and creating a great number of employment opportunities.

The Following table summarises the opportunities and potential projects that are possible in the Mining sector of the Lepelle-Nkumpi Local Municipality.

Table 4.9 Mining sector development opportunities and potential projects

Opportunities	Potential Projects
Untapped Mineral Resources	Large scale mining of Chrome, Gold, PGM, diamonds, and magnesite 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
Stone crushers	Civil, roads and other building material productions
Slate slab mining	Slate slab mining Roofing slates Slate tiles
Mine services	Subcontracting cleaning, catering and repairing of machinery services Supplying manufactured inputs to mines Overall manufacturing
Skills harvesting centre and mining supply park	Skills training Location of mining supply & support companies Warehousing Local manufacturing Delivery of services Guidelines and support for start-up companies

4.3 MANUFACTURING SECTOR

4.3.1 MANUFACTURING SECTOR OVERVIEW

Lepelle-Nkumpi Local Municipality’s manufacturing sector’s contribution towards GDP amounts to approximately R1 87 million, compared to Limpopo Province’s manufacturing sector’s contribution of approximately R5 305.9 million. This means that the manufacturing sector of Lepelle-Nkumpi Local Municipality’s manufacturing sector only contributes to about 3.5% of the sector’s GDP for the province (Quantec database 2011).

The Table below gives a brief summary of the Manufacturing sector’s role in the economy of Lepelle-Nkumpi Municipality and Capricorn District.

Table 4.10 Summary of Manufacturing economic indicators, 2011

Indicators	Capricorn DM	Lepelle-Nkumpi
Share of GDP	3%	3%
GDP growth per annum	3.04%	8.13%
GDP contribution to sector in DM	N/a	14%
Share of employment	7%	7%
Employment growth per annum (formal & informal)	-0.28%	-0.31%
Employment contribution to sector in DM (formal & informal)	N/a	15.55%

Source: Quantec database 2011, Kayamandi calculations 2013

From the Table above it is evident that the Manufacturing sector only contributes approximately 3% to the overall output of the municipality, placing it among the second lowest sectors in terms of its contribution to the local economy. This sector contributed approximately 14% to the Capricorn District Municipality's manufacturing sectoral share, and only 0.48% towards Capricorn District Municipality's total economy. The annual GDP growth has remained to a great degree constant in this sector, the manufacturing sector declining by about 1% for Capricorn District Municipality and Lepelle-Nkumpi Local Municipality respectively. The manufacturing sectors share of employment is substantially higher than its share of output. Lepelle-Nkumpi contributed to approximately 7% of the employment in the municipality and 7% to the employment in the District. Furthermore, for every job generated in this sector in the municipality, no induced or multiplier effect exists.

The few commercial manufacturing industries that exist in Lepelle-Nkumpi Local Municipality are mainly located in Lebowakgomo industrial area (which includes Habakuk Industrial Park). The Lebowakgomo industrial area has a vacancy rate of approximately 95%, greatly due to the fact that there is limited to no infrastructure and services available in the industrial area. The Lepelle-Nkumpi IDP (2012/2013) has identified the revitalisation of the industrial area which includes the upgrading of infrastructure. Currently the existing operations within this industrial area is limited to the Frawu Civils Stone Crusher and Concrete Project, window frame manufacturing, government functions and Telkom buildings and a number of automotive related activities. With the proposed upgrading and rehabilitation, other industrial and manufacturing activities could have incentive to relocate.

Figure 4.5: Activities present within the industrial area

High vacancy rates exist in the industrial park. The maps below indicate the occupied buildings, the potential developable stands as well as the unoccupied developed stands and industrial buildings.

Figure 4.6: Lebowakgomo industrial area, 2012

Source: Lebowakgomo LSDP, 2012

Figure 4.7: Vacancies within Lebowakgomo industrial area

Source: Lebowakgomo LSDP, 2012

According to the Lebowakgomo LSDP (2012), the stands numbered 1 to 16 as indicated in the map above, consist of unoccupied industrial buildings with potential to host an array of industrial and manufacturing activities. The total area of these stands cover approximately 35.8 Ha with the floor area of these industrial buildings covering a total area of approximately 250 312m^2.

Lack of finance is hindering the development of the manufacturing sector in Lepelle-Nkumpi as the capital required to start and maintain a manufacturing business is enormous. This further prohibits SMME's and other manufacturing companies in Lepelle-Nkumpi to increase their production and market themselves further than their local market. Additionally the lack of access to market prices of commodities leaves the manufacturing companies vulnerable to misinformation from local purchasers. As well access to information technology would help facilitate direct purchasing contracts between farmers and processors. Lack of finance also encourages informal establishments in this sector.

The industrial park is currently owned by the Limpopo Economic Development Agency (LEDA), which is the result of the amalgamation of TIL, LIMDEV, LIBSA and LADC. Discussions between LEDA and the Local Municipality have taken place to transfer ownership of the industrial park to Lepelle-Nkumpi Local Municipality, but to date the matter has not been resolved.

4.3.2 CURRENT DEVELOPMENT INITIATIVES AND PROJECTS

Several projects that focus on establishing manufacturing enterprises have been launched, or are still in the planning phases, by both the District Municipality and Lepelle-Nkumpi. These projects seek to involve the local communities.

A substantial amount of the businesses listed with LEDA (formerly LIBSA) are in the manufacturing sector. These businesses mostly deal with, clothing, beads and shoe manufacturing, pots, atchar and bread making. Most of these businesses are located in Lebowakgomo, followed by Ga-Mphahlele and other places such as Bodutlung in Ga-Mathabatha.

The initiatives and projects put forward by the Capricorn District Municipality and Lepelle-Nkumpi Local Municipality include the following.

Table 4.11 Capricorn District LED & Lepelle-Nkumpi IDP Manufacturing projects

Project	Location	Description
The establishment of Agro-Processing Clusters in Lepelle-Nkumpi Municipalities	Industrial Area	Agro-processing
Textile industry (cooperatives)	Lebowakgomo	Clothing Manufacturing
Sewing (cooperatives)	Sekgophokgophong	Clothing Manufacturing
Revitalisation of Industrial Area	Lebowakgomo Industrial Area	Infrastructure development and rehabilitation

Source: CDM LED 2008, LNLM IDP, 2012/2013

4.3.3 PRODUCE AND PRODUCTS

Manufacturing is dominated by the following industries:

- Manufacturing of agricultural products which includes:
  - The slaughtering of animals
  - Production, packaging and preservation of fresh meat
  - Preservation of fruit and vegetables through freezing, drying or canning
  - Production of flour
  - Production of oils from vegetables or animal fats
  - Bakeries
  - Dairy products production
  - Production and packaging of animal feed
  - Breweries
- Metals
- Bricks
- Traditional textiles, clothing and footwear
- Crushing of waste stones from mining activities

Small-scale manufacturing in Lepelle-Nkumpi Municipality is fairly limited, with little or no manufacturing activities taking place in many of the areas across the municipality. Small-scale activities produce products mainly for the communities in their immediate surrounds, although some activities have been able to attract customers from other wards. The main activities in respect of small-scale manufacturing relates to brick making, with some sewing and maize meal processing taking place for local community needs. Beadwork and furniture making are not particularly large or popular manufacturing industries, although opportunities do exist for these activities to expand as the tourism sector in the region grows.

