

**Growth**



# **Blouberg Municipality**

Growth and Development Strategy

Vision 2040

**May 2018**



## Executive Summary

The Blouberg Local Municipality is a constituent municipality of Capricorn District. The situation analysis reveals that the municipality, like the rest of the region, suffers from the triple challenges of unemployment, poverty and inequality. In terms of key macroeconomic indicators (growth, employment, poverty, etc.) the sub-region of Blouberg is the worst performer and to turn the situation around, the municipality has commissioned a team of experts to develop the Blouberg Growth and Development Strategy (BGDS) with a 22 year horizon (Vision 2040). The Team looked at the current situation in terms of macroeconomic indicators and sectoral potential and developed the BGDS, which is the long-term growth path for Blouberg Municipality. It seeks to transform the municipal economy through sectoral interventions that will be implemented by the Blouberg Local Municipality with its implementing partners. These sectoral interventions are targeted at sectors in which the municipality has strengths as well as potential for growth.

The success of the implementation of the BGDS will be hinged on changes in the following macroeconomic indicators that have been adopted from the Limpopo Development Plan (LDP) and the National Development Plan

- » Growth;
- » Employment;
- » Inequality;
- » Poverty; and
- » Infrastructure stock (Gross Fixed Capital formation)

The model for Blouberg growth trajectory is based on input and output multiplier for infrastructure investment given its huge multiplier effects on the other macroeconomic indicators as well as its backward linkages in the mining and building materials and its forward linkages to the construction sector, agriculture and agro-processing. It is generally accepted that infrastructure investment has a multiplier effect of 1 to 2 return to the output and employment. The multiplier effect is largest in developing countries/regions such as Limpopo and Blouberg Local Municipality than for developed regions that have reached saturation. South Africa's infrastructure multiplier effect was confirmed by the African Development Bank (AfDB) after the World Cup 2010 infrastructure expansion.

The changes to the macroeconomic indicators will be triggered by an assumption that infrastructure investment will grow by R2 billion between the periods of 2020 to 2025 (R1 billion) and 2025 to 2030 (R1 billion). This investment will be made mainly to the mining sectors given the platinum mineral deposits that are already in the area and farms have already been found to have such deposits.



The infrastructure investment will be a shock to the economy and will change the growth trajectory with growth of 5% in the period immediately after the infrastructure investment shock and a long-term growth average of 3.5%. This growth target is like South Africa economic growth before the Global Crisis levels of growth (before 2008). This growth will trigger growth in employment which will almost double (both formal and informal) by 2040, expansion of small medium and micro enterprises (SMMEs) and cooperatives and this will result in the reduction of inequality, the improvement in the Human Development Index and the elimination of food bound poverty.

The tabular representation below depict the impact of R2 billion infrastructure shock and the resultant changes in the multi-year macroeconomic indicators:

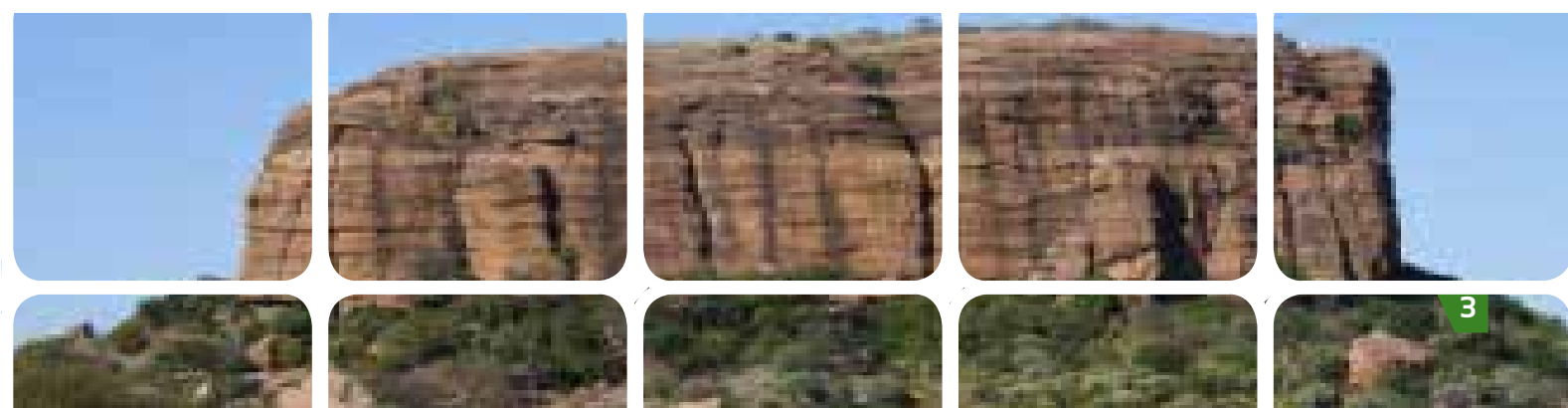
MacroEconomic Indicators	Current (2016/17)	2005	2027	2030	2035	2040
<b>Growth</b>	1%	5%	3.5%	3.5%	3.5%	3.5%
<b>Employment</b>	13 700 (formal)	20 000	25 000	26 000	27 000	28 000
	6 000 (informal)	8 000	10 000	11 000	12 000	13 000
<b>Human Development Index</b>	0.50	0.55	0.60	0.65	0.70	0.70
<b>Poverty (Living Under Poverty Line)</b>	65 000	50 000	35 000	20 000	5000	0
<b>Skills Development</b>	14 000 (matric)	2 0000	22 000	24 000	26 000	28 000
<b>Unemployment</b>	24%	14%	11%	7%	7%	7%
<b>Capital Investments (Gross Fixed Capital Formation: % of GDP)</b>	3.5% of GDP	5%	7%	7%	7%	7%

In a nutshell, the macroeconomic indicators will be impacted by the investment shock resulting in the following changes:-

- » Formal employment will double from 13700 in 2018 to 28 000 in 2040;
- » The economy will grow from 1% in 2018 to 3,5% (a new normal) in 2040 and output expand by 70% of the current total;
- » People living under food poverty line will be reduced from 60 000 in 2018 to 0 in 2040;
- » Infrastructure Stock will rise from 3,5% of GDP in 2018 to 7% in 2040;
- » The economy will reach the full employment level, with unemployment reduced from 24% in 2018 to 7% in 2040; and
- » People with matric and those with matric plus diplomas will double from 14 000 and 3 500 to 28 000 and 7 000, respectively by 2040.

Furthermore, the investment will also be directed to the following sectoral programmes:

- » Agriculture;
- » Trade Sector (SMME and Cooperatives development);
- » Tourism
- » Green economy and utilities



The table depicts the sectoral programmes followed by the linkages and leverages from Blouberg Municipality in the form of policies strategies and programmes from other spheres of government which can support BGDS sectors and programmes of choice and lastly, the key actions (or projects) that must be undertaken by Blouberg Local Municipality to implement the BGDS:

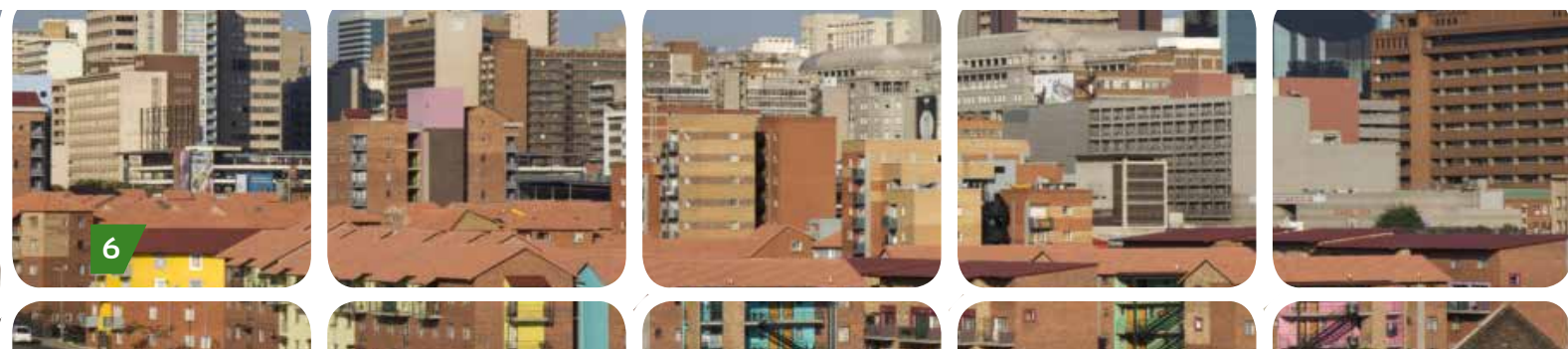
	Programmes	Leverages / Linkages	Key Action Items (Projects)
<b>1</b>	<b>Sector: Agriculture</b>		
1.1	<b>Building of Agri Parks</b>	<ul style="list-style-type: none"> <li>• Capricorn Agripark Programme</li> <li>• IPAP Incentives</li> <li>• IDC incentives</li> <li>• National Department of Agriculture and Rural Development Concentration of farming-potatoes, tomatoes and game</li> <li>• The DTI Technology Hub Programme</li> <li>• Community Works Programme</li> <li>• Ragibang Development Forum</li> <li>• Expanded Public Works Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Partnerships to mobilise the resources and localize service national/provincial service offering</li> <li>• Identification of suitable buildings/infrastructure for plug and play facilities</li> <li>• Identification of individuals and groups to benefits from the initiatives,</li> <li>• Availing resources for infrastructure outlay and operations, especially in the first years of operations</li> <li>• Building a supplier network with commercial and emerging farmers.</li> <li>• Market access support</li> </ul>
1.2	<b>Increase in the hectarage under cultivation</b>	<ul style="list-style-type: none"> <li>• Land Claims process</li> <li>• Expropriation of land</li> <li>• Department of Environmental Affairs</li> <li>• Department of Water and Sanitation</li> <li>• Department of Public Works</li> <li>• LEDA</li> <li>• Limpopo Development Plan</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate investigation (and where applicable reclamation) of illegally occupied land</li> <li>• Undertake a research study on how other economies utilize small-scale subsistence farm lands to create viable communal businesses</li> <li>• Implement Dam/Water Harvesting Infrastructure to support water security as well as contribute to environmental protection (storm-water management)</li> </ul>
1.3	<b>Farmer Support Programmes</b>	<ul style="list-style-type: none"> <li>• Limpopo Agro-processing Strategy</li> <li>• Organized Agricultural Unions (e.g. Bo-rakrivier Boere Vereeniging, Koedoesrand Landbou Unie, National African Farmer's Unions)</li> <li>• Departments of Agriculture and, Rural Development &amp; Land Reform</li> <li>• Farming clusters established under the auspices of the Department of Agriculture</li> </ul>	<ul style="list-style-type: none"> <li>• Implement the Blouberg Integrated Livestock Projects optimally</li> <li>• Completion of the Abattoir and feedlot at Stolzenvels (the Department of Agriculture to conduct due diligence on the existing infrastructure and provide costing for the completion of the project)</li> <li>• Facilitation of negotiation with registered land owners (Kibi Traditional Authority)</li> <li>• Develop and implement a programme to transition local farmers from subsistence to sustainable commercial levels</li> </ul>



	Programmes	Leverages / Linkages	Key Action Items (Projects)
<b>2</b>	<b>Sector: Retail, Trade and Business Service</b>		
2.1	Resource aggregation – Value chain structures reconfiguration	<ul style="list-style-type: none"> <li>• Proximity to Musina-Makhado SEZ</li> <li>• Proximity to Polokwane logistics hub</li> <li>• Development Nodes and Corridors (e.g. Alldays, Senwabarwana, Langlaagte, Eldorado, Tolwe and Harriet'swish)</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of shared production facilities</li> <li>• Introduce and inculcate practice of “club” type bulk-purchasing to leverage bulk discounts (notwithstanding disparate ownership and management structures of retail facilities).</li> </ul>
2.2	Training and mentorship programmes	<ul style="list-style-type: none"> <li>• Development Nodes and Corridors (e.g. Alldays, Senwabarwana, Langlaagte, Eldorado, Tolwe and Harriet'swish)</li> <li>• SETAs</li> <li>• SLPs of mining houses</li> <li>• Co-operatives Act</li> <li>• Municipal Finance Management Act</li> <li>• Broad Based Black Economic Empowerment Score card</li> <li>• Preferential Procurement Policy Framework Act</li> <li>• Blouberg Local Economic Empowerment Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Operate information desks in all Development Nodes</li> <li>• Establish mixed-use incubation centres</li> <li>• Fund or solicit funding for various training and business support programmes and establishment of co-operatives</li> <li>• Utilise procurement levers in municipal supply chain to ensure access to business opportunities for locally owned businesses and co-operatives (Procurement Reform)</li> </ul>
<b>3</b>	<b>Sector: Tourism</b>		
3.1	Promotion and awareness campaigns	<ul style="list-style-type: none"> <li>• Tourism Development Plan</li> <li>• African Ivory Route (incl. Camp)</li> <li>• Makgabeng Rock Art Paintings</li> <li>• Malebogo Battlefield</li> <li>• State managed nature reserves (Wonderkop, Malebogo, Langjan, Blouberg)</li> <li>• Cultural / Heritage Practices</li> <li>• Proximity to Mapungubwe (World Heritage Site)</li> </ul>	<ul style="list-style-type: none"> <li>• Full implementation of the Tourism Development Plan</li> <li>• Investigate ways to leverage the historical influence of German institutions in the Blouberg area (key among these could be how to create a partnership agreement between Senwabarwana (erstwhile Bochum town) with Bochum town in Germany)</li> </ul>
3.2	Product / establishment owners support	<ul style="list-style-type: none"> <li>• Existing lodges</li> <li>• Limpopo Development Plan</li> <li>• Limpopo Tourism Agency</li> <li>• Tourism Grading Council</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate a programme for the Tourism Grading Council to rate and accredit establishments</li> <li>• Facilitate partnership and collaborative relationship between disparate establishment owners</li> </ul>
<b>4</b>	<b>Sector: Mining</b>		
4.1	Investment in Mining	<ul style="list-style-type: none"> <li>• The Mining Charter</li> <li>• Proposed policy changes on the mining charter</li> <li>• Mineral Petroleum Resources Development Act and its regulations as revised from time to time</li> <li>• Broad Based Black Economic Empowerment Score card</li> <li>• PTM</li> <li>• Anglo American (de Beers)</li> <li>• Ironveld</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of Community Development Trust led by mayor and comprising of representatives of traditional authorities and those of bought farms to ensure that a portion of the mine equity structure is owned by structures in Blouberg for the benefit of the Blouberg community at large.</li> </ul>