The manufacturing sector in the Lepelle-Nkumpi primarily based on various forms of agro-processing, bakery, sorghum processing, brick manufacturing, maize milling and distribution. Although the number of businesses involved in manufacturing is declining as they are currently struggling to find a market for their products. As businesses of this nature tend to struggle to make profit, they employ a small number of people.

Manufacturing in Lepelle-Nkumpi Municipality mainly comprises the following:

Table 4.12 Manufacturing products in Lepelle-Nkumpi

Manufacturing level	Products
Commercial manufacturing	Sorghum processing
	Brick manufacturing
	Maize milling and distribution
	Bakery
Small-scale manufacturing	Beadwork
	Furniture making
	Brick making
	Pottery
	Maize meal processing
	Sewing

As seen from the table above, the levels of manufacturing identified in Lepelle-Nkumpi are commercial and small-scale manufacturing. Commercial Manufacturing is mainly dominated by brick manufacturing, maize milling and distribution, sorghum processing and wheat processing. These manufacturing activities occur in the northwest of the municipality around Lebowakgomo. Brick and clay manufacturing occurs more to the west of the municipality around the Zebediela area, with Zebidiela Bricks being the most prominent commercial manufacturer in the area, employing approximately 1200 local individuals.

The activities mentioned in the small scale manufacturing category occur all over Lepelle-Nkumpi although there's more furniture making activities on the eastern part of the municipality, around the areas in Mafefe.

4.3.4 ECONOMIC LINKAGES

Value addition exists within the Lepelle-Nkumpi manufacturing companies. The manufactured products are usually packaged and distributed by these companies. Small-scale manufacturers supply to the local market, with some reaching the tourism markets of the area.

The manufacturing sector in Lepelle-Nkumpi predominantly utilises inputs from the agricultural sector in the region and include crops such as wheat, maize and sorghum. Although some of these inputs are obtained from the Lepelle-Nkumpi Local Municipality, involving more locals can further expand this value chain.

Inputs for the brick and clay manufacturing include factors such as specialised machinery and the servicing of this machinery thereof. Specialised machinery is sourced from Gauteng and even exported from European countries.

The inputs for most of the small-scale manufacturing activities such as sewing, beading and furniture making are obtained from the local community but mainly from Polokwane.

4.3.5 DEVELOPMENT POTENTIAL

The processing of raw materials in mining and secondary activities emanating from processing of agriculture products in Lepelle-Nkumpi will contribute significantly in expanding the manufacturing sector within the municipality. The agglomeration of these activities will result in economies of scale and that would increase both economic development and employment opportunities.

Development of the manufacturing sector to provide essential consumer products using simple and affording technologies (e.g. chemicals (soaps, detergents, etc.) processed foods, etc.) will have a significant impact on the local economy through direct job creation.

An opportunity exists for food-processing, which produces canned fruits and vegetables, dried fruit, dairy products, baked goods, sugar, and meat and fish products. Given the abundance of fruit and vegetables produced in Lepelle-Nkumpi, there is potential for the development of fruit and vegetable processing industry.

Existing vegetable and fruit cooperatives exist, and the potential exist to expand these cooperatives, and create a central location for sorting, packaging and distribution of these vegetable products. This can be accompanied by a fresh fruit and vegetable market that will ensure that local businesses, especially informal traders, source their produce locally, and reduce the need to travel to Polokwane to buy fresh produce.

The showground located within Lebowakgomo was once a hive of activities for both commercial and emerging enterprises, but have unfortunately been lying unused for over a decade. Some small-scale farming education activities are hosted on the showground, but this premise has the potential to be revitalised to serve as the location for a distribution centre and fresh produce market.

Figure 4.8: Lebowakgomo Showground

Health and medicinal products such as herbal medicine, nutritional supplements and herbal tea can be produced by the Moringa tree within the Lepelle-Nkumpi Local Municipality. Mavis Mathabatha, resident of Lepelle-Nkumpi and the Department of Agriculture, Forestry and Fisheries (DAFF) female entrepreneur of the year for 2010, produces Moringa Leaf Powder which is considered to be a super food that meets many of the daily nutritional requirements. The opportunity exists to expand Moringa Leaf Powder production and to produce other Moringa products such as teas, seeds, extracts, capsules and oils and other beauty products such as shampoos, conditioners, body wash, hair oil, lotions and lip balms.

Clothing manufacturing and textile weaving are important consumer industries. Though the textile and clothing industry is small, it can be well placed to tap the potential this industry contains. This is depicted by the dominance of the clothing and footwear in the retail and wholesale sector. The clothing industry predated local textile manufacturing in South Africa, clothing manufacturers rely mostly on imported textiles to produce a variety of clothing. The textile and clothing industry can use all the natural and human resources at its disposal to make Lepelle-Nkumpi the preferred domestic supplier of the locals and surrounding areas manufactured textiles and clothing. Furthermore, specialised clothing such as safety gear and overalls which are being consumed by the thousands each month by local mining operations, offers the opportunity to utilise local resources to manufacture these overalls.

Beadwork, furniture making, clay and brick manufacturing are not particularly large or popular manufacturing industries, although opportunities do exist for these activities to expand as the tourism sector in the region grows.

Customised factories for meat and hide processing that are currently vacant in the Lebowakgomo Industrial Park create the opportunity to participate in cluster development for meat production. Such a cluster could incorporate broiler and cattle feed production, livestock farming, slaughtering, processing, packaging and marketing. Limpopo Department of Agriculture (LDA) in partnership with Limpopo Agribusiness Development Cooperation (LADAC) have installed new machines and industrial refrigerators to capacitate the existing poultry abattoir. The production capacity of the existing poultry abattoir has been double, creating an opportunity for broiler, hatchery and breeder farmers to work together, and further attract farmers within a 100km radius, ensuring an increase in Lepelle-Nkumpi Local Municipality's GDP as well as retaining these functions within the boundaries of the Local Municipality.

In respect of existing small-scale industries and production, the skills of existing seamstress and sewers in the region could be utilised to create larger manufacturing industries for products such as traditional clothing. These products, together with beading and crafts manufactured from the available wood products, could be linked to the tourism industry. Zebedeila citrus estate could also be utilised to manufacture juices.

As will be discussed under section 4.7, a survey was conducted with local businesses to gain a greater insight into the retail and trade sector within Lepelle-Nkumpi Local Municipality. The survey results revealed that local businesses produce a considerable amount of waste, of which the majority consist of paper, cardboard and plastic. Approximately 94% of businesses indicated that they simply discard their waste, which gives rise to an opportunity for recycling projects and initiatives.

The following Table provides an indication of the development potential and potential manufacturing products in Lepelle-Nkumpi.

Table 4.13 Development potential in Lepelle-Nkumpi

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 Bakeries
Fresh produce distribution centre and market	Packaging Sorting Distribution Fresh produce market
Health and Beauty Products	Moringa Leaf Powder Moringa herbal tea Moringa oil Moringa capsules Moringa extract Moringa shampoo & conditioner Moringa body wash Moringa lotions and balms
Clay processing	Brick making
Stone crushing	Building materials
Textiles and clothing	Establishment of a large sewing plant Establishment of hide processing Beadwork Furniture making Mining overall manufacturing
Development of cultural activities	Arts and crafts manufacturing – wooden crafts, beadwork, jewellery Sewing of traditional clothing Sorghum beer brewing
Recycling initiative	Recycling Arts and crafts from recycled material

4.4 TRANSPORT SECTOR

4.4.1 TRANSPORT SECTOR OVERVIEW

The Transport sector is an important component of the national economy and is becoming more important, with the contribution of this sector to the national GDP reaching approximately 8% in 2011. Other key economic indicators for Capricorn District and Lepelle-Nkumpi Municipality are shown in the Table below.