Programmes	Leverages / Linkages	Key Action Items (Projects)
4.2 Social Labour Plans	<ul style="list-style-type: none"> <li>Mineral Petroleum Resources Development Act and its regulations as revised from time to time</li> <li>The Mining Charter</li> <li>PTM</li> <li>Anglo American (de Beers)</li> <li>Ironveld</li> <li>DMI</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of a Blouberg Mining forum as a sub forum of the LED forum</li> <li>Alignment and streamlining of SLPs</li> <li>Review and input into SLP development process, including at a policy level</li> <li>Enter into agreements with mining houses for mechanisms to increase the participation of locals (in the strict sense of Blouberg based companies and companies owned by residents of Blouberg) in mining procurement</li> </ul>
<b>5 Sector: Infrastructure</b>		
5.1 Provision of enabling infrastructure	<ul style="list-style-type: none"> <li>PPPs</li> <li>Municipal Infrastructure Grant</li> <li>Road Agency Limpopo</li> <li>Limpopo Investment and Economic Development Agency</li> <li>Limpopo Provincial-wide ICT infrastructure roll-out</li> </ul>	<ul style="list-style-type: none"> <li>Develop an Infrastructure Investment Plan for the Municipality to create a pool for implementing the necessary infrastructure required to support economic growth and transformation (including investigation of alternative funding models)</li> <li>Develop a comprehensive master plan for all infrastructure required to support economic growth and transformation</li> <li>Ensure roll-out of Information and Communication Technology, particularly in Development Nodes and Corridors (e.g. Fibre and Wi-Fi)</li> <li>Explore the feasibility of entering into an agency agreement with the responsible authority on the provision of road infrastructure on roads which do not fall under the powers and functions of the Blouberg Local Municipality but which will facilitate connection to Development Nodes as well as population concentration points</li> </ul>
5.2 Development Nodes and Corridors	<ul style="list-style-type: none"> <li>Neighborhood Development Partnership Grant</li> <li>Blouberg Integrated Development Plan</li> </ul>	<ul style="list-style-type: none"> <li>Develop Precinct Plans for all Development Nodes – this will provide sufficient basis for investors to make informed decisions</li> </ul>
5.3 Create new generation economies	<ul style="list-style-type: none"> <li>Department of Environmental Affairs</li> <li>Department of Water and Sanitation</li> <li>Department of Public Works</li> <li>LEDA</li> <li>Limpopo Development Plan</li> <li>Community Works Programme</li> <li>Ragibang Development Forum</li> <li>Expanded Public Works Programme</li> </ul>	<ul style="list-style-type: none"> <li>Investigate mechanisms for creating Waste Management/Recycling economy</li> <li>Investigate how storm water run-off can be harvested to create recreational economies</li> <li>Resuscitate the Marula Fruit Processing business and ensure full implantation thereof</li> <li>Integrate various programmes that render job creation through implementation of infrastructure, agricultural and manufacturing development e.g. CWP, EPWP and Ragibang Development Forum.</li> </ul>



Programmes	Leverages / Linkages	Key Action Items (Projects)
<b>6 Sector: Cross Cutting Matters</b>		
6.1 Skills Development and Training	<ul style="list-style-type: none"> <li>• SETAs</li> <li>• Capricorn TVET College</li> <li>• Department of Education (Limpopo)</li> <li>• Mines (PTM, Anglo American, DMI and Ironveld)</li> <li>• Expanded Public Works Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Engage key employers (by sector) and understand their short-term, immediate and long-term skills requirements and skills deficits they face – also find out what programmes they offer to develop the requisite skills</li> <li>• Reconcile matching skills availability in the existing database (gap identification)</li> <li>• Engage Capricorn TVET College for curriculum focus alignment</li> <li>• Engage the relevant SETAs to solicit the necessary interventions</li> </ul>
6.2 Employment Creation	<ul style="list-style-type: none"> <li>• Preferential Procurement Policy Framework Act</li> <li>• Blouberg Local Economic Empowerment Strategy</li> <li>• Department of Agriculture and Rural Development</li> <li>• Tourism Development Plan</li> <li>• Database of unemployed graduates in Blouberg</li> </ul>	<ul style="list-style-type: none"> <li>• It is envisaged that successful implementation of all the proposals stipulated above will have the natural effect of creating job opportunities</li> </ul>



## List of Acronyms and Abbreviations

<b>BGDS:</b>	Blouberg Growth and Development Strategy
<b>BLM:</b>	Blouberg Local Municipality
<b>CDM:</b>	Capricorn District Municipality
<b>COGHSTA:</b>	Cooperative Governance, Human Settlements & Traditional Affairs
<b>DCOGTA:</b>	Department of Cooperative Governance & Traditional Affairs
<b>DM:</b>	District Municipality
<b>GDP:</b>	Gross Domestic Product
<b>GIS:</b>	Geographic Information System
<b>ICT:</b>	Information and Communication Technology
<b>IDP:</b>	Integrated Development Plan
<b>IDZ:</b>	Industrial Development Zone
<b>IDC:</b>	Industrial Development Corporation
<b>IPAP:</b>	Industrial Policy Action Plan
<b>LDP:</b>	Limpopo Development Plan
<b>LED:</b>	Local Economic Development
<b>LM:</b>	Local Municipality
<b>M&amp;E:</b>	Monitoring and Evaluation
<b>MTREF:</b>	Medium Term Revenue Expenditure Framework
<b>MTSF:</b>	Medium Term Strategic Framework
<b>NPC:</b>	National Planning Commission
<b>NSDP:</b>	National Spatial Development Perspective
<b>NDP:</b>	National Development Plan
<b>NGP:</b>	New Growth Path
<b>PSC:</b>	Project Steering Committee
<b>PESTLE:</b>	Political, Social, Economic, Technological, Legal and Ecological
<b>RSA:</b>	Republic of South Africa
<b>RLCC:</b>	Regional Land Claims Commission
<b>SDF:</b>	Spatial Development Framework
<b>SEZ:</b>	Special Economic Zone
<b>SMME:</b>	Small, Medium and Micro Enterprise
<b>SWOT:</b>	Strengths, Weaknesses, Opportunities and Threats
<b>ToR:</b>	Terms of Reference



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# Chapter 1



## Background to The Project

# 1.1 Need for the Project

The Blouberg Local Municipality commissioned a project for the compilation of the Growth and Development Strategy, Vision 2040 as part of a feeder strategy towards the realization of the National Development Plan (NDP). Like the National Development Plan (NDP) and the Limpopo Development Plan (LDP), this strategy seeks to propel the Blouberg economy into a high growth trajectory and achieve the following objectives:

- » Economic growth;
- » Job creation;
- » Reduction of inequality;
- » Elimination of poverty; and
- » Growth in Capital stock

Through this process, the Blouberg Local Municipality seeks to fulfill the following NDP imperatives:

- » Promote and encourage public private partnership investment opportunities within Blouberg Municipality.
- » Discover innovations, solutions, plans and initiatives that can help fast track the realization of goals set by the business and investor communities for the Blouberg area.
- » Reinforce private and public sector support for and commitment to the local implementation version of the NDP.

The Blouberg Growth and Development Strategy (BGDS), Vision 2040 is a long-term strategy spanning a period of 22 years from 2018 to 2040 and will be realized through a series of five years' Medium Term Strategic Frameworks (MTSFs) and Integrated Development Plan (IDP). It is an overarching strategy that is a guide to the Blouberg Local Municipality and all the other short-term strategies and policies should be informed by it.

In a nutshell, the multiyear planning process of Blouberg must be informed by the BGDS and each time the municipality commits its resources, it should reflect on how such will lead to the achievement of objectives in this strategy.





# 1.2 Strategy Overview

This strategy is not dependent on Blouberg and local resources alone, because if it was the case, it will never be realized, given its dependency on resources that BLM does not have.

This strategy is centered on the economic principle of multiplier effects of investing R2 billion on infrastructure and sectoral programmes over the strategy implementation period. Given the high multiplier effect of infrastructure investment on output, employment and other developmental indicators (of between 1-3 point), there is a strong likelihood that a R2 billion investments (constituting over 70% of the current Blouberg sub-regional output) will propel BLM to a high-growth trajectory.

The strategy requires a formidable capacity to mobilize resources (both human and capital) and will require the municipality to make commitments commensurate with the strategy objectives.

The strategy is conscious that BLM is a rural municipality with 22 distant wards and has had a history of underdevelopment and as such seeks to change all that through an inclusive integrated planning, mobilization of resources and result-driven monitoring and evaluation framework.

## Blouberg Growth And Development Strategies

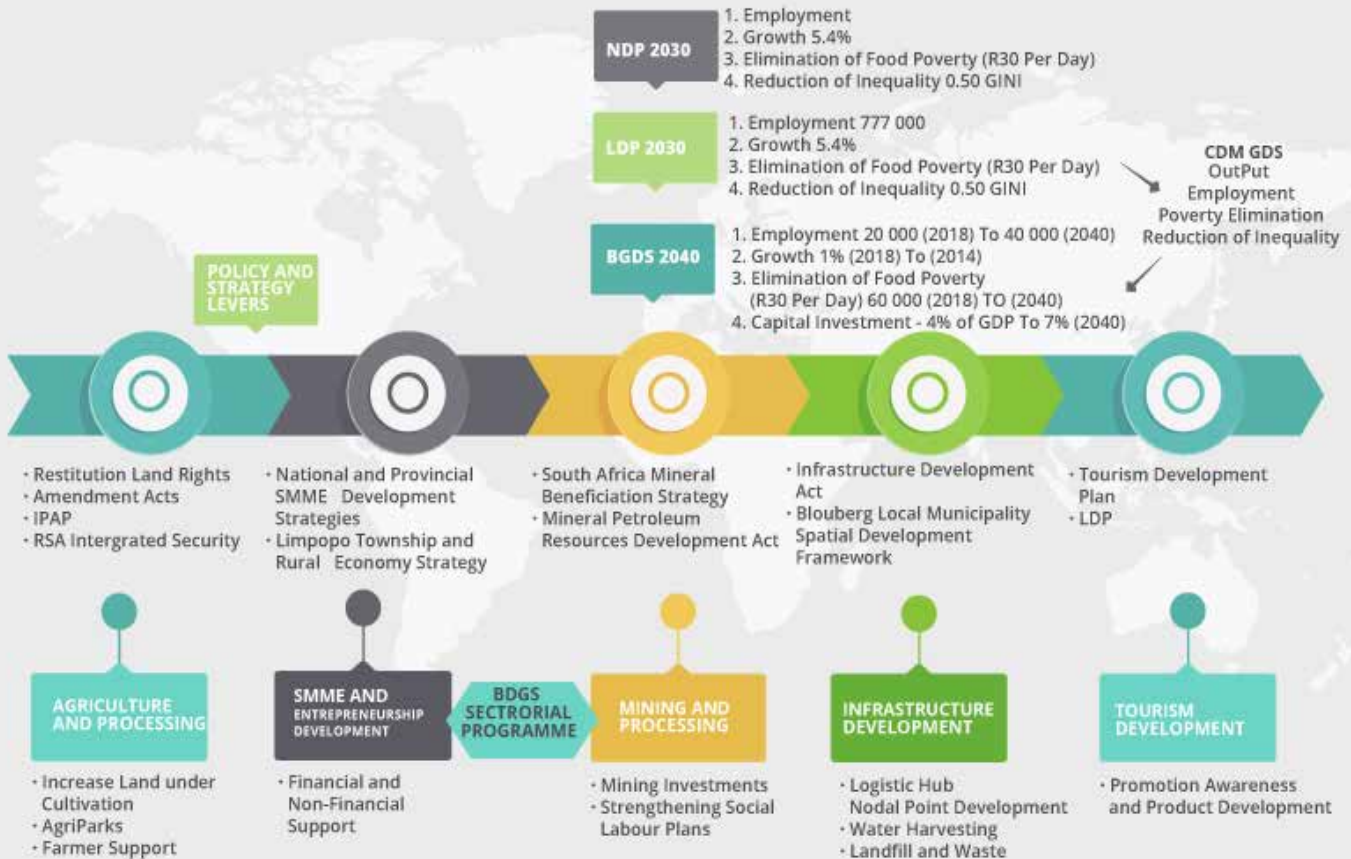


Diagram 1: Schematic Representation of the Blouberg Growth and Development Strategy (Source: Own Interpretation)

## Chapter Outline

**The BGDS is divided into six chapters as follows:**

**Chapter 1** is the introductory chapter to introduce the strategy and how the sections of the document will flow.

**Chapter 2** discusses the situational analysis of the Blouberg Local Municipality using the PESTLE analytic tool. The PESTLE defines the local setting in which the strategy is situated in terms of Political, Economic, Social, Technological, Legislative and Environmental elements. This analysis will in the end synchronise the Blouberg Growth and Development Strategy, Vision 2040 to respond to the local setting challenges. The sources of research for the PESTLE are the approved BLM, Capricorn District and Provincial approved strategies and policies that have a bearing on the BGDS, Statistics South Africa Census (2011) and Community Survey (2016), Survey Questionnaire to public and private stakeholder in Blouberg. In Conclusion, a SWOT analysis is made to diagnose the BLM' Strengths, Weaknesses, Opportunities and Threat.

**Chapter 3** is the heart of the BGDS, for it models the economic development trajectory of the Blouberg Local Municipality over a 22-year period,

starting from 2018 to 2040 in line with BGDS, Vision 2040. Conscious of the situational analysis, the SWOT and current macroeconomic environment, the assumptions of the model are stated, resulting in the changes in the long-term macroeconomic indicators (output, employment, poverty, inequality and investments). This model uses the input-output multiplier of infrastructure investment and its impact on the Blouberg macroeconomic indicators. This model is based on the scenario and if it is not implemented, the Blouberg economy will remain in the current growth trajectory, where it lags the provincial and national economies in terms of the movement in the macroeconomic indicators.

**Chapter 4** defines the implementation plan for the Blouberg Growth and Development Strategy, Vision 2040. Given the current and potential comparative and competitive advantages of the local economy (as highlighted in the macroeconomic analysis in Chapter 2), the BGDS makes a deliberate calculation to prioritise the Agriculture, Mining; Tourism, Infrastructure (Construction), Trade (SMMs and Cooperatives) and environmental and utilities economy, given that they are the current and sunrise sectors and they have the largest impact on the macroeconomic indicators that defines the Blouberg Growth and Development Strategy, Vision 2040.

**Chapter 5** discusses the Institutional Arrangements and the Monitoring and Evaluation Framework required to successfully implement the BGDS. In a nutshell, this chapter defines the capacity (institutions/structure, capital and human) that will be required to implement the BGDS and as well as how the implementation is measured and reported, so that the resources can be committed to what has been planned and any deviation is corrected to avoid wastage and duplication.

**Chapter 6** captures the Conclusion and Recommendations. It summarizes what the strategy set to do and how it will be done and measured to ensure that the Vision 2040 is realised. Furthermore, it makes recommendation that will address any foreseeable challenge that will be a hindrance to the realization of the Blouberg Growth and Development Strategy, Vision 2040.

The last section is the list of references that have been used or/and consulted in all the developmental phases of the BGDS.

A proposal on marketing to ensure that the municipality creates the necessary awareness about the strategy and is able to mobilise resources to fully implement the various projects as proposed in the Strategy has been developed as a



# Chapter 2



## Situational Analysis

# 2.1 Context and Method of Analysis

This section discusses the Status Quo Report of the Blouberg Local Municipality. It was a first step in understanding the Blouberg Local Municipality and served as a basis for the development of the Growth and Development Strategy, Vision 2040.

Before embarking on the strategy development process, it was important to scan the strategy (local) environment to understand the forces that shape/drive its politics, economy, social/cultural, legislative and technological – a concept referred to as Situational Analysis.

The analysis of the local environment was done through PESTLE, which is a fundamental tool for business strategy and planning. It is a method of assessing the surrounding environment and its possible impact on the performance of the Blouberg economy. PESTLE is an acronym which stands for six external factors affecting your business: political, economic, sociological, technological, legal and environmental. Each of these factors can have a profound effect on the local economy.

## The Applicability of PESTLE in Blouberg Economy

The following PESTLE analysis will clarify how the six external factors work and what type of information should include in the analysis:

Category	Political	Economic	Social	Technological	Legal	Environment
<b>Possible Factors</b>	The Ruling party loses the election and is replaced by the coalition of opposition party	Lack of economic growth and stagnation resulting in high unemployment and poverty	In migration to Blouberg by foreigners	The installation of WIFI,	The implementation of land expropriation without compensation is made law	The expansion of solar farm and solar water heaters resulting in increased usage of renewable energy
<b>Business Impact</b>	Possible replacement of municipal officials and lack of continuity in the implementation of the current programmes	Increase in social wage to stem of poverty which undermine social cohesion	Replacement of locals in employment	Will reduce the costs of doing business	Availability of land for agriculture production and economic development	Industrial expansion
<b>Time Frame</b>	<b>2022</b>	<b>2019</b>	<b>Ongoing</b>	<b>2020</b>	<b>2019</b>	<b>2022</b>
<b>Type of Impact</b>	Negative/Positive depending on which side one is one	Very negative as it increases instability	Negative/Positive	Positive	Positive	Positive
<b>Rate of Impact</b>	It could be bad in the beginning and norms after some years	If it is short-term and cyclical, the recovery will be quick but if it is long-term, the consequences will be dire	Unknown	High	High	High
<b>Importance</b>	<b>Critical</b>	<b>Important</b>	<b>Mild</b>	<b>Critical</b>	<b>Critical</b>	<b>Critical</b>

In the next sections, the elements of PESTLE will be discussed, however not in acronym order.

## 2.2 Blouberg GDS, Vision 2040 in the Planning Context

The Blouberg Growth and Development Strategy (BGDS) also takes into account that the growth and development of the Blouberg Municipality is also informed and influenced by external dynamics and the planning of other organs of state above the municipality. It is common knowledge that regional, continental and global dynamics will have a bearing on the BGDS via their influence on national, provincial, district and local contexts. For the purposes of this strategy, more focus will be on the national hierarchy downwards. In order to arrive at a credible and implementable Growth and Development strategy, it is vital that contextual planning be appreciated from the national, provincial, district and local context. This helps in aligning the planning instruments of various spheres of government to harmonize the development and implementation of the growth and development strategy and bring in buy-in of various role players towards the realization of the strategy objectives.

### 2.2.1 National Planning Context-The National Development Plan, Vision 2030

The NDP is a blue print released in 2012 by the National Planning Commission (NPC) to tackle South Africa's challenges in order to drive the country forward. The NDP is a product that emanated from the rigorous exercise of the NPC which presented the vision in two sections, viz, the development of the Diagnostic Report, on the one hand and the development of a long-term plan, on the other hand, to tackle challenges identified in the Diagnostic Report.

The table and figure below reflect key primary societal challenges and NDP actions to deal with them:

NPC Diagnostic Report Challenges	Summary Of NDP 2011 Actions
Too few people work	An economy that will create more jobs
The quality of school education for black people is poor	Improving the quality of education, training and innovation
Infrastructure is poorly located, inadequate and under maintained	Building quality new infrastructure and maintenance of old one
Spatial divides hobble inclusive development	Reversing the spatial effects of apartheid
The economy is unsustainably resource intensive	Transition to a low-carbon economy
The public health system cannot meet demand or sustain quality	Quality healthcare for all
Public services are uneven and often of poor quality	Reforming the public service
Corruption levels are high	Fighting corruption
South Africa remains a divided society	Transforming society and uniting the country
	An inclusive and integrated rural economy
	Social protection
	Building safer communities

Table 1.1 NDP Challenges and Actions





## Problem To Plan The Journey To 2030

The Problem **Today**  
Poverty And Inequality

The Plan **2030**  
Prosperity And Equity



Figure 1.1: National Development Plan Challenges and Actions to tackle challenges (Source: NDP)

The National Development Plan, and its widely agreed solutions to the key challenges facing the country, is applicable and implemented across the entire Republic and it is on that basis that the Blouberg Growth and Development strategy is used as a vehicle to localize the implementation of the National Development Plan. For that to be attained at a local level the BGDS should use the NDP initiatives and solutions as a framework to work from. The NDP positioned the following as key ingredients for success:

- » The active efforts of all South Africans;
- » Growth, investment and employment;
- » Rising standards of education and a healthy population;
- » An effective and capable government;
- » Collaboration between the private and public sectors; and
- » Leadership from all sectors of society.

The Blouberg Growth and Development Strategy should thus be seen as a local economic development blueprint to give effect to the spirit and imperatives of the NDP to propel the municipal region to a high growth trajectory. The Municipality's role is not to rewrite the NDP but to look at the material conditions within its jurisdiction using the PESTLE approach to arrive at local solutions for growth, equity and prosperity within its jurisdiction.

### 2.2.2 Provincial Planning Context

In line with the NDP, the Limpopo Provincial Government developed and adopted the Limpopo Development Plan (2014-2019), which is a medium term strategy towards the realization of the NDP. The Plan is informed by previous provincial planning instruments such as the Limpopo Provincial Growth and Development Strategy (PGDS) which was later renamed Limpopo Development Plan (LDP). The LDP is premised on key pillars for growing the economy, job creation through industrialization, reducing inequality and elimination of poverty and can be summed up as follows:-

To fulfill the potential for prosperity in a socially cohesive, sustainable and peaceful manner

“In terms of this provincial vision the expectation is that by 2030, Limpopo will have a public service that meets the best standards of governance, citizens that are educated, skilled, healthy and self-reliant, a labour force that is fully, productively and rewardingly employed, with infrastructure that is capable of promoting and sustaining an innovative local and regional economy for the benefit of all the province's diversified communities, in a responsible and sustainable manner” (Limpopo Development Plan, 2014). One can deduce that to achieve the provincial vision there are key conditions that must be met amongst others skilling the population with relevant skills required to drive the provincial economy, provision of economic infrastructure, a capable state and long-term planning that promotes sustainability.

The vision will be attained by way of a mission statement that emphasizes participatory leadership aimed at promoting excellence and an entrepreneurial spirit, improved service delivery, facilitation of decent job-creation and systematic poverty reduction.

The vision and mission statements of the Limpopo Province appreciate the poverty and socio-economic conditions of the province and prioritize initiatives aimed at tackling such challenges through skilling of the population, the creation of decent jobs, promotion of entrepreneurship through SMME development, as well as economic infrastructure to support such initiatives. The LDP, read with the Limpopo Spatial Development Framework as revised, has seen it fit to avoid separate development which has limited impact. The LDP has identified clusters that are essential for the growth of the provincial economy and the resultant creation of decent jobs and growth of entrepreneurship.

**The identified clusters are as follows:**

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

These clusters are found at a local level in municipal space and this aspect has well been attended to by the project team. While Blouberg Municipality is directly impacted upon by the red and white meat cluster and the tourism sub-cluster there are other clusters from neighbouring municipalities that have a huge impact on the growth and development of the Blouberg economy. Key amongst those is the Musina-Makhado Special Economic Zone, proximity to the Logistics cluster in Polokwane and Platinum mining cluster in the Waterberg District. The special economic zone in Tubatse may also have an impact on Blouberg.

### **2.2.3 District Planning Context**

CDM is the theatre of planning in the district and its coordination of district sector meetings through fora such as the IDP forum, LED forum; MM's Forum, Budget and Treasury Forum will reinforce the drafting of a credible and aligned strategy for the Blouberg Municipality and inversely that of the revision of the District. Furthermore, it is through the usage of the district as a central planning theater that the BGDS will get a platform for horizontal alignment with planning instruments of neighbouring local municipalities.

The Capricorn District Municipality (CDM) has developed and adopted its Growth and Development Strategy, Vision 2040 and the strategy is currently under review. This provides a window of opportunity for the alignment and integration of the two strategies. To avoid duplication of information, the project team shared and exchanged information with the team revising the CDM GDS to the extent that such information is relevant to the BGDS and CGDS and promote synergies.

### **2.2.4 District Planning Context**

From a local municipality perspective, it is important for the Blouberg Growth and Development Strategy to serve as a long-term guiding instrument that integrates various sector planning instruments towards the achievement of one coherent master plan. The plan currently uses planning instruments such as the Integrated Development Plan (2017/18-2022), Spatial Development Framework (2008), Integrated Transport Plan 2012/13), Integrated Waste Management Plan (2012/13) as main feeder sources. However, once adopted, the plan will serve as a guiding instrument for the development and revision of the local municipal IDP and its sector plans. For the BGDS to get the full embrace of all role players, like the NDP, it should get buy-in from internal stakeholders, especially at management and leadership levels.

The Blouberg Municipality has never had its own growth and development strategy and its strategic objective is guided by the Integrated Development Programmes (2017-2022). The IDP, whilst an essential tool and guide to implement development and provide services for the locals, however falls short of defining the role and aspiration of the municipality within the district, provincial and national development context. It is for this reason that the municipality has made a call for the long-term vision dubbed "The Blouberg Growth and Development Strategy" which is the mechanism for the Blouberg Local Municipality to re-assert itself by planning and implementing economic activities that will propel it to a high growth trajectory thus contributing to the Capricorn District, provincial and national economy in a sustainable manner.

The Blouberg Growth and Development Strategy (BGDS) will serve as an integrated guide that will ensure that the responsibility entrusted with local government, principally, the provision of basic services and infrastructure is aligned with its developmental aspiration within the district, provincial and national context. In other words, the strategy seeks to define how the municipal economy will be expanded, taking advantage of its strategic positioning (location), its natural resources, its demographic dividend and its networks and partnerships can provide its basic services, is industrialized, create employment and thus reduce out-migration to the urban centres and ensure that poverty is eliminated, and inequality is reduced.

In simple terms, the long-term objectives are increasing the municipality share of economic value addition, employment, elimination of poverty and reduction of inequality. These objectives are aligned to the Capricorn District Municipality, the Limpopo Provincial Growth and Development Strategy and the National Development Plan.

Budget processes, Medium Term Revenue and Expenditure budgets and annual budget, must ensure that they address projects and programmes identified for implementation in the BDGS.

## 2.3. Overview of Blouberg Local Municipality

The Blouberg Municipality is a Category B local municipality in the Capricorn District Municipality of the Limpopo province. Other constituent local municipalities are Polokwane, which is the provincial capital and the economic hub of Limpopo Province, Lepelle Nkumpi and Molemole. The municipality was originally established in 2000 after the amalgamation of the Bochum-My-Darling, Alldays-Buysdorp, and parts of Moletji-Matlala Transitional Local Councils (TLCs) and recently some settlements from the now disestablished Aganang Municipality were added.

Blouberg Municipality is situated in the North-Western boundary of the Republic of South Africa with Botswana and Zimbabwe



The above maps reflect the location of Blouberg Municipality from a national and district perspective

### 2.3.1 Political Institutional Arrangements

Politically, Blouberg is governed through a collective executive committee system, led by the Mayor. It was established in terms of demarcation notice NP351 in 2000. The current council comprises of 44 members with 22 being ward councillors while the remaining 22 are Proportional Representative councillors representing 4 political parties in council. For the current (fourth) political administration of council the majority party is the African National Congress with 33 seats. Other political parties are the Economic Freedom Fighters (EFF) which is the official opposition party with 8 seats, Democratic Alliance (DA) with 2 seats and Congress of the People (COPE) with 1 seat.

Over and above the political institutional arrangements for the Blouberg Municipality, there are traditional administrative arrangements that govern communities under the authorities of traditional leaders. There are 7 groups of communities under the leadership of autonomous traditional authorities in the municipality, viz, Bahananoa, Kibi, Babirwa, Seakamela, Makgato, Matlala and Moloto. The institution of traditional leadership is also responsible for instilling social cohesion in the communities under their jurisdiction and also serves as a custodian on land administration though constitutionally the aspect of land use management and spatial planning in the local sphere of government is vested in municipalities. The Blouberg Municipality has established a functional forum of coordinating aspects of traditional leadership and their interface with municipal governance.

A quarterly Mayor-Magoshi Forum is convened to manage matters of mutual and common interest on service delivery through the planning, approval, implementation, monitoring, evaluation and review of the IDP.

There are also communities that do not fall under the authority of traditional leaders within the municipality. Such communities fall under settlements called bought farms (borekwa in Sepedi) where members of the community have bought farms and registered such farms collectively in their own names for residential and farming purposes. Such communities have their own administrative structures.

Administratively the Growth and Development Strategy conceptualization, development and coordination of its implementation, monitoring, evaluation and revision is the responsibility of the Municipal Manager. In the Municipality the responsibility to drive this programme is delegated to the Economic Development and Planning Department. A brief organizational structure of the Department reflects two divisions, viz, Spatial Planning and Land Use division and Local Economic Development (LED) division which champions this programme. Over and above the departmental Director who is a professional town and regional planner, the LED division comprises of two staff members, namely Manager LED and Tourism Development Officer. The trio are complemented by Manager, Integrated Development Planning whose position is located in the office of the Municipal Manager. A matter that will be investigated once the Programmes are developed to drive the strategy is the alignment and suitability of the skills set of current staff to drive those programmes. The strategy phase of this Growth and Development Strategy will provide mechanisms and options that can assist in boosting the institutional capacity of Blouberg Municipality to successfully implement the recommended programmes. In the event there are institutional deficiencies that the municipality has to address, there are government agencies in the Limpopo Province that provide support to economic growth and development programmes. One of the agencies that fulfill those functions is Limpopo Economic Development Agency (LEDA) located in the Limpopo Economic Development Environment and Tourism Department (LEDET). LEDA has offices in most municipalities in the province and in Blouberg it was housed at the tourism centre in Senwabarwana town until late 2017.