Table 4.14 Transport sector economic indicators, 2011

Indicators	Capricorn DM	Lepelle-Nkumpi
Share of GDP	9%	6%
GDP growth per annum	1.85%	2.26%
GDP contribution to sector in DM	N/a	9%
Share of employment	3%	2%
Employment growth per annum (formal & informal)	-0.38%	-0.43%
Employment contribution to sector in DM (formal & informal)	N/a	12.07%

Source: Quantec database 2011, Kayamandi calculations 2013

The Transport sector contributes more than 9% to the sector overall in the Capricorn District Municipality, and generates almost 6% of the municipality's output. This places the Transport industry sixth as a contributor to the economy of Lepelle-Nkumpi Municipality. The transport sector only employs approximately 2% of its workforce. Although the transport sector showed positive growth in output per annum (2.26%), its employment generation has seen a negative growth (-0.43%). The creation of a job opportunity in this sector does not result in any further induced employment opportunities.

4.4.2 EXISTING AND POTENTIAL INITIATIVES

The Capricorn District Municipality has also identified school going children who travel on foot for more than 5 km's to schools as a priority. Through the implementation of the subsidy bicycle project, needy school going children have access to affordable transport. Approximately 250 pupils have already benefited from this project in the District area.

The Capricorn District Municipality Travel Demand Management Study, 2010, the Capricorn District Municipality IDP, 2012/2013 and the Lepelle-Nkumpi Local Municipality IDP, 2012/2013 identifies the following projects to be implemented within Lepelle-Nkumpi Local Municipality.

Table 4.15: Transport sector projects identified within Lepelle-Nkumpi Local Municipality

Project	Location	Description
Public transport rural infrastructure planning	Lepelle-Nkumpi	Data collection of all rural roads
Sidewalk upgrading	Lebowakgomo	Sidewalk upgrading
Corridor public transport facilities	Lebowakgomo to Polokwane	Develop public transport facilities along the Lebowakgomo-Polokwane Corridor
Improve access to transport services	Lepelle-Nkumpi	Establish new bus ranks/routes
Bush shelters	Seleteng, Hweleshaneng,	Provision of transport facilities

Project	Location	Description
	Bolopa/Maake, Bolatjane, Phalakwane	
Upgrading of gravel roads	Lebowakgomo/Middelkop to Dithabaneng to Tooseng to Marulaneng	Upgrading gravel roads
Upgrading of gravel roads	Moletlane to Ga-Rakgwantha	Upgrading gravel roads
Reseal/rehabilitation	Zone A Lebowakgomo along Old Government Offices	Upgrading gravel roads
Mankele Road & Bridge	Mankele	Upgrade road and bridge

Source: Travel Demand Management Study, 2010, Capricorn District Municipality IDP, 2012/2013, Lepelle-Nkumpi Local Municipality IDP, 2012/2013

4.5 CONSTRUCTION SECTOR

4.5.1 CONSTRUCTION SECTOR OVERVIEW

The construction sector involves aspects such as site preparation, building of complete constructions or parts thereof; civil engineering, building installation, building completion, and renting of construction or demolition equipment with operators.

The key economic indicators of the construction sector for the Capricorn District Municipality and Lepelle-Nkumpi Local Municipality are shown in the Table below.

Table 4.16 Construction sector economic indicators, 2011

Indicators	Capricorn DM	Lepelle-Nkumpi
Share of GDP	4%	4%
GDP growth per annum	4.91%	10.31%
GDP contribution to sector in DM	N/a	17%
Share of employment	7%	9%
Employment growth per annum (formal & informal)	0.3%	0.4%
Employment contribution to sector in DM (formal & informal)	N/a	20.43%

Source: Quantec database 2011, Kayamandi calculations 2013

The Construction sector contributes only 4% to the sector overall in the Capricorn District Municipality and to Lepelle-Nkumpi Local Municipality's output. This places the construction industry under the three lowest contributors to the economy of Lepelle-Nkumpi Local Municipality. This sector is however a far more important contributor to employment and contributes to approximately 9% of the municipalities employment. Although the construction sector showed considerable growth in output (10.31%), its employment generation has seen a much slower growth rate (0.4%). The creation of a job opportunity in this sector does not result in any further induced employment opportunities.

The building and construction sector is at the forefront of the country's economic development as it is a sector that has the potential to employ a large number of people. The construction of low cost housing is a significant feature of the building and construction industry as it allows for the participation of new role players and fulfils one of the government's main priorities, the rollout of essential services to all of South Africa's people.

Within the Capricorn District Municipality, the high average growth rate of the local Construction industry conceals the boom and bust cyclical nature of this activity. Construction has gone up considerably during the previous years. There has been an increase in (property development) construction of residential areas, and (real estate) motor dealership and hardware stores along the N1.

4.5.2 DEVELOPMENT POTENTIAL AND LINKAGES

In general backwards and forwards linkages between the construction sector and the other sectors in the Lepelle-Nkumpi local municipality exist, more specifically with the brick and clay manufacturing. There are possibilities for expanding both the backwards and forwards linkages within the construction sector. Backward linkages refer to the supply of inputs required for construction activities such as building materials, machinery, and labour. Most manufacturing inputs are currently bought inside the municipality, as they are produced in the Lepelle-Nkumpi Local Municipality.

Forward linkages refer to the expansion of the value chain of construction products such as roofing, painting and fencing. At present there is a lack of both forward and backward linkages in the construction sector in the Lepelle-Nkumpi Local Municipality.

Rural places are often the most places with a dire need for urbanisation, which comes with enormous construction opportunities. There is numerous road construction projects envisioned in the municipality (see previous sub-section) as well as numerous housing projects. According to the Capricorn District Municipality IDP (2012/2013), Lepelle-Nkumpi Local Municipality is experiencing a backlog of 8080 units. A very high percentage of households (92%) in the Local Municipal area are accommodated in formal dwellings despite the rural nature of the area and the fact that small settlements are scattered all over the municipal area.

The following table depicts some of the potential projects in the construction sector:

Table 4.17: Opportunities and projects in the construction sector

Opportunities	Potential Projects
Housing developments	Construction of new houses Upgrading of municipal infrastructure Construction skills transfer
Upgrading and development of infrastructure	Capacity building for youth Construction workers co-cooperatives Improving roads Installing fixtures Brick making

4.6 WHOLESALE, RETAIL AND TRADE SECTOR

4.6.1 WHOLESALE, RETAIL, AND TRADE SECTOR OVERVIEW

A further contributor to the economy of South Africa is the Wholesale, Retail, Trade, catering, and accommodation sector, which contributed more than 15% to the GDP of the country in 2004. This sector is also important to the Capricorn District, contributing almost 18% to the District's GDP and ranking among the top four sectors in terms of its GDP contribution to the municipality. See below Table.