### 2.3.2 Blouberg Spatial Dynamics

All development proposals, interventions and projects that will emanate from the adopted BGDS take place on space and for that reason the spatial dynamics of the Blouberg Municipality will play a key role in the success of the strategy. From a space economy, the Blouberg Municipality has developed a Spatial Development Framework (SDF) in line with the dictates of the Local Government: Municipal Systems Act. The SDF has been developed to give effect to the National Spatial Development Perspective.

**The NSDP is South Africa's first set of national spatial guidelines that establish an overarching mechanism which:**

- » Enables a shared understanding of the national space economy; and
- » Provides a principle-based approach to coordinate and guide policy implementation across government (Republic of South Africa, the Presidency, 2011)

The NSDP puts forward a set of five normative principles to be considered when making infrastructure investment and development spending decisions in and between all three spheres of government:

» **Principle 1:** Rapid economic growth that is sustained and inclusive is a prerequisite for the achievement of other policy objectives, amongst which poverty alleviation is key.

In its revised SDF the municipality has identified nodal points and population concentration points where its bulk of infrastructure development is invested. The IDP and SDF identify Alldays and Senwabarwana as its primary nodal points while other nodes include Eldorado, Harriet'swish, Tolwe, Langlaagte and Puraspan-Avon-Indermark-Vivo corridor (Blouberg Spatial Development Framework, 2009 and Blouberg Revised IDP, 2017-2022). The development of a SPLUMA compliant SDF will well align with the development of the BGDS and ensure the two complement each other.

» **Principle 2:** Government has a constitutional obligation to provide basic services to all citizens (e.g. water, energy, health and educational facilities) wherever they reside.

» **Principle 3:** Beyond the constitutional obligation identified in Principle 2 above, government spending on fixed investment should be focused on localities of economic growth and/or economic potential in order to gear up private sector investment, stimulate sustainable economic activities and create long-term employment opportunities. This the Blouberg Municipality will have to pursue in earnest to ensure that investments are not scattered across the municipality leaving a minimal impact on development. The implementation of key projects and investments in its nodes in terms of the current SDF sets a good example on the part of the municipality and such should continue to be emulated in line with the new SDF to be developed.

» **Principle 4:** Efforts to address past and current social inequalities should focus on people, not places. In localities where there are both high levels of poverty and demonstrated economic potential, this could include fixed capital investment to exploit the potential of those localities. In localities with low demonstrated economic potential, Government should, beyond the provision of essential services, concentrate primarily on human capital development by providing social transfers such as grants, education and training and poverty relief programmes and reducing migration costs by providing labour market intelligence so as to give people better information, opportunities and capabilities to enable people to gravitate, if they chose to, to localities that are more likely to provide sustainable employment and economic opportunities. In addition, sound rural development planning, aggressive land & agrarian reform & expansion of agricultural extension services is crucial.

» **Principle 5:** To overcome the spatial distortions of Apartheid, future settlement and economic development opportunities should be channeled into activity corridors and nodes that are adjacent to or link the main growth centers. Infrastructure investment should primarily support localities that will become major growth nodes in South Africa and the SADC region to create regional gateways to the global economy. Blouberg should follow same approach used in principle 3 above

In its revised SDF the municipality has identified nodal points and population concentration points where its bulk of infrastructure development is invested. The IDP and SDF identify Alldays and Senwabarwana as its primary nodal points while other nodes include Eldorado, Harriet’swish, Tolwe, Langlaagte and Puraspan-Avon-Indermark-Vivo corridor (Blouberg Spatial Development Framework, 2009 and Blouberg Revised IDP, 2017-2022). The development of a SPLUMA compliant SDF will well align with the development of the BGDS and ensure the two complement each other.

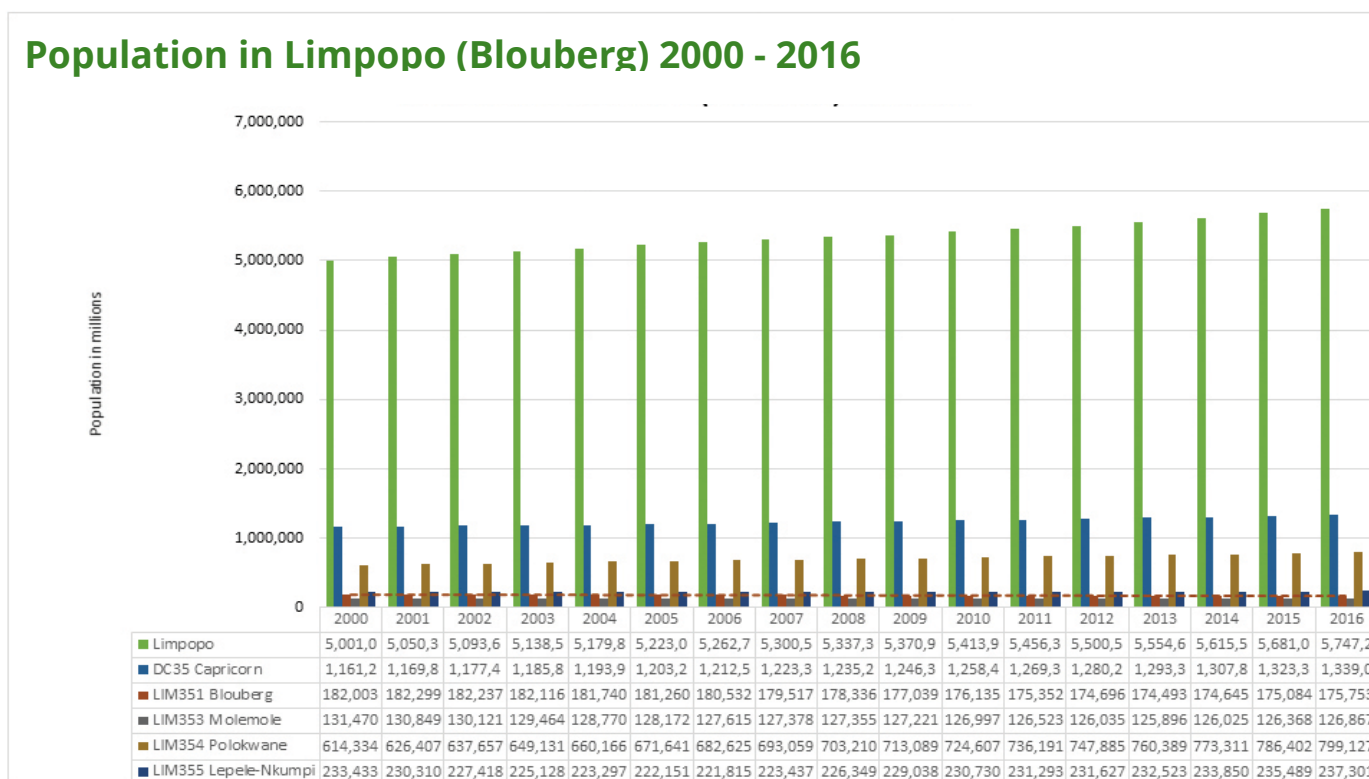


Figure 1: The Population of Limpopo and Capricorn Local Municipalities (Source: Global Insight, ReX)

### 2.3.3 Strategies and Policies to Support the Implementation of BGDS

The following are the key strategies and policies that have been approved and are now being implemented by Blouberg Municipality. These have a bearing on the successful implementation of the Blouberg Growth and Development Strategy, Vision 2040.

Plan / Strategy	Year	Pillars Of The Strategy/Plan	Programmes Identified in the Strategy	Achieved	Unachieved
Tourism Development Plan	2009 To 2010 FY	<ul style="list-style-type: none"> <li>Environmental management</li> <li>Tourism marketing</li> <li>Tourism development/destinations</li> </ul>	<ul style="list-style-type: none"> <li>Development of interpretation centres.</li> <li>Training of tour guides</li> <li>Collection of oral heritage to traditional authorities.</li> <li>Development of community camp sites.</li> <li>Development of tourism booklets</li> <li>Development of Tourism routes</li> <li>Tourism and heritage campaigns –e.g. road shows</li> </ul>	<ul style="list-style-type: none"> <li>Trained 6 tour guides, service provider appointed to compile tourism booklets, tourism routes are part of the booklets, oral heritage information collected, campaigns conducted. Tourism centre operational though not fully.</li> </ul>	<ul style="list-style-type: none"> <li>Construction of interpretation centres.</li> <li>Full operationalization of tourism centre.</li> <li>Construction of community camp site in Makgabeng Rock Art.</li> </ul>
LED strategy	2012 To 2013 FY	<ul style="list-style-type: none"> <li>SMME development</li> <li>Green economy</li> <li>Tourism development</li> <li>Farmer support</li> <li>Nodal points development.</li> </ul>	<ul style="list-style-type: none"> <li>Retail investment</li> <li>Business enterprise development</li> <li>Support to cooperatives</li> <li>Emerging cattle farmer support</li> <li>Solar plant</li> </ul>	<ul style="list-style-type: none"> <li>3 shopping complexes (2 Senwabarwana and 1 Alldays),</li> <li>Construction of Solar plant project- Zuurbult, Vivo.</li> <li>Incubation programme partnered with Venetia mine.</li> <li>Cooperatives supported by municipality, private sector and</li> <li>Government departments</li> </ul>	<ul style="list-style-type: none"> <li>Marula project-Eldorado</li> <li>BILEC project (livestock farmer support service)-Stoltzenvels</li> </ul>
Local Integrated Transport Plan		<ul style="list-style-type: none"> <li>Effective governance of land use and transportation; fair, efficient, stable funding; strategic infrastructure investments; and attention to spatial design</li> </ul>	<ul style="list-style-type: none"> <li>Upgrading from gravel to tar of key routes such as D1468, D1200, D1598 as well as routes linking Eldorado to Langlaagte from Langlaagte to Harriet'swish via Driekoppies etc.</li> <li>Feasibility of rail link between Musina and Lephale</li> <li>Provision of bus/taxi shelters</li> </ul>	<ul style="list-style-type: none"> <li>Upgrading of internal streets in Senwabarwana, Alldays, Puraspan, Indermark, Dilaeneng, Witten and Avon</li> <li>Budgeted tarring and completion of road D1468 (Avon to Indermark)</li> </ul>	<ul style="list-style-type: none"> <li>Upgrading of road D1598 Devrede to Eldorado via Taai-bosch and Kibi</li> <li>Feasibility studies for a rail line from Musina to Lephale</li> <li>Provision of bus/ taxi shelters on major routes especially Senwabarwana-Vivo</li> <li>Eldorado to Taai-bosch, Eldorado to Glenfernis etc.</li> </ul>
Integrated Waste Management Plan	2012 To 2013	<ul style="list-style-type: none"> <li>Provision of licensed waste management facilities</li> <li>to identify and address the negative impact of poor waste management practices on health and the environment establish targets for the collection,</li> <li>minimization, re-use and recycling of waste</li> <li>indicate the financial resources that are required to give effect to the plan</li> </ul>	<ul style="list-style-type: none"> <li>Full licensing of Alldays and Senwabarwana waste management sites</li> <li>Establishment of programmes for Reuse,</li> <li>Reduce and Recycling waste.</li> <li>Construction of transfer stations at major and strategic centres</li> <li>Waste awareness campaigns</li> </ul>	<ul style="list-style-type: none"> <li>Construction of Waste Transfer station at Taai-bosch (Mamadi)</li> <li>Upgrading of Senwabarwana land fill site</li> <li>Fencing of Alldays land fill site and upgrading project to a fully compliant site</li> </ul>	<ul style="list-style-type: none"> <li>Full licensing of Senwabarwana land fill site</li> <li>Full licensing of Alldays land fill site</li> <li>Full rollout of the waste services to all settlements of Blouberg</li> </ul>

Plan / Strategy	Year	Pillars Of The Strategy/Plan	Programmes Identified in the Strategy	Achieved	Unachieved
SDF & Decentralization plan	2003/ 4 and revised in 2006 /7	<ul style="list-style-type: none"> <li>To give effect to the NSDP and SDF</li> <li>To further contribute to Batho Pele principle of access</li> <li>To attract private sector investments in identified nodes and population concentration points</li> </ul>	<ul style="list-style-type: none"> <li>Provide for decentralization of government services to nodal points, as well as population concentration points so that access can be obtained in an economic way.</li> </ul>	<ul style="list-style-type: none"> <li>Municipal satellite offices and service points have been decentralized to nodes such as Alldays, Eldorado, Tolwe, Harriet'swish, Langlaagte and Inveraan.</li> <li>Land has been acquired in Alldays, Tolwe and Harriet's wish for development purposes.</li> <li>Private sector investments in line with the plan has followed suit in Alldays, Eldorado while the rest need to be impacted upon.</li> </ul>	<ul style="list-style-type: none"> <li>Provision of adequate infrastructure to support decentralized government programmes (e.g. roads, IT Connectivity). Full decentralization of municipal services with satellite offices providing full municipal operations while head office becomes the strategic planning centre.</li> </ul>

## 2.4. Socio-Economic Conditions

### 2.4.1 Population Profile

According to Global Insight (2016) the municipality is home to some 175 753 people, which constitutes 13.2% of the district population. It has a population density of about 30/km<sup>2</sup>, which rose from 17.6/km<sup>2</sup> because of amalgamation with Aganang Municipality.

The municipality comprises of 22 wards and covers a total area of 9.248 km<sup>2</sup>. Figure 1 illustrates the populations of Limpopo and the Capricorn District Municipality, whereas Figure 2, represents the population growth between 2000 and 2016. These are the updated statistics from Census of 2011 and complemented by the Community Survey of 2016.

According to Figure 1 and 2, the population of Blouberg declined from 182 003 in 2000 to 176 135, before declining further to 175 753 in 2016. Of the four constituent municipalities of Capricorn District, Blouberg is the only municipality that saw a decline in its population. The amalgamation with Aganang led to an increase in the population starting from 2015 onwards (by 1.2%), but still far lesser than the population of Blouberg alone in 2000. This decline can be attributed to among other things, the low fertility rate, high mortality rate compared to birth rate or the out migration by the economically active population to the industrial centres such as Polokwane and Gauteng to seek better economic prospects.