Table 4.18 Retail and trade sector economic indicators, 2011

Indicators	Capricorn DM	Lepelle-Nkumpi
Share of GDP	12%	10%
GDP growth per annum	-0.58%	1.94%
GDP contribution to sector in DM	N/a	12%
Share of employment	23%	18%
Employment growth per annum (formal & informal)	-0.20%	-0.28%
Employment contribution to sector in DM (formal & informal)	N/a	12.58%

Source: Quantec database 2011, Kayamandi calculations 2013

The retail and trade sector is also an important contributor to the local economy of Lepelle-Nkumpi Municipality, with almost 10% of the local GDP output being generated by this sector, making it the fourth largest contributor to the municipality's economy. The growth of the trade sector in Lepelle-Nkumpi Local Municipality in terms of its output is approximately 2% per annum. Its employment share is far larger than its contribution to the municipality's output and is responsible for more than 18% of employment. The growth in employment has been negative -0.28% per annum.

The trade sector in Lepelle-Nkumpi Local Municipality is mainly confined to the retail component, in respect of both formal and informal trade activities. The formal trade activities are centred in the main town of Lebowakgomo at the Lebowakgomo industrial area and the Lebowakgomo shopping complex. Given the extensively rural nature of the remainder of the municipal area, the remainder of the municipality is served only by small retail shops, which are scattered throughout the villages. The limited trade activities found within Lepelle-Nkumpi Local Municipality do not sufficiently cater for the rural settlements and people generally have to travel to larger centres of activity, such as Polokwane.

4.6.2 BUSINESS PROFILE

In order to gain a better understanding of the local economic conditions as well as the type of businesses operating within Lepelle-Nkumpi Local Municipality – as well as to compare growth within the local economy, a survey of local businesses were conducted. The results of these surveys allow an in-depth look at local businesses and reveal the business climate in the municipality as well as reveal problems and opportunities perceived by local business owners.

A sample of 376 businesses within the Municipality were surveyed in different regions or clusters, based on larger population concentrations and Strategic Development Areas (SDA) as set out below.

Table 4.19: Number of businesses surveyed per SDA cluster

SDA cluster	Town/Village	Number of businesses surveyed
Lebowakgomo/Makotse	Lebowakgoma	121
	Ikgomo	2
	Mogodi	18
	Ga-Mphalele	32
Total		**173**
Mogoto/Magatle	Ga-Molapo/Magatle	18
	Ga-Mogotlane	18
	Ga-Rakgoatha	10
	Hlakano	1
	Magatle	32
	Makgopong	6
	Makushaneng	12
	Makweng	12

SDA cluster	Town/Village	Number of businesses surveyed
	Mathibela	1
	Mogoto	20
	Moletlane	19
	Rama	3
	Sehlabeng	7
	Sporong	1
	Zebediela	20
Total		**180**
Matabata/Mafefe	Ga-Mathabata	12
	Gasodoma	1
	Lekgwareng	4
	Mafefe	5
	Mahlatjane	1
Total		**23**
Grand Total		**376**

In order to ensure an accurate representation of the businesses located within Lepelle-Nkumpi Local Municipality, the total number of businesses surveyed was based on the observed ratio of businesses within each cluster. The same approach was followed to ensure a representation of all the types of businesses, i.e. formal and informal businesses.

For more detail consult Annexure 2 regarding survey findings according to the following themes:

- Business characteristics
- Business Linkages and trends
- Perceptions and challenges relating to the success of business
- General perceptions of the local economic environment

4.6.3 ECONOMIC LINKAGES

The inputs into the trade industry relate mainly to the products that are sold by traders. Formal traders, particularly those located in Lebowakgomo, are to a large extent part of chain shops, with products obtained mainly from Gauteng. Other smaller formal traders obtain the products they sell from wholesalers in activity centres such as Polokwane.

Informal trading is to a large extent focussed on agricultural produce, which is obtained from the local farmers and farmers in the surrounding municipalities. Other products sold by informal traders, particularly in respect of non-food products, are sourced from wholesalers in Polokwane.

The forward linkages of the trade sector are again the products which are sold to customers. In the rural areas, trading is undertaken on a small scale only, with products being sold to the public and very locally (i.e. to the surrounding communities). However, some informal businesses located on the main roads with the municipality are also to a limited extent able to capture some of the through traffic.

Larger businesses, which are mainly located in Lebowakgomo, also do not have a very large off-set market. However, as Lebowakgomo is one of the larger urban areas in the municipality, products are not only sold to the immediate surrounding population, but also attract people throughout the municipality. Very few retail products are sold outside of the municipal boundaries.

4.6.4 DEVELOPMENT POTENTIAL AND POTENTIAL PROJECTS

Growth in this sector is determined by disposable income, exports and tourism. Disposable income can be increased through job creation and exports to enable the municipality to produce at higher levels than the limitation of local consumption. Tourism is the third area of intervention to promote local economic development in the trade, accommodation and catering sector.

Being the seat of the provincial legislature, as well as host for all Sekhukhune District provincial sector departments as well as some Capricorn District departments, opportunities for retail and services business are vast.

Given the strong agricultural sector in the region and the fact that many of the agricultural inputs are sourced from outside the municipal boundaries, opportunities arise for the trade of these inputs. This includes inputs such as fertilisers, pesticides, machinery and seeds or seedlings. Many of these inputs are obtained from Polokwane nearby, but could be sold within the municipal area, which gives the advantage of being easier accessible and closer to the farming areas.

Traders in the municipality currently buy their stock from wholesalers in the larger activity centres such as Polokwane, as there is a shortage in wholesalers in the area. A limiting factor to the development of further wholesale activities of the municipal area is the proximity and easy access to the well-established trade sector in Polokwane, which would generate a high level of competition.

From the results of the business survey, it is clear that a number of small businesses and informal traders are not satisfied with their trading premises either because it is informal and inadequate, or because it is not located at an ideal location due to its informal nature. Serious consideration should be made to upgrade and formalise trading space for informal traders and other small businesses.

The survey results revealed that local businesses produce a considerable amount of waste, of which the majority consist of paper, cardboard and plastic. Approximately 94% of businesses indicated that they simply discard their waste, which gives rise to an opportunity for recycling projects and initiatives within the manufacturing sector.

Potential projects for the retail sector are shown in the Table below.

Table 4.20 Potential retail and trade projects

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
Upgrading of informal trading facilities	Upgrading of trading facilities Clean-up of CBD Trading stalls

4.6.5 SUMMARY OF BUSINESS PROFILE

The business survey was aimed at capturing a representative sample of local businesses, with the results giving a good indication of the types of businesses in the municipality in terms of formal and informal businesses, the products sold and services provided by local businesses, as well as giving an overview of their clientele and the main suppliers.

The sample of local businesses represented formal and informal businesses, with 85% of respondents indicating that they were single businesses with no linkages to other branches to support their businesses. This is also reflected in the employment levels, which showed that more 34% were owner-run businesses without any other employees. Both these indicators are linked to the largely informal nature of local businesses surveyed in the municipality. Almost 55% of businesses surveyed do, however, provide employment for between 2 and 5 permanent members of staff. Business that indicated higher employment levels are mainly concentrated in larger and more urban centres of the municipality.

The majority of businesses surveyed fall within the retail sector (75%), many of which are related to the sale of fruit and vegetables. This is particularly true for the informal businesses. Other popular businesses include supermarkets, general dealers and the sale of food.