### Population Growth Rate Limpopo (Blouberg) 2000 - 2016

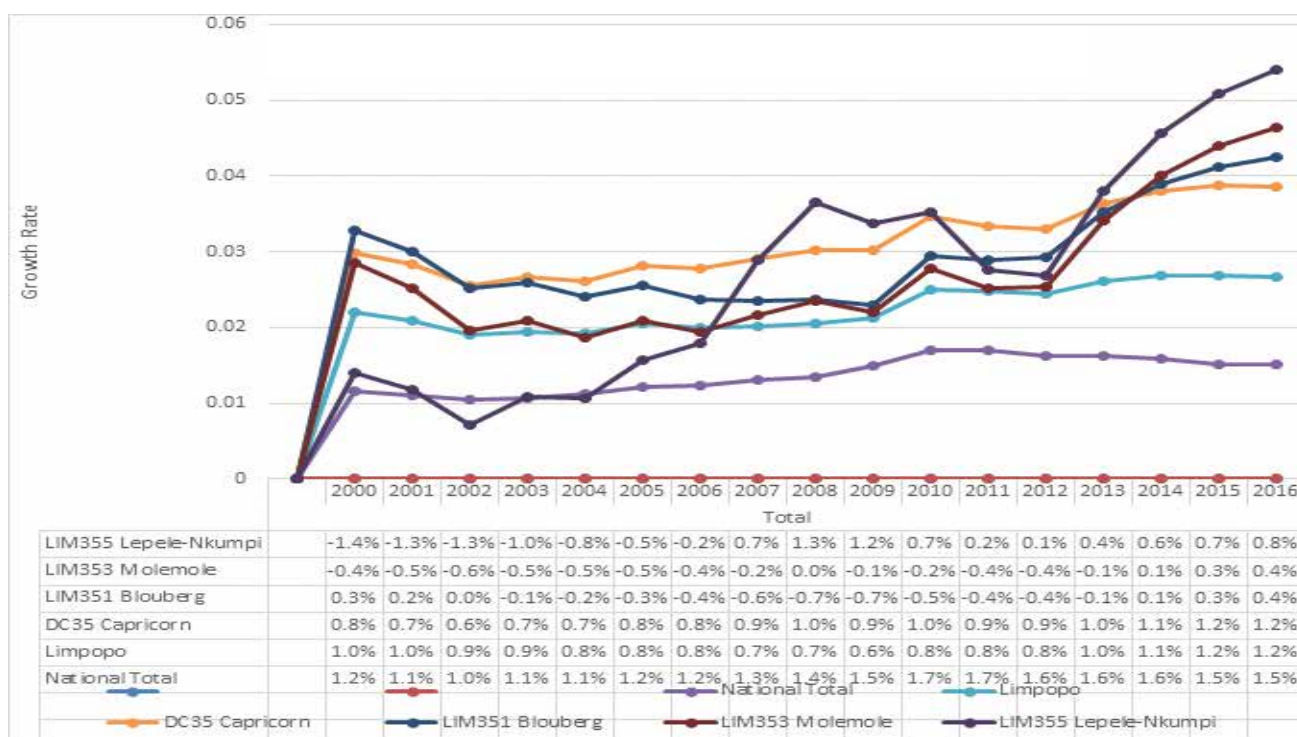


Figure 2: Population Growth for Blouberg (2000-2016), Source: Global Insight Rex)

## 2.4.2 Economic Growth

The economy of Blouberg follows both the district, provincial and national growth patterns. According to Figure 3, the economy experienced an upswing from late 1999 to 2000 before declining in the fall of 2001. This decline was due mainly to a fall in global commodity prices, but the economy again recovered from 2003 and grew substantially until the end of 2007. This upswing can be attributed to an accelerated national spending on infrastructure as part of the preparations for South Africa's hosting of the 2010 World Cup.

The economy suffered a decline in the mid of 2008 because of the effects of Global Economic crisis. Like the provincial and national economies, the Blouberg economy has been experiencing a new normal of low growth of an average one percent between 2012 and 2016. It is highly unlikely that the economy will grow by more than 1.5% until 2020, coinciding with the national and global economic recovery. However, a shock to the economy through an investment in the infrastructure (and mining) is likely to place the Blouberg on the high growth trajectory because of the multiplier effect.

### Economic Growth (Blouberg) 2000 - 2016

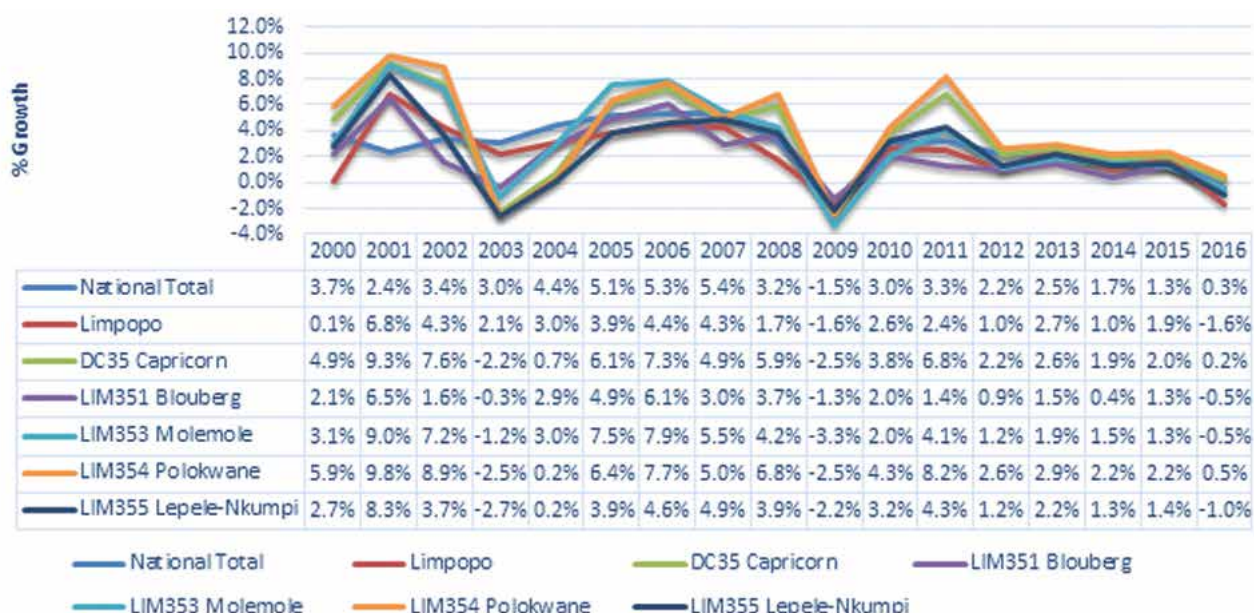


Figure 3: The Blouberg Economy, Growth Trend (Source: Global Insight, ReX)

The economy of Limpopo province has sustained a positive trajectory over the years, only recording negative growth in 2009 due largely to the global financial crisis. The local economy has been on a growth path in the past years, recording a 2.0 percent GDP growth rate in 2015. The 2.0 percent GDP growth rate is however below the Limpopo Development Plan targeted GDP growth of 3 percent which was deemed suitable to stimulate job creation in the province.

In terms of the district's economic performance, the districts' GDP growth rate trends tend to follow a similar pattern with the provincial trend. The Waterberg district economy has been performing better than the other districts and the provincial average GDP growth since 2011. This is mainly attributable to the recent economic activities in the Lephalale area of the district. Generally, the Limpopo districts economies are on a positive path except for Vhembe and Mopani districts which recorded negative growth between 2012 and 2014.

In terms of total value addition, the national, provincial and local economies experienced an expansion between 2000 and 2016 (see Figure 4). The national economy value addition expanded from R 1.98 trillion in 2000 to R 2.74 trillion in 2010 to R 3.09 trillion in 2016.

The provincial economy grew from R 148 billion in 2000 to R 202 billion in 2010 and further to R217 billion. The Blouberg economy, which contribute 6% to the Capricorn District economy grew from R 2.10 billion from 2000 to R3.98 billion in 2010, which is an expansion by 53% and further to R4.18 billion in 2016.



## Total Gross Value Added By Regions 2000 - 2016

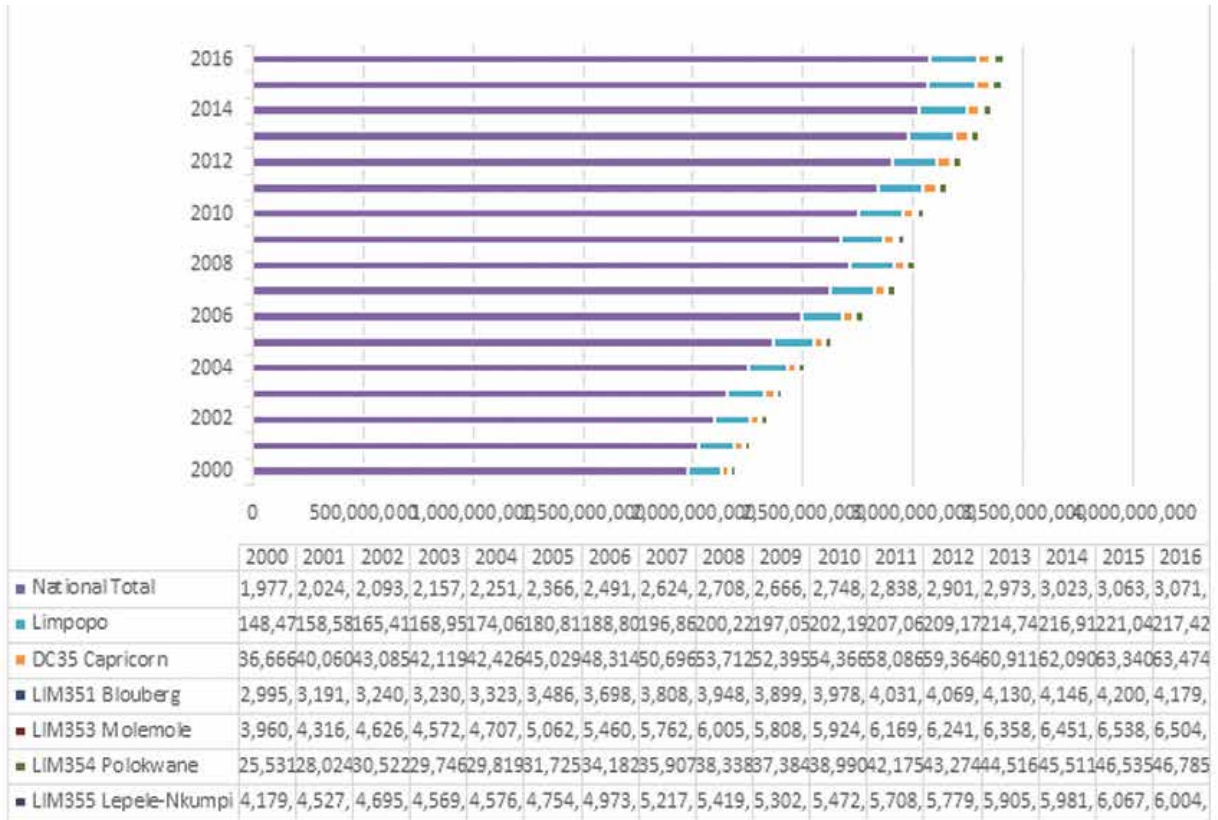


Figure 4: Total Value Addition at National, Provincial and Local Levels between 2000-2016  
(Source: Global Insight, ReX)

In terms of contribution to the provincial GDP growth in 2015, agriculture has experienced a negative contribution of -0.2 percent; this is evidently due to the prolonged severe drought in the province that affected the horticultural crops and animal products. Conversely, the sector that held the provincial economy in the positive territory was the mining sector which contributed a high of 1.6 percent to the GDP growth - largely due to recovery in commodity prices.

Figure 5, depicts that the provincial economy is mainly driven by four sectors, which are Mining, Finance, Community services and Trade. These sectors contributed 27.9%; 14.2%; 24.7%; and 16.4%, respectively to GDP growth in 2016. The mining sector's contribution to the local economy has been significant in the past years and the sector has been playing a major role in job creation for the citizens of the province.

Agriculture, Manufacturing and Construction are the least contributing sectors in the local economy, contributing 2.5%, 3.2% and 3.3% percent respectively to the provincial GVA. Given that these sectors have a potential, interventions must be effected in terms of industrialization through agro-processing and industrial policies to encourage manufacturing activity as they have a potential to employ the low skilled labour force in the province.



## Limpopo % Sectoral GVA Share and Location Quotient

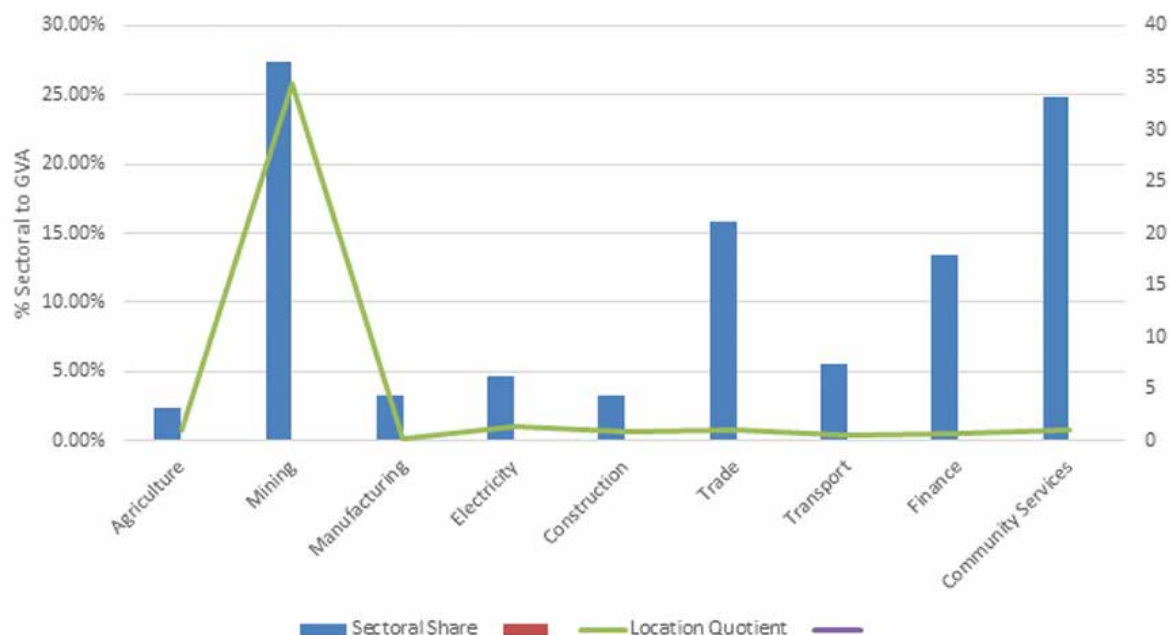


Figure 5: Limpopo % Sectoral Share to GVA and Location Quotient, 2016 (Source: Global Insight, ReX)

## Limpopo Districts Share of Regional Value Addition, 2016

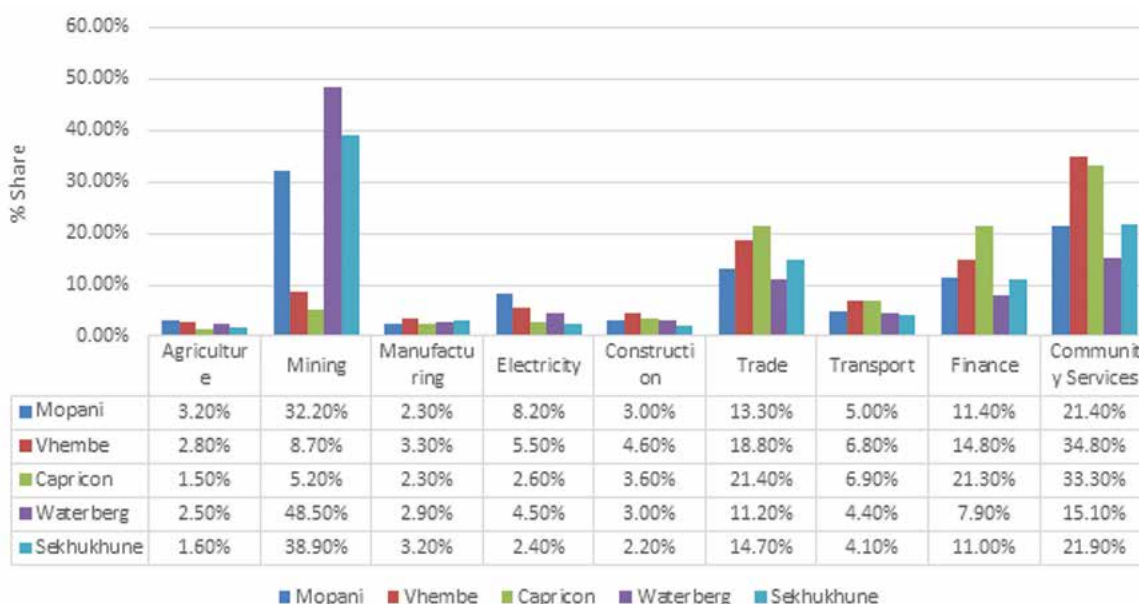


Figure 6: Limpopo Districts Share of Regional Value Addition, 2016 (Source: Global Insight, ReX)

The economies of three districts in the province are driven by mining, which contributes 48.5%, 38.9% and 32.2% and these are Waterberg, Sekhukhune and Mopani districts respectively. The dominance of mining in the province exposes the provincial economy to some risks as the mining sector is dependent mostly on external factors which the province has no control over, such as commodity price.