With regard to client sectors, the overwhelming majority of the businesses (75%) rely on the population in the surrounding areas. An alarming 42% of businesses source their products outside of the borders of Lepelle-Nkumpi Local Municipality.

Respondents indicated that the most important locational advantage is proximity to a main road, followed by the large client base. Both these aspects relate mainly to the informal market. Disadvantages in terms of where businesses find themselves, is a perceived lack of support from the municipality, as well as a lack of shelters to trade from.

The majority of local businesses surveyed indicated that turnover in the last 5 years had decreased (51%). Turnover sales for businesses in the municipality are for the largest part quite low. Regardless of the trends experienced over the past 5 years, local business owners remain optimistic about the future of their businesses, with the largest proportion of respondents expecting to see an increase in turnover and employment over the next 12 months.

The location of informal traders within Lebowakgomo is a concern to the business community, and a controversial issue. Upgrading of trading space for informal traders are direly needed and should be a priority to ensure a prosperous retail and trade sector within Lepelle-Nkumpi Local Municipality.

Figure 4.9: Informal trading premises located along the main street

4.7 TOURISM, RECREATION AND SPORT SECTOR

4.7.1 TOURISM, RECREATION AND SPORT SECTOR OVERVIEW

Tourism includes travel for a variety of reasons, including amongst others, leisure and recreation; business; education; health and healing; religious pilgrimages; sport; visiting friends and relatives; meetings and conferences. The most important market in respect of Lepelle-Nkumpi Municipality is the leisure and recreation market, as this is a sector that can be identified and influenced to visit specific products or destinations.

The Limpopo Province is renowned for its abundant wildlife, spectacular and contrasting scenery and wide open spaces, as well as a wealth of historical and cultural treasures, giving it the potential to develop into a major tourist destination. The importance of the tourism sector as one of the main drivers of the Province's economy is further evident from the inclusion of the Environmental and Natural Resources Development Programme contained in the in the LEGDP 2009-2014.

This programme covers all the districts of the Province, as it is considered that the whole province offers unique attractions. The forerunner to the LEGDP, the PGDS, identified tourism as a key industrial cluster. As such, 8 sub-clusters have been identified, which include special interests; the game industry value-chain; golf and game tours; biosphere such as Lowveld, Waterberg and Soutpansberg; family entertainment (resort, sport and picnic places); Polokwane business tourism; mountain adventure on escarpment and Tranfsrontier Parks.

Lepelle-Nkumpi Municipality offers unique opportunities for tourism development and should therefore expand its competitive advantage in certain aspects of the tourism industry in line with the tourism cluster.

The District is situated as a stopover between Gauteng and the Northern areas of Limpopo and between North Western areas and the Kruger National Park. It is a gateway to Botswana, Zimbabwe and Mozambique. The Capricorn District Municipalty area is richly endowed with natural assets and unique natural attributes. Capricorn District Municipality is currently a domestic and international tourism destination. A number of tourist attractions and resources already exist in Capricorn area, including a number of government owned reserves such as Blouberg, Moletjie, Bakone Malapa and Machaka, two registered Natural Heritage Sites namely Brackenhill and Goedehoop. The Makgabeng Rock Art and the ZCC pilgrimage to Moria on an annual basis, also ensure that people visit the area.

Given the high rate of tourists' influx into the area, it is apparent that the demand is higher than supply.

Tourism opportunities in the Lepelle-Nkumpi Municipal Area are vast. The Zebediela Citrus is one of largest citrus farms in the Southern Hemisphere. The Wolkberg Wilderness Area consists of 40 000 hectares of almost pristine Afromontane grasslands, indigenous forests, spectacular mountain scenery and clean, running streams and rivers. It is the largest wilderness area readily available to the public of South Africa. The Downs and Lekgalameetse Nature Reserves are located adjacent to the Wolkberg Wilderness Area, while the Bewaarkloof Nature Reserve is located to the west of the Wolkberg Wilderness Area.

The hot climate makes Lepelle-Nkumpi a pleasant year-round holiday destination. During summer - that is in the months October to March - it is hot with brief afternoon showers, providing a cooling effect for evenings. In winter - from May to September - the mornings are crisp and the days are dry and sunny.

According to the South African Domestic Tourism Survey 2011, 876 000 day tourists and 12 192 000 overnight tourists visited Limpopo in 2010. The reasons for these visits to Limpopo Province are summarised in the table below.

Table 4.21: Reasons for visiting the Limpopo Province

Reason for visit	Percentage
Leisure/vacation/holiday	8.7%
Shopping (business)	0.1%
Shopping (personal)	0.3%
Sporting (spectator)	0.0%
Sporting (participant)	0.1%
Visiting friends or relatives	52.3%
Funeral	14.2%
Business/professional	0.9%
Business conference	0.1%
Study/educational trip	0.6%
Medical	0.5%
Wellness	0.0%
Religion	16.2%
Other	5.9%
Total	100%

Source: South African Domestic Tourism Survey, 2011

Visiting friends and relatives constituted 52%, followed by the religious trips which made up approximately 16%, attending a funeral contributed to approximately 14% and holiday and leisure contributed 8.7% to the trips made to the province. Tourist visiting Limpopo (for day trips and/or overnight trips), spent collectively approximately one billion eight hundred seven million rand (R1 807 273 000) during 2010 on accommodation, food and beverages, domestic transport, recreation and culture, shopping and other. This serves as proof that the tourism sector in Limpopo is lucrative, and that potential exist to harvest and nurture the tourism sector of Lepelle-Nkumpi Local Municipality to become more lucrative and profitable to boost the local economy.

The location of Lepelle Nkumpi municipality is an advantage as it forms part of the Dilokong Corridor, the African Ivory Route and is located in the most popular destination in Limpopo, Capricorn. It also forms part of the R37 Polokwane-Burgersfort corridor.

In Lepelle-Nkumpi tourism is an important economic sector with huge development potential and linkages to the surrounding areas and recognized routes such as the African Ivory Route, to say the least.

Rural tourism is characterised with natural and cultural resources, which in turn can be transformed or developed into tourism attractions that create jobs and generate income for the community of Lepelle-Nkumpi. Natural tourism attractions include geographic or other natural features such as parks and reserves, waterfalls, and other water catchments areas, caves, rock formations and other forms of unhampered natural beauty. Cultural Tourism includes acknowledging history, way of living and handcrafted products of the population.

In the process of developing new flows of visitors it will be important for Lepelle-Nkumpi Local Municipality, to be aware of what the "competitive" Municipalities may be doing in terms of tourist development and marketing, and to work closely with those Municipalities that could offer additional resources and support in terms of channelling increased or new flows along routes that would be mutually beneficial.

4.7.2 KEY TOURIST, RECREATION AND SPORT ATTRACTIONS AND PRODUCTS

There are a number attractions within Lepelle-Nkumpi Local Municipality, some of which are not only currently operating at full potential which could be utilised to ensure future opportunities for expansion or further development in Lepelle-Nkumpi Local Municipality. The key tourism attractions that are present in the municipality are briefly described below.

Tourism has been identified as one of the sectors in which the province enjoys a competitive advantage. Since the whole province offers unique tourism attractions, the following sub-clusters have been identified in Lepelle-Nkumpi:

- Special interest activities, such as Mapungubwe and Nyslvlei Birding
- The game industry value-chain
- Golf and game tours
- Biospheres, such as Waterberg, Soutpansberg and Lowveld
- Family entertainment (including resorts, sport and picnic places)
- Mountain adventure on escarpments, and
- Transfrontier Parks

Up-stream potential along the value-chain refers to the increased inputs required by tourist operators and facilities and down-stream potential, relates to the anticipated increase in spending by tourists on local goods and services, such as arts and crafts.

Currently there are limited **accommodation facilities** within Lepelle-Nkumpi. In Lebowakgomo, there are only two accommodation facilities in the form of guesthouses. These are:

- Masters Guesthouse (formerly Alpha Guesthouse)
- Ngwanesho Guesthouse (self-catering facilities are available)

Other self-catering accommodation and camping facilities that form part of the numerous **nature reserves** within Lepelle-Nkumpi Local Municipality are also evident. These nature reserves are:

- Lekgaalameetse Nature Reserve
- Wolkberg Wilderness Reserve
- Bewaarkloof Nature Reserve
- Wolkberg Caves Nature Reserve
- Thabina Nature Reserve
- Mafefe Village Camp
- African Ivory Route (Mafefe Camp)

Other attractions found in and around Lepelle-Nkumpi Local Municipality include the following:

- The Strydpoort Mountains located in the north eastern part of Lepelle-Nkumpi
- The Donkerkloof Caves (ruins) - ancient barrier walls at mouth are of historic importance
- Former Lebowa government offices were considered a masterpiece in the whole of Lebowa, they are of historic importance
- Wetlands
- Mafefe Miraculous Tree
- Unique butterflies – only type found in the world
- Rivers e.g. Mokgoroatlwaneng River in Seleteng
- Mountain climbing
- Chueniespoort

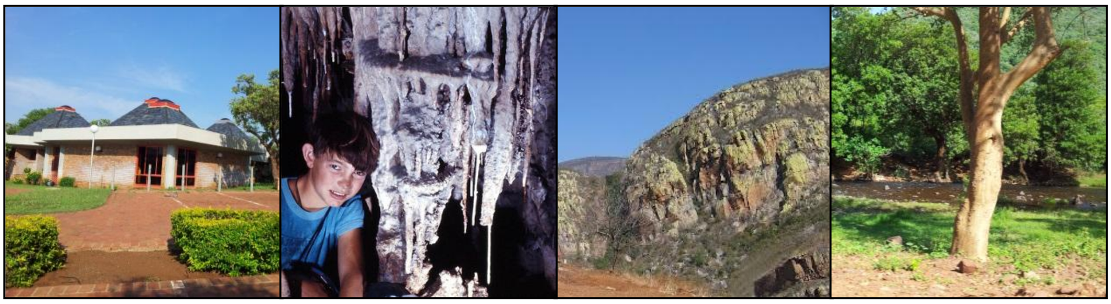


Figure 4.10: Tourist attractions located within Lepelle-Nkumpi Local Municipality

4.7.3 CURRENT TOURISM, RECREATION AND SPORT INITIATIVES

The Lepelle-Nkumpi Local Municipality IDP and the Capricorn District Municipality IDP identified the following projects and tourism initiatives planned in Lepelle-Nkumpi Local Municipality:

Table 4.22: Capricorn District and Lepelle-Nkumpi Local Municipality IDP identified tourism initiatives

Project	Location	Description
Provision of tourism information to the public	Lepelle-Nkumpi Local Municipality	Tourist attraction brochure
Bewaarskloof Conservancy	Strydpoort Mountains, Mahlatji, Donkerskloof	Develop a tourist destination
Protection and promotion of heritage sites	Lepelle-Nkumpi Local Municipality	Preservation of arts, culture and heritage
Mathabatha Arts Centre	Mashadi	Preservation of arts, culture and heritage
Mashadi Picnic Site	Mashadi	Develop a picnic site

Project	Location	Description
Mahlatji Tourism Centre	Mathabatha	Develop a tourism centre
Hospitality facilities	Lebowakgomo and Mafefe	Develop accommodation and hospitality facilities
Mafefe Camp: African Ivory Route	Strydpoort Mountains	Community based tourism project
Zebediela Farm Stay and Caravan Park	Zebediela	Develop accommodation and other tourist facilities

Source: Capricorn District Municipality IDP, 2012/2013, Lepelle-Nkumpi Local Municipality IDP, 2012-2016

4.7.4 DEVELOPMENT POTENTIAL

The region of Capricorn stretches from the Ysterberg, all along the foothills of the lush Wolkberg, to the tropic of Capricorn in the north. The region's position makes it a perfect stopover between Gauteng and the northern areas of the province and between the country's northwestern areas and the world-renowned Kruger National Park. It is also in close proximity to the neighbouring countries of Botswana, Zimbabwe, Mozambique and Swaziland.

Not only is Lepelle-Nkumpi Local Municipality part of this tourism region, it is also highly rural and rich in culture thus, highly conducive to rural tourism development.

Zebediela which is part of Lepelle-Nkumpi hosts one of the largest citrus estates in the world the Zebediela Citrus estate and the other large citrus estate is in the neighbouring district Lepelle-Nkumpi. The large citrus production of these plantations can be developed into tourist attractions.

Figure 4.11: Zebidiela Citrus Estate

Mokgalakwena (meaning ‘fierce crocodile’) as referred to by the locals, the north-flowing river was mistakenly believed to be the Nile by a group of Voortrekkers, known as the Jerusalem gangers, who arrived here in 1886. Mokgalakwena runs through the eastern mountainous region of Lepelle-

Nkumpi. There is currently no tourism activity occurring around this area and this holds promise for great tourism development.

The location of the Wolkberg, and Lekgalameetse nature reserves including Bewaarkloof conservation and caves proves viable and worth potential to be developed into one of the main tourism attractions of Lepelle-Nkumpi Local Municipality, and the Capricorn District Municipality as a whole. This nature conservation has the potential to play a vital role in the development of tourism in the Lepelle-Nkumpi area.

The process of uncovering sites, activities or resources that have future tourism potential should be on-going and would be hastened if a tourism awareness programme could be launched to alert local communities to the nature of the tourism industry and what needs and expectations various market sectors may have. This process would ensure that villagers look at their own natural and cultural environments in a different light and realise that places, activities, things and lifestyles etc., that may seem very routine and ordinary to themselves, may hold some attraction for general or special interest visitors, and could be developed into attractive, viable and sustainable new tourism products.

Recognising these opportunities will depend on the entrepreneurial spirit within the relevant communities and it will be a further function of the Local Municipality to assist new developers in preparing feasibility studies and business plans, and then assisting them to proceed through all the necessary steps towards a successful operation.

The old MEC residence is currently underutilised due to the relocation of MECs to new premises in Polokwane. These residences hold vast potential to be further developed and used as accommodation for delegates, business professionals and tourists.

Figure 4.12: MEC Residences

The Zebediela Golf Club is currently not open to the public, and not ideally maintained. The opportunity exists to revitalise the Golf Club to allow local residents and neighbouring communities to utilise the golf course and its existing facilities. Through proper care and marketing, other opportunities such as hosting functions and weddings could also be viable.