Figures 5 and 7 depict the location quotient for the Province and the Districts, respectively. Location Quotient is an indicator used to measure economic development, as it examines the economy in terms of its comparative and competitive advantages to determine where or which active sectors have advantages relative to the bigger region. So, the Location Quotient of the province measures Limpopo's sectoral strength relative to national, the district one is relative to the provincial one. A location quotient larger than 1 shows a comparative advantage for a sector compared to the bigger region.

Figure 5 depicts that Limpopo Province had a comparative advantage in Mining (3.39), Electricity (1.28), Community services (1.09), Trade (1.05) and Agriculture (0.98). The province is found to have a significant comparative advantage in the primary sector with mining and agriculture combined taking a share of around 4.4 percent. In terms of the districts, Figure 7 shows that in 2016 Waterberg, Sekhukhune and Mopani had a comparative advantage in Mining, while Vhembe and Capricorn are found to have comparative advantages in the Community Services and Trade sectors.

## Limpopo Districts Location Quotient, 2016

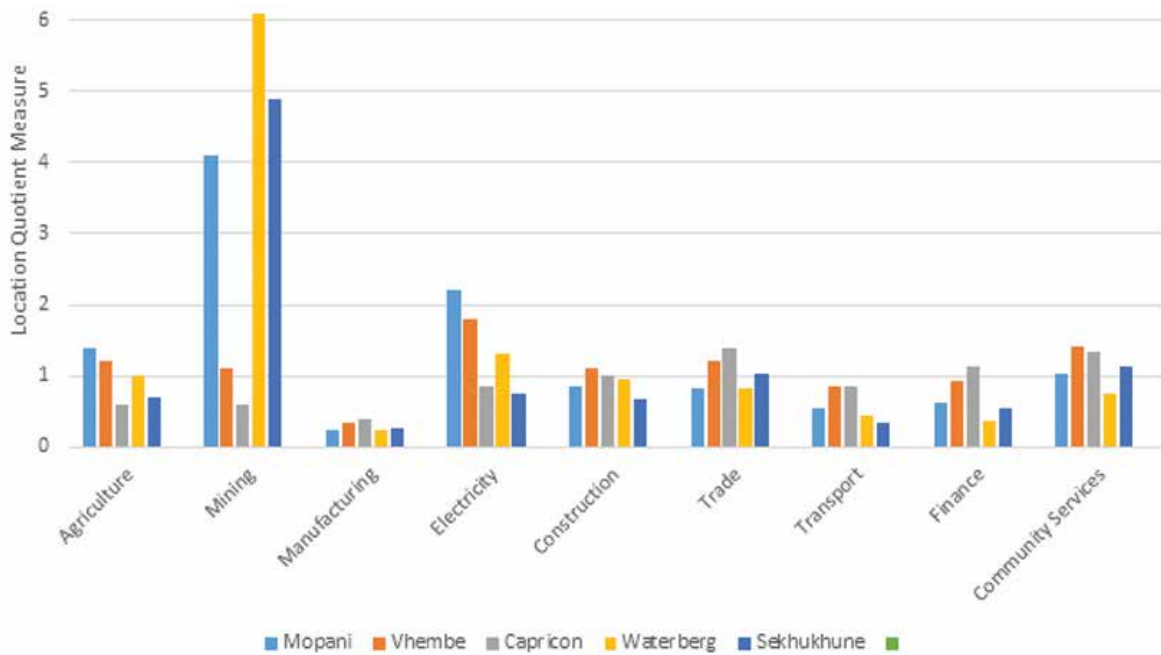


Figure 7: Limpopo Districts Location Quotient, 2016 (Source: Global Insight, ReX)

### 2.4.3 Employment Trends

This section analyses employment trends within the provincial, Capricorn District and its constituent municipality from total employment and at a sectoral level on the dominant sectors of the Blouberg economy, that is the agricultural, mining, the manufacturing and retail sectors. Limpopo employment levels, which stood at 941 000 in 2016 contributes 7% to the total national employment of 15.78 million employed people.

The Capricorn District with employment levels of 267 000 employed people in 2016, constitutes 28,4% to the district employment whereas the Blouberg employment, which comprised 13 655 in 2016 constitutes 5% of the district employment.



## Total Employment, Blouberg: 2000 - 2016

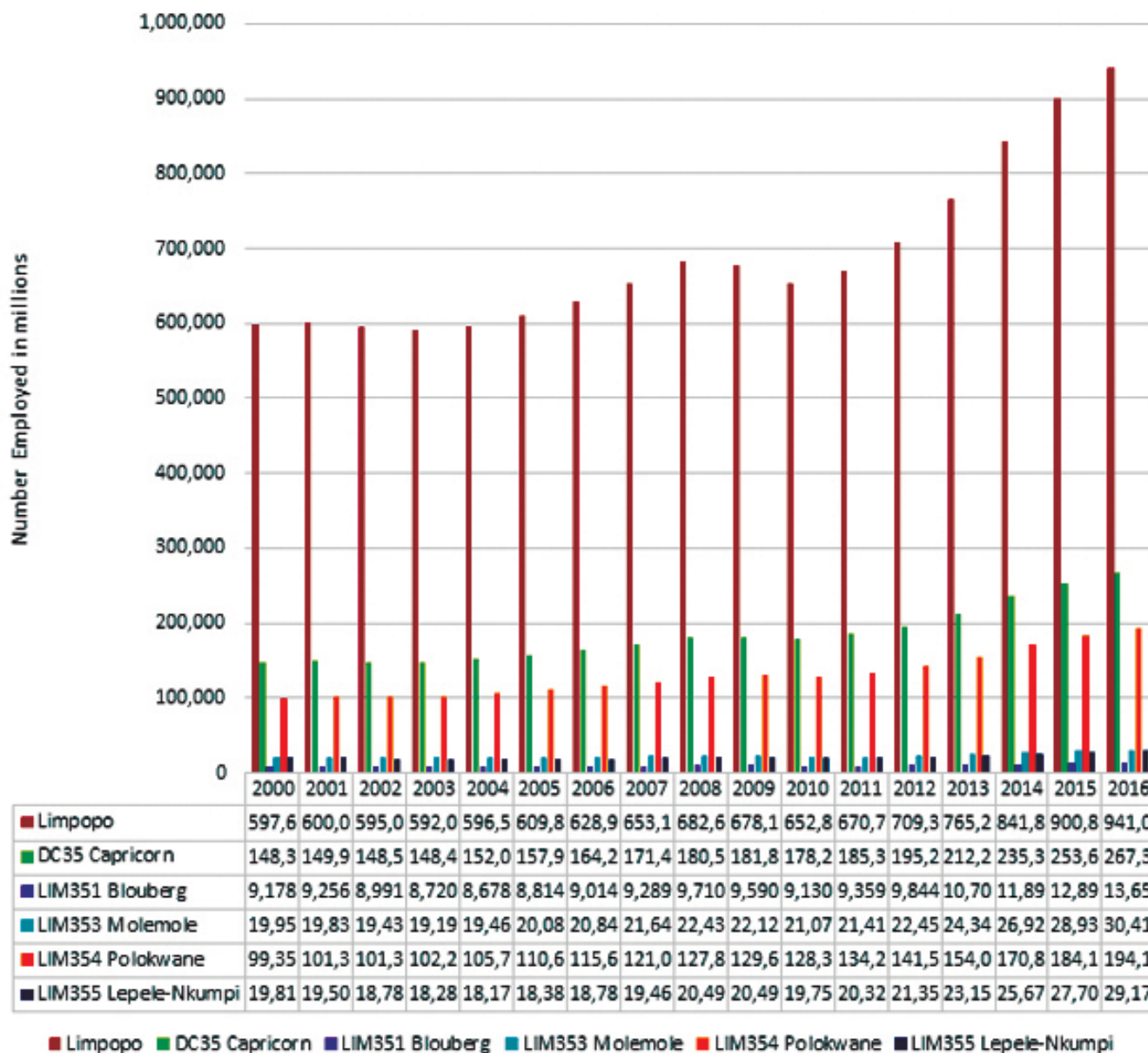


Figure 8: Total Employment at Provincial, District and Local Level in Limpopo, 2000-2016 (Source: Global Insight, ReX)

According to Figure 8, Blouberg employment declined by 1% from 9 178 to 9130 between 2000 and 2010 before recovering by 6.7% to 13 655 in 2016. The decline year on year is in line with that of the economic activities. Total employment in the informal sector increased by 8,3% from 3 511 people to 4 233 between 2000 and 2010 and grew further by 7% to 5 946 in 2016.



## Number of People Employed in Informa Sector, Blouberg: 2000 - 2016

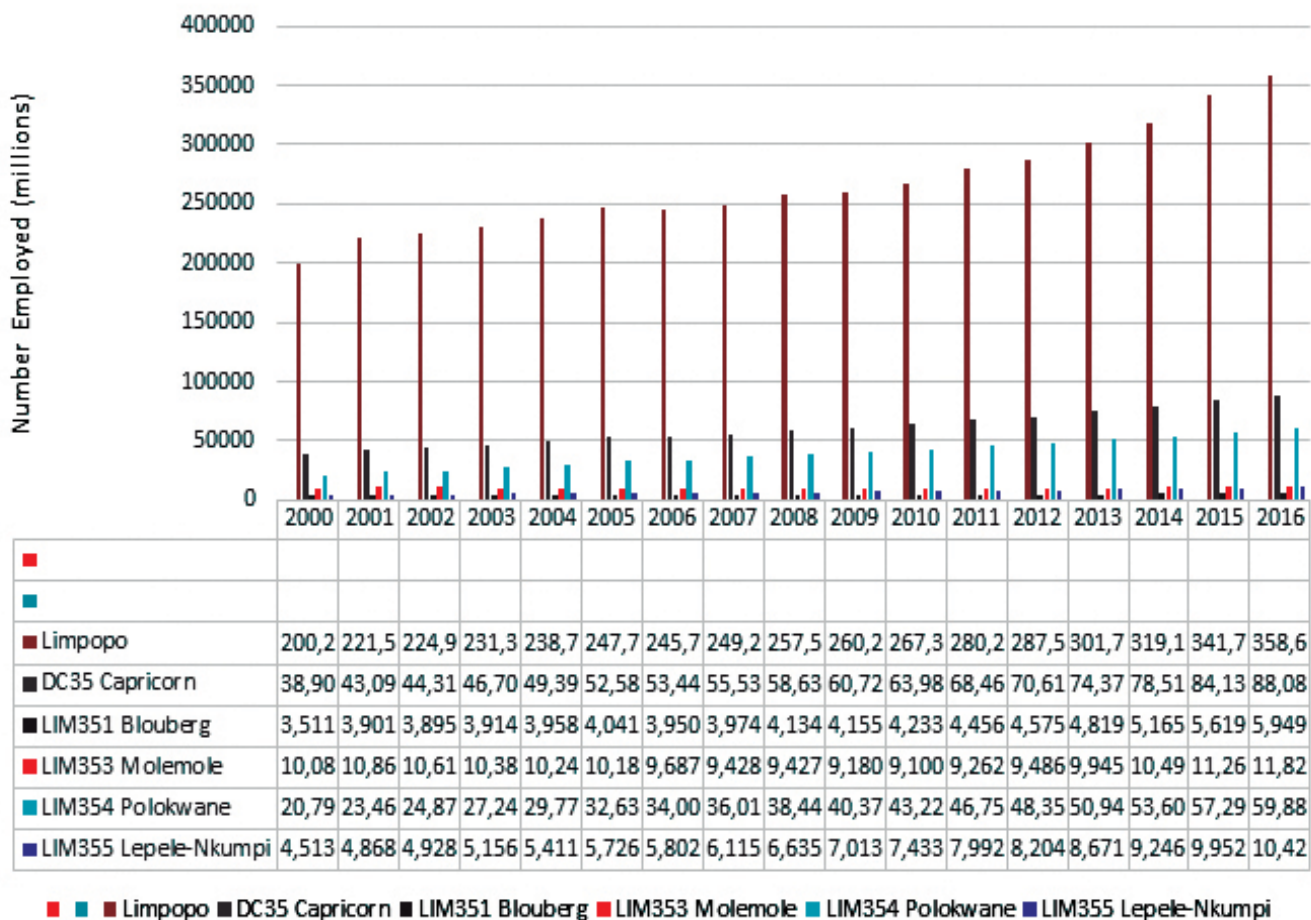


Figure 9: Total Employment in the Informal Sector, 2000-2016 (Source: Global Insight, ReX)

The ratio of total employment in formal sector versus informal sector in 2016 (13 655 vs 5949), reflects an economy that is dominated by informal sector activities (see Figure 9). The year on year growth in the informal sector reflects a growing economy that is however not able to accommodate all the economically active population. This situation is comparable to that of other regions in South Africa, hence a strong emphasis on the programmes that target the informal economy incorporating township and rural economies to bridge the divide.

The following sub-section reflects employment trends in the dominant sectors of the Blouberg economy as depicted in Figures, 10, 11, 12 and 13.