Figure 4.13: Zebediela Golf Club

The key gaps in the provision of tourism facilities in Lepelle-Nkumpi include, inter alia:

- The merging and commercialisation of Lekgalameetse, Wolkberg and Bewaarkloof Nature Reserves is seen as the most critical requirement for the tourism sector so as to create some critical mass of opportunity and/or attraction. Only after these have been merged and commercialised could spin-off attractions be developed in other surrounding areas. Lekgalameetse, Wolkberg and Bewaarkloof Nature reserves, as the key destination within Lepelle-Nkumpi Municipality, needs a specific development plan which will produce a basket of products to entice more visitors, encourage them to stay longer, ensure that they spend more money and provide much higher levels of visitor satisfaction;
- Various adventure activities, especially mountain biking, should be investigated for state, communal and private lands
- Special interest markets such as bird-watching, plants and trees could be developed;
- There is a growing demand for authentic and unstructured cultural experiences and artificial ‘cultural villages’ must be avoided
- All tourism experiences require high elements of entertainment, education value and fun, at the same time always retaining the highest respect for the natural and cultural integrity of the host communities or areas
- Major emphasis must be placed on the provision of information. The future production of expensive, bulky, full colour brochures and guidebooks should be reviewed against the many electronic alternatives that are available and that the market is needing
- Local sites and activities must be packaged and made more easily available to visitors. The so-called ‘basket’ of experiences requires that each product in the basket is accessible, safe, clean and friendly and that all contribute something unique or special to the building of an attractive destination

- The cultural heritage, including the rich history of the people in the area, should become a more important feature of the tourism experiences. Today's tourists also do not want to feel remote and isolated from the experience of travel; they want to be part of it and to feel, hear, taste and smell the full diversity and richness of Africa
- Training that is appropriate or relevant to the growing tourism industry needs to be introduced;
- Accommodation and recreation facilities, including sports grounds, are an important stepping stone towards the bigger world of tourism. Not only are they needed to provide an improved quality of life for the many rural communities, but they engender an appreciation for the benefits of using leisure time more wisely and productively. This leads to the need to stay away from home overnight or on a short weekend break and finally contributes towards a more buoyant tourism economy.

The following Table also shows the locations, which have, potential to be developed into tourism attractions.

Table 4.23 Development potential of tourism sector

Location/ Site	Tourism Opportunities
Lekgalameetse reserve	Has potential to be developed into one of the seven biodiversity hot spots in South Africa.
Wolkberg reserve	Commercialisation of this reserve could develop it into one of the largest wilderness area readily available to the public of South Africa.
Thabina reserve	Link to the other reserves, Wolkberg, Lekalameetse and Bewaarkloof could optimise the nature experience that this reserve can offer.
Bewaarkloof reserve	Link to the other reserves, Wolkberg, Lekalameetse and Thabina could optimise the nature experience that this reserve can offer.
Strydpoort mountains	This escarpment is located in the north-eastern parts of Lepelle-Nkumpi, next to the Lekgalameetse Conservancy linkage to the reserve
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.
The African Ivory Route	This route passes through the Mafefe area and should be linked to the nature reserves in the area, as well as the Mafefe Village Camp.
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.

Location/ Site	Tourism Opportunities
Royal Houses	Most of the tribal areas in Lepelle-Nkumpi have potential to be developed into the pillars of cultural tourism in Lepelle-Nkumpi.
Zebediela Farm stay	The potential exists to develop farm stay accommodation linked to the large citrus estate in Zebediela.
Olifant's river gorge	Stunning scenery when viewed from the Lekgalameetse reserve.
Unique butterflies and wetlands	There is reportedly a unique butterfly specie situated in Lepelle-Nkumpi which has already attracted numerous tourists to the area. Increased marketing of this uniqueness would assist in attracting greater number of tourists.
Mafefe Miraculous tree	This tree exists in Mafefe and has been known to be a source of miracles. Reportedly, photographs of the tree cannot be taken and anyone whom takes a picture of the tree has always been left with flaws. This tree is also used for praying by a local 'cult'. The tree has some historical value as and may present an opportunity for historical and cultural tourism if marketed adequately.
Mafefe Village Camp	Accommodation facilities have been built in the Mafefe Village, but is not in operation at the moment. This Village Camp is situated in close proximity to the Miracle Tree, which creates potential to link them to ensure a unique experience.
MEC Residences	These residences hold vast potential to be further developed and used as accommodation for delegates, business professionals and tourists.
Construction of new stadium at Zebediela and Mphahlele	Zebediela and Mphahlele are home to numerous soccer, softball and other clubs who do not have adequate sporting facilities. The Tribal authorities has in cooperation with the municipality, already put aside land for such a venture.
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.
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.
Revitalisation of the Zebediela Golf Club	Currently the Zebediela Golf Club are not maintained or open to the public. Through revitalising the Golf Club, local residents and neighbouring communities can enjoy golfing and socialising.
Lebowakgomo Municipal swimming pool	Lebowakgomo is one of the hottest areas and in summer temperatures can easily reach around 40°C. 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.
Renovation of old fire station into Disaster centre and community hall, sports centre and event centre	The municipality does not have a disaster centre. A suitable structure for such a function exists in the form of the old and disused fire station. This structure never

Location/ Site	Tourism Opportunities
	actually worked for the purpose for which it was created since its inception some 15 to 20 years back, but served all along as 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 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 with the spacious staff quarters being utilized as lodge or for accommodation for conference or training delegates.

It should be noted that tourism, however, does not just happen because there is a perceived desirable attraction or product. Substantial investments in planning, development, training, operations, marketing, etc. are needed. A base of resources with intrinsic tourism appeal is not sufficient on its own. Lepelle-Nkumpi Local Municipality currently is not situated in the right position, or within an established tourism destination or along a strong flow of visitors. Innovative and creative product development and the full dedication and commitment of all role-players and stakeholders will thus be essential in order for the tourism sector to reach its potential.

A short-term action on the part of the Municipality could be to publish a small guidebook and website to the attractions and the tourism products within the area. In terms of future potential, the provision of additional accommodation and other facilities is largely a private sector function and happens when an enterprising entrepreneur identifies a gap or niche in the supply chain, or an increased demand in the market place. In this respect, opportunities may exist as linkages with the nature reserves.

4.8 DEVELOPMENT CONSTRAINTS

Constraints identified by different role players in terms of barriers to the expansion and development of key economic sectors within Lepelle-Nkumpi Municipality include the following:

- **Land claims:** nearly half of the land contained within the boundaries of the municipality is currently the subject of land claims. The process of land claims is a lengthy one and has as yet not been resolved by the Land Claims Commission. This creates uncertainty with regard to existing commercial farmers and their ability to expand or employ more people, but also creates an uncertain climate that deters investment in the area.

- **Lack of funding or financial support and institutions:** large areas of land are registered in the name of the state and under the custodianship of traditional authorities. As such, small farmers are farming on communal land, to which they cannot get title deed, but only have permission to occupy. Farming on communal land precludes small farmers from obtaining financial support through commercial institutions such as banks, which prevents these farmers from expanding their farming enterprises or obtaining the necessary insets such as specialised machinery. Furthermore, access to funding, even for minor, necessary improvements to public and private sector products in the tourism industry, is extremely difficult to secure. Financial institutions are also lacking. This constrains the effective operation of local businesses, and also results in spending of money outside of the municipality, as residents conduct multi-purpose trips, combining trips to banking facilities with major shopping in the areas surrounding these financial institutions.
- **Proximity to Polokwane:** While the proximity of the larger activity centre of Polokwane is advantageous in some respects, it does somewhat constrain the development of the business and services sectors in the Municipality. Due to the good transport linkages, easy access and close proximity of Polokwane, large and well-established suppliers and support services are within easy reach of farmers and other industries in the Municipality, creating the perception that there is no further need for the development of these facilities locally.
- **Lack of skills:** The majority of the labour force in the Municipality has no, or very limited basic skills, necessitating on-the-job training. Training is particularly necessary in the further processing of fruit, vegetables and in the mining industry, which requires somewhat higher skills levels. The lack of these skills largely constrains the further development of manufacturing, and agro-processing and mining industries in the municipal area. Furthermore, subsistence and small-scale farmers lack the skills required to not only effectively produce their products (i.e. farming practices, disease, fertilisation etc.), but also the business skills to develop their farming enterprises into viable, profitable and sustainable businesses. In this respect, there are particular gaps in terms of the transfer of skills and mentorship from successful business people to entrepreneurs and small business owners. Lack of skills in the tourism sector is also evident, and there is no practical support is given to emerging tourism entrepreneurs or SMMEs in terms of pre-feasibility, feasibility, business planning and management of tourism enterprises.
- **Access to markets:** Most of the small-scale farmers and manufacturers do not have access to the larger markets outside of the municipal area, or even their respective villages. This forces them to sell their products to the local communities and prevents the expansion of

their businesses. Access to markets for small-scale farmers is further constrained by accessibility issues and the poor condition of roads in the remote rural areas.

- **Lack of water and other infrastructure:** A further constraining factor is the lack of water. Many of the small-scale farmers are located alongside perennial rivers, but a large proportion of farmers are located away from these rivers. The water supply is not sufficient in terms of irrigation and many small-scale farmers therefore rely on dry-land farming. Furthermore, the main agricultural products only naturally occur in the southern parts of the municipal area and agricultural production and expansion would therefore not be viable development options for the northern areas of the municipality, which have a drier climate. While the municipality presents such vast opportunities for local economic development, the challenge is the underdeveloped infrastructure which undermines the maximum exploitation of these opportunities by both local people and foreign investors. Lack of/poor infrastructure such as water, electricity, sanitation facilities, communication facilities and roads in most parts of the municipality prohibit development and growth of SMMEs in the area.
- **Lack of tourism infrastructure, marketing and awareness**: Lepelle-Nkumpi currently does not have large range of accommodation, conference or tourism facilities, which hampers the development of the tourism sector in the municipality. Lebowakgomo is somewhat remotely situated and does not have much to offer as a place to stop for refreshments or supplies. There is also currently no tourism strategy in place for the Municipality which can effectively identify projects and monitor its progress. The municipality is also effectively marketed as a tourism destination. There are also very low levels of awareness regarding the tourism industry amongst local communities, which results in communities not fully understanding the value of the tourism industry, not generally having a positive and friendly attitude towards visitors, and not being aware of what opportunities the industry presents in terms of SMME involvement.

The above summarises the main constraints (but not all constraints) hindering economic development in the Municipality. Apart from identifying development opportunities and projects to facilitate economic growth and job creation, these issues need to be addressed in order to ensure the successful implementation of an economic development strategy.

4.9 DEVELOPMENT OPPORTUNITIES

The following key development opportunities exist in the municipality:

- **Natural resource base:** Lepelle-Nkumpi has a natural resource base that consists of agricultural products. The development potential in the agricultural sector of the Municipality is contained in the expansion of the production of existing products in the region, particularly citrus, vegetables and livestock. In the northern parts of the municipality (which tends to have a drier climate) potential for development lies in livestock and game farming, which generally fare well in other areas of Limpopo. While land claims are associated with some level of uncertainty, the transfer of land to local communities could create opportunities for development of the land for farming enterprises, or for tourism-related enterprises such as conservancies, game farms, accommodation and other tourism activities. Furthermore, much of the land set aside for conservation could be developed with innovative tourism attractions, especially if the new land ownership regime will require that the land becomes more productive. There are several government-owned irrigation schemes that are operating considerably below potential. There is also extensive land and buildings for broiler farming that is not being utilised.
- **Agro-processing and cluster development:** Opportunities also exist in the Municipality, mainly in relation to the establishment of new industries, and expanding of existing enterprises, that are focussed on the beneficiation of the existing agricultural products. There are a considerable number of LED opportunities in Agri-Business projects that could contribute substantially to the economic development of the area. Apart from value-adding activities to these products, there are also opportunities for the development of handling plants such as washing and packaging of fruit and vegetables. Customised factories for meat and hide processing that are currently vacant in the Lebowakgomo Industrial Park create the opportunity to participate in cluster development for meat production. Such a cluster could incorporate broiler and cattle feed production, livestock farming, slaughtering, processing, packaging and marketing. The cluster development concept should also include specialist skills training for local activity requirements and services to provide the necessary maintenance and support.
- **Mining and Manufacturing**: The processing of raw materials from mining will contribute significantly in expanding the manufacturing sector within the Municipality. The agglomeration of these activities will result in economies of scale and that would increase both economic development and employment opportunities. The platinum and diamond mining activities at Lebowakgomo and Zebediela could create opportunities for SMMEs.

Negotiations with mine management would be required to unlock such opportunities. The Dilokong Platinum Corridor that extends through the area is a priority for provincial government and creates a range of opportunities for LED and support.

- **Existing skills**: Opportunities for development can also be found in existing local skills in the municipality. In this respect, it has been indicated that skills exist in beadwork and pottery. In some instances, raw materials such as clay can also be sourced locally. This creates opportunities for the development of co-operatives, as well as linkages with other sectors of the economy such as the tourism industry.
- **Retail and services**: Given the strong agricultural sector in the region opportunities arise for the trade of agricultural inputs. This includes inputs such as fertilisers, pesticides, machinery and seeds or seedlings. The development of the retail and services sectors should also be focussed on serving the needs of the local residents and business support should be provided to ensure the development of viable and sustainable businesses.
- **Tourism development**: Tourism opportunities in the Lepelle-Nkumpi Municipal Area are vast. The Zebediela Citrus is one of largest citrus farms in the Southern Hemisphere. The Wolkberg Wilderness Area consists of 40 000 hectares of almost pristine Afromontane grasslands, indigenous forests, spectacular mountain scenery and clean, running streams and rivers. It is the largest wilderness area readily available to the public of South Africa. The Downs and Lekgalameetse Nature Reserves are located adjacent to the Wolkberg Wilderness Area, while the Bewaarkloof Nature Reserve is located to the west of the Wolkberg Wilderness Area. The biggest opportunity for development in the tourism industry is based on these nature reserves. The effective packaging, commercialisation and merging thereof could generate the opportunity to establish the Municipality as a tourist destination. Opportunities also exist for the promotion of adventure tourism in the Strydpoort Mountains. Such activities could include mountain-biking, caving, rock-climbing, etc.
- **Location**: When travelling from Polokwane to Burgersfort, one needs to drive through Lepelle-Nkumpi, making it ideally located for retail, mining support services, etc.