The agriculture sector employment trends in Limpopo and the Capricorn District reflect its performance at a national level. In fact, the sector has been stagnant in the last 16 years and has only absorbed a few number of people. In Blouberg, the sector has only absorbed 2 823 in 2016, noting that it had 2 528 in the year 2000.



## Agriculture Employment, Blouberg: 2000 - 2016

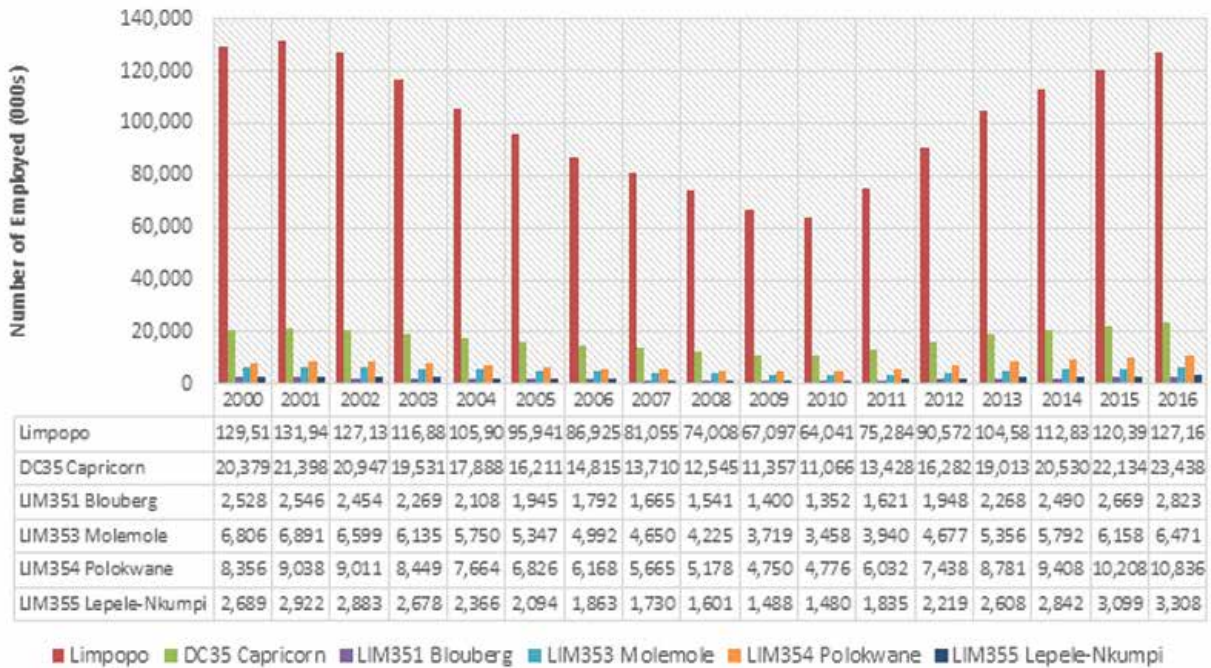


Figure 10: Employment in Agriculture sector, 2000-2016 (Source: Global Insight, ReX)

## Employment in Mining, Blouberg: 2000 - 2016

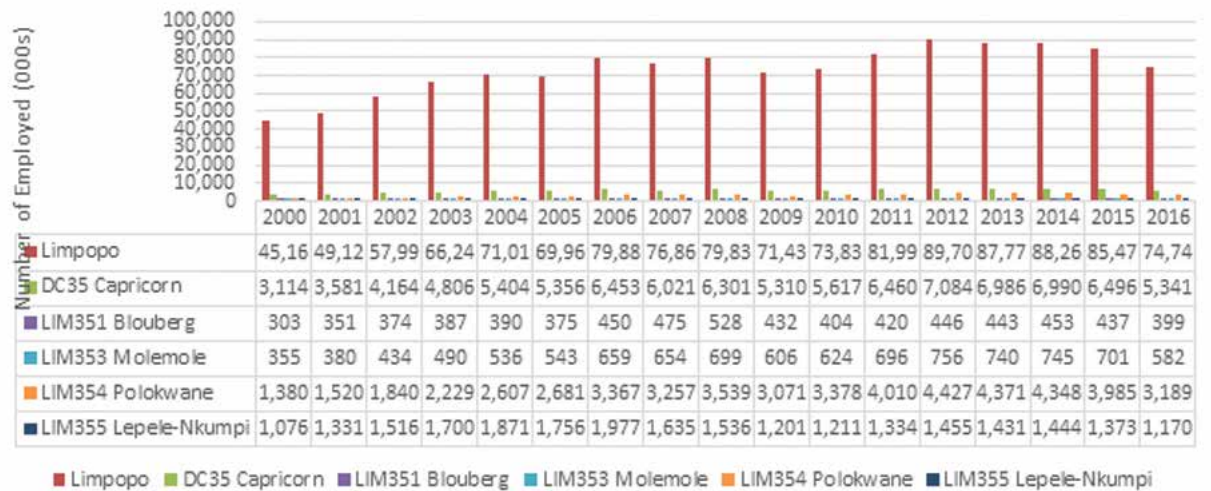


Figure 11: Employment in Mining Sector, 2000-2016 (Source: Global Insight, ReX)



The Blouberg sub-region has the lowest mining activities of the four constituents municipalities in the Capricorn District. The biggest mining activities takes place in Polokwane, followed by Lepelle-Nkumpi and Molemole. Blouberg mining activities are still at exploration stage, which upon maturity will certainly increase the mining GVA and employment from the current 399 people illustrated in Figure 11.

## Employment in Manufacturing, Blouberg: 2000 - 2016

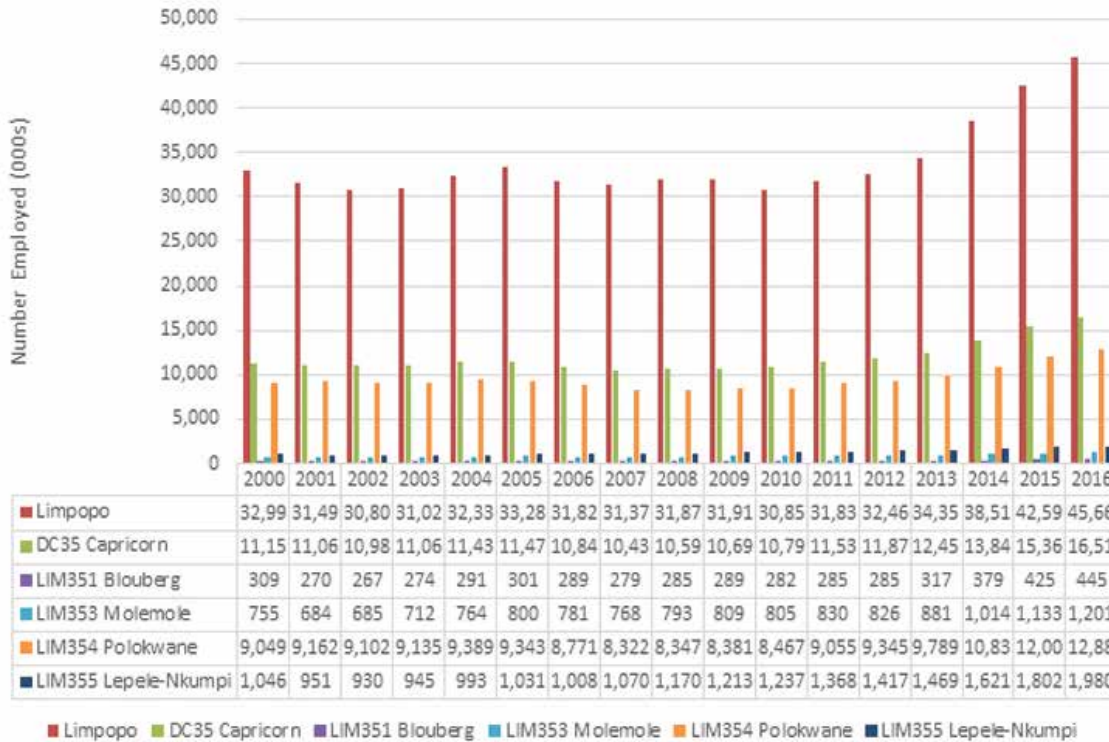


Figure 12: Employment in Manufacturing Sector, 2000-2016 (Source: Global Insight ReX)

Figure 12 illustrates the employment levels in the manufacturing sector. The epicenter of mining in the Capricorn District is the Polokwane Local Municipality, with 12 884 of the 16 510 employed people as at 2016. This represent 78% of the total manufacturing activities in the Capricorn District. Blouberg has the lowest number of manufacturing activities as reflected in the lowest number of people compared to the other sub-regions of the district. The number of people employed in the manufacturing declined slightly from 309 in 2000 to 282 people in 2010 before recovering to 445 people in 2016.

The trade sector, which is part of the service sector represents economic activities in the wholesale and retail and general trading environment. Figure 13 depicts the employment activities in the sector. Polokwane, being the economic hub of the province, has the highest number of people employed in the trade sector in the district.

Its employment of 38 859, which has almost doubled from 21 000 in 2000, constitutes 79.7% of the total district employment in the sector, followed by Lepelle-Nkumpi (4 112) and Molemole (4 106). Blouberg has the lowest economic activities of the four local municipalities in the trade sector. Its employment grew slightly from 823 in 2000 to 1 012 before a considerable expansion to 1 663 in 2016.



## Employment in Trade, Blouberg: 2000 - 2016

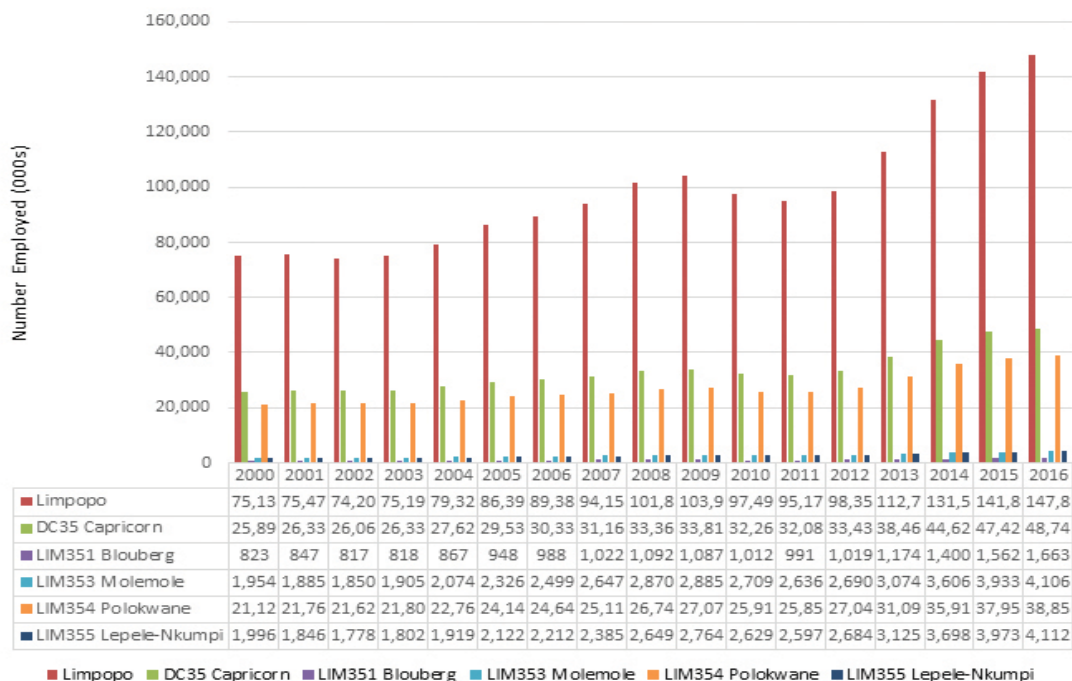


Figure 13: Employment in the Trade Sector, 2000-2016 (Source: Global Insight, ReX)

### 2.4.4 Employment Trends

Looking at Figure 14, one notices that the trends in unemployment for the national, provincial and local economy are the same in the period under review (2000-2016). Blouberg and Lepelle-Nkumpi local municipalities experienced high unemployment level in the early 2000s, which were on average at 36% and 40%, respectively.

This contrasted with the national, provincial and the other two constituent local municipalities of Molemole and Polokwane, which were on average 27%, during the same period. However, from 2010, the difference in trend levels narrowed significantly and unemployment level are on average at 26%. With respect to the Blouberg Municipality, unemployment has declined from 37% in 2000 to 22,6% in 2016. This decline took place at the same time with the decline in population in the same period.

## Unemployment

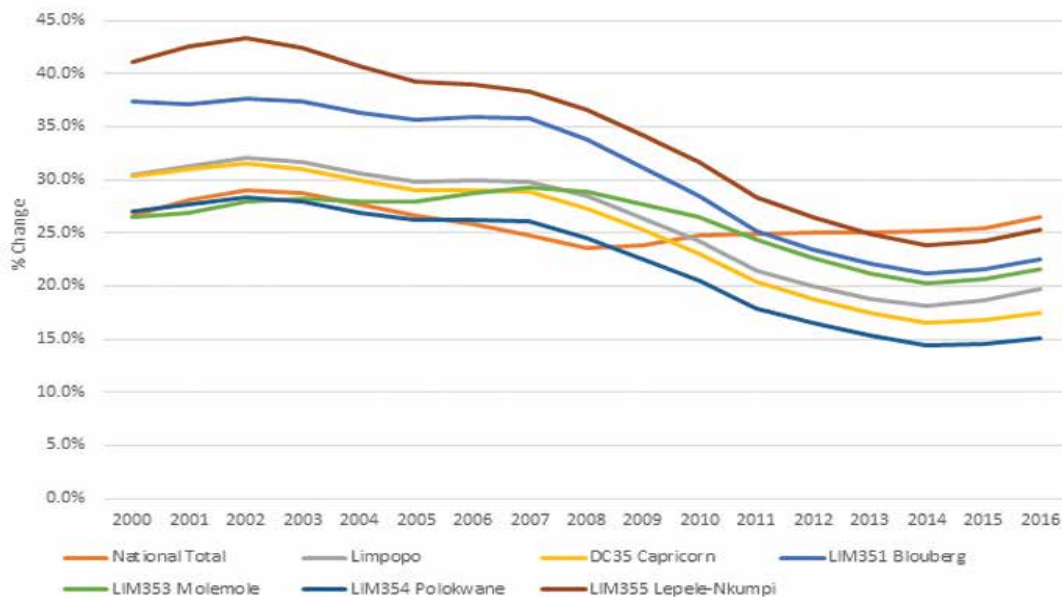


Figure 14: Unemployment Trends, 2000-2016 (Source: Global Insight, ReX)



## 2.4.5 Human Development Trends

Human Development Index is a composite index that represents total development in a nation. It is comprised by the indices on standards of living represented by Per Capita Income (at US\$ Purchasing Power Price), levels of education represented by the number of schooling years, and life expectancy. Countries and regions are ranked between 0 and 1, with 1 representing high development and 0, the lowest development. The provincial and regional and sub-regional levels of the HDI follows South Africa's trend.

Like South Africa's HDI in Limpopo, Capricorn and Blouberg have been increasing from on average 0.45 (0.39 for Blouberg) in 2000 to 0.50 in 2010 (0.45 for Blouberg) and further grew to 0.60 (0.50 for Blouberg) in 2016. When compared with the rest of the country Limpopo HDI is the second lowest after Eastern Cape because of low indices: Limpopo per Capita at R48 000 is half that of Gauteng at R101 000 and despite having the largest expatriates of economically active population in the industrial centre of Gauteng, it has a low number of people with matric and a bachelor's degree.

### Human Development Indicators (Blouberg): 2000(1) - 2016(18)

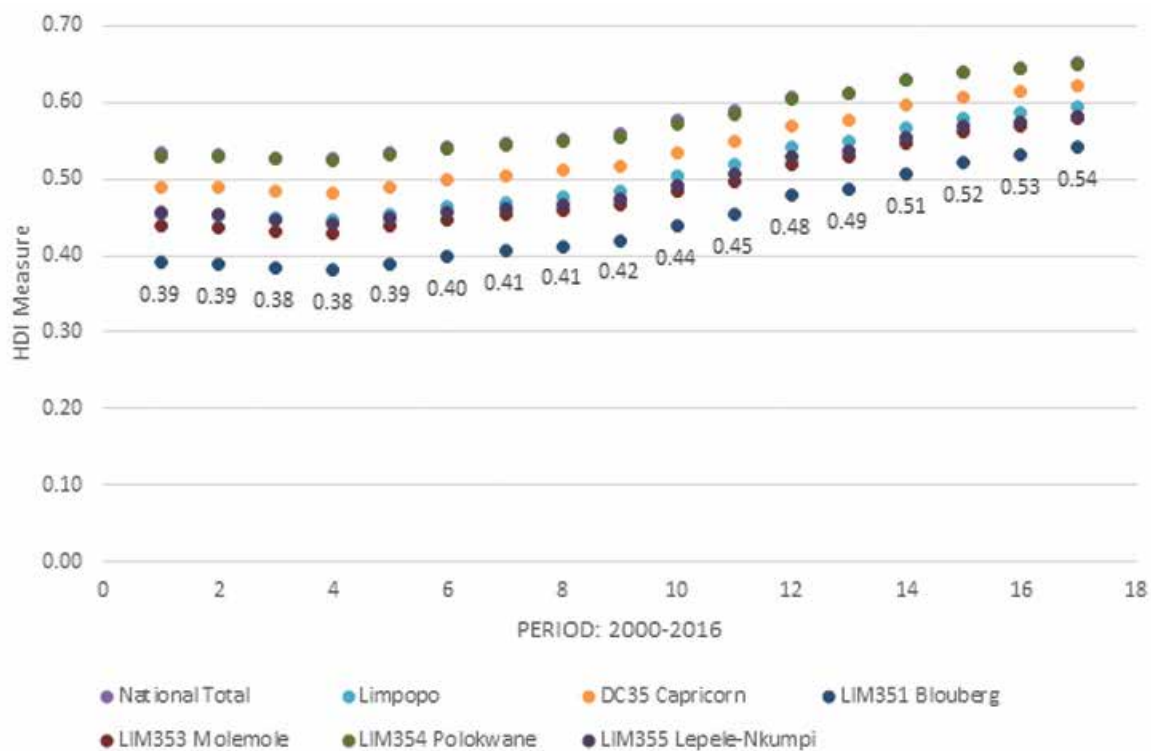


Figure 15: Human Development Index in Limpopo and Blouberg Municipality (Source: Global Insight, ReX)

Figure 16 depicts the number of years spent in schooling at the national, provincial, district and local levels. Blouberg has the second lowest (followed by Molemole) number of people with matric and postgraduate degree compared to Polokwane and Lepelle-Nkumpi. This level represents the highest level of skilled people in the population. Blouberg has 881 people in this segment, compared to 13 325 people at the district level and this represent 0.07%, which is very minute.

This figure only represents those who reside within the Blouberg municipal boundaries and exclude the expatriates. It could be that those with the highest education attainment, and by extension skills, are likely to migrate out of the municipality given few opportunities that are in existence locally. In a nutshell, Limpopo population that has no schooling represent 18% of the total number without schooling at national level. For the highest skilled population (those with matric and post graduate), Limpopo constitutes 5.8% of the national total.



## Education Levels, 2016

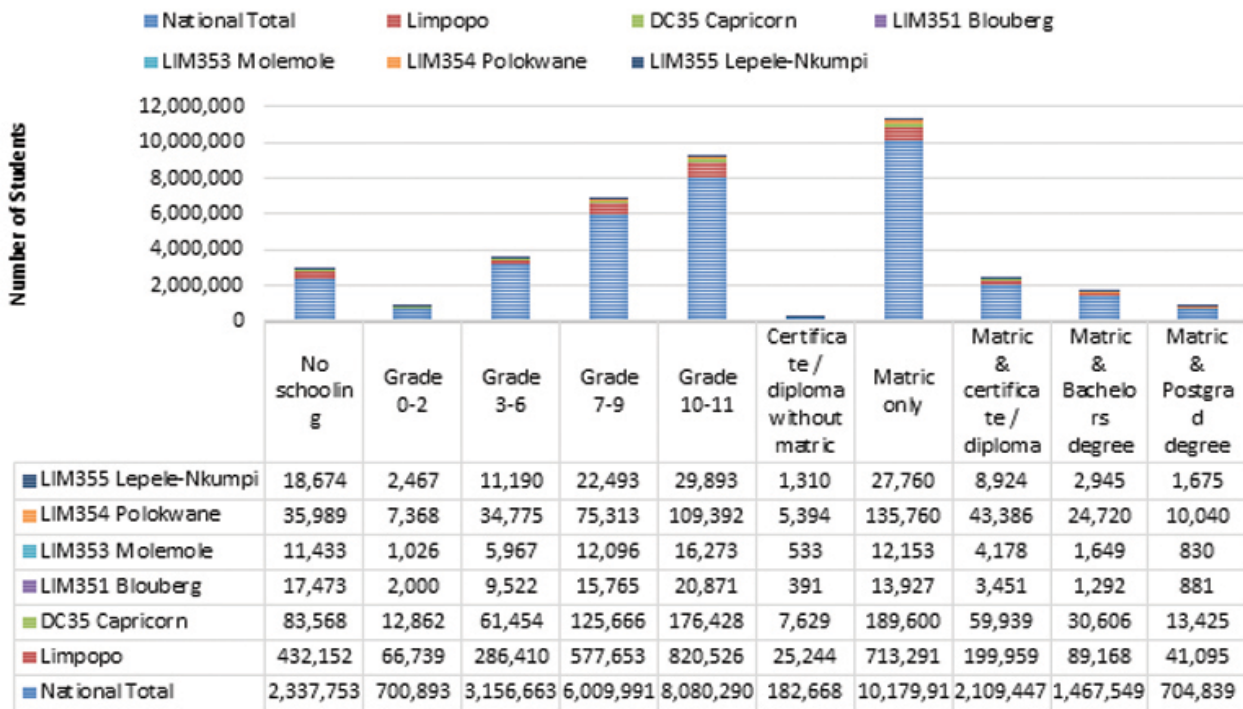


Figure 16: Number of Years in Schooling at National, Limpopo and Blouberg Municipality, 2000-2016 (Source: Global Insight)

### 2.4.6 Levels of Inequality

Inequality in society is measured through a Gini Coefficient, which is an index with a continuum of between 0 and 1, where 0 represent total equality in society and 1 represents the highest level of inequality. The index looks at the income level of the population or/and wealth distribution. South Africa is one of the most unequal societies in the world and has overtaken Brazil in recent times.

It is for this reason that the National Development Plan prioritizes measures aimed at reducing inequality from 0.63 in 2014 to 0.57 in 2019 but this target appears to be elusive as inequality has worsened. Blouberg inequality is however at 0.60 and lower than that of national and Polokwane but this could have attributed to low levels of wealth among the populace. Please Figure 17 for illustration.



## Inequality (Blouberg)

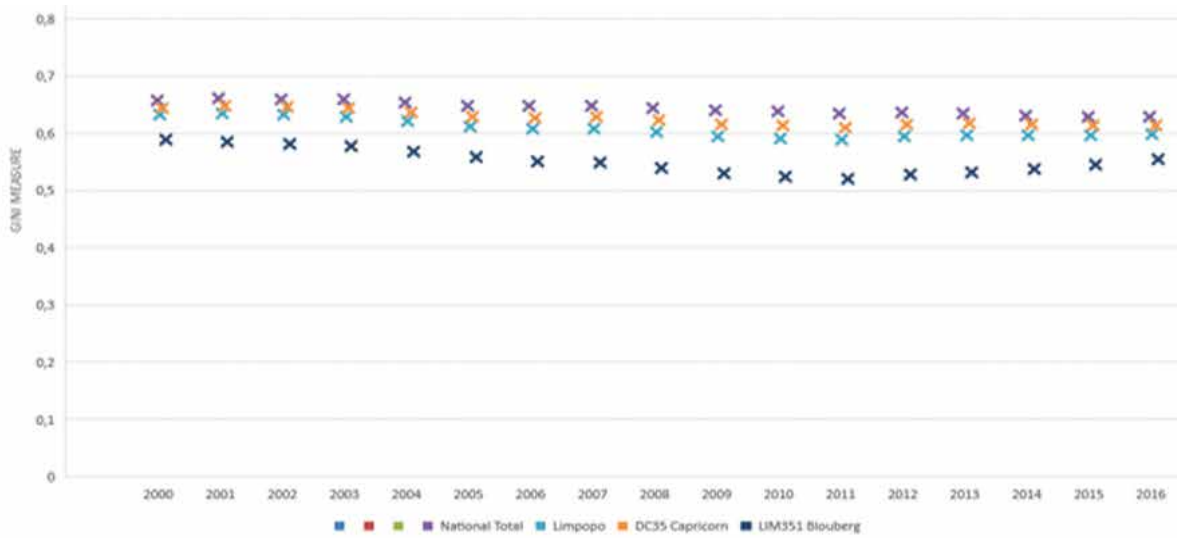


Figure 17: Inequality Levels at National and Blouberg Municipality (Source: Global Insight, ReX)

### 2.4.7 Poverty Levels

Similar to its quest on Inequality, the NDP strives to gradually eliminate poverty by 2030. The measure is monitored through the reduction of people living below the poverty line (food poverty) that the NDP states is currently US\$2.34.

The Statistics South Africa Poverty Report (2017) revealed that despite an increase in the social wage covering almost 17 million of the total population in South Africa, poverty has worsened and almost half of the population in the country lives below the food poverty line. In fact, the report went further to demonstrate that there is a gap between the social wage and the amount required to address the food poverty line.

According to Figure 18, the Capricorn District Municipality and its four constituent municipalities have seen a reduction in the number of people living below the poverty line between the period of 2000 and 2016. The number of people living below the poverty line has declined from 92 329 in 2000 to 62 913 in 2010 before rising slightly to 63 709 in 2016. However, given the population levels, Blouberg has the highest proportion of people living below the poverty line than the other three constituents municipalities of Capricorn District.

### People Living Below the Poverty Line, Blouberg: 2000 - 2016



Figure 18: Poverty Levels in Blouberg, 2000-2016 (Source: Global Insight, ReX)

## 2.5 Key Drivers of the Blouberg Economy

The economic character of the Blouberg Municipality mirrors that of the country at large. However, there are some features that are peculiar to the Blouberg economic strata. The key economic drivers are as follows:

The key economic drivers are as follows:

- Mining;
- Retail and SMME Development
- Agriculture;
- Tourism; and
- Manufacturing;

The next sub-section provides a detail report on the status quo of sectoral activities:

### 2.5.1 Mining Development

Blouberg Municipality does not have an operational mine currently. The last mine to be in active operation was the Oaks mine which was operated by the De Beers Consolidated Mines (DBCM) but had to be closed in 2008. However, the municipality is a labour sending area to the De Beers Consolidated Mine's Venetia operations which is in the Musina Municipality (Vhembe District) as well as the DMI mine neighbouring Venetia mine. Both mines produce diamonds from kimberlite pipes that stretch to the Limpopo River. The literature reviewed does not reflect any known adverse impact (social, environmental and economic) of mining in the Blouberg Municipality. Consultations with stakeholders within the municipality, especially traditional leaders and municipal leadership, reflect a gap that needs to be addressed in so far as mining regulation is concerned. In terms of legislation, prospecting rights and mining rights are regulated by the Department of Mineral Resources (South Africa, MPRDA). The main area of concern is that stakeholders view the granting of rights being done without their involvement even when such rights affect their areas of jurisdiction and authority. Furthermore, there is a general concern that the legislated Social and Labour Plans do not address priorities of communities in mining labour sending areas of the municipality. The strategy chapter of this GDS will highlight areas of improvement in this regard.

The mine is in the Vhembe district in the Musina Local Municipality at about 36 kilometers north of Alldays. According to the Venetia Mine Social and Labour Plan for the period 2013-2017, Blouberg Municipality workforce constituted 17,6% of the total workforce for the mine with a contribution of 206 employees. The Venetia Mine Socio-Economic Report of 2016 reflected an increase of the Blouberg labour force in the mine to 20,93% with a total of 301 employees out of a total of 1 439 employees. The report further indicates that its payroll for the Blouberg labour sending area for the 2015 financial year amounted to R57 million out of a total payroll of R451 million. Furthermore, the SLP has identified hard to fill skills such as Mining engineers; Occupational health and safety personnel; Geo-tech engineers; surveyors; Technicians; Riggers; Boilermakers; Fitters; Mechanics and related skills.

The main reasons for the lack of such skills, are amongst others, geographical location and general curricula that do not address the skills requirements of the mine. According to the mine's projections in terms of the approved SLP the productive and useful lifespan of the mine is up to 2043 after the underground operation has commenced with its operation while the open pit mine is projected to operate until 2022.

#### a) Venetia Mine



Map 3 reflects the location of Venetia mine

Information has been requested from the Venetia mine on the current labour force, estimated labour force, skills requirements (current and future), and implementation of SLP.

### b) DMI Minerals Krone-Endora Diamond Mine

This is a mining operation by Diamcor-a Canadian company-and Nozala Investments (Local BBBEE partner). Nozala Investments has a shareholding of about 500 000 rural women. However, representation of local Musina or Blouberg women could not be verified and will need further investigations. The mine will focus on processing the alluvial gravels which eroded off the Venetia Kimberlite Pipes, located on the northern part of Venetia mine on the farms Krone 104 MS and Endora 66MS.

The mining operations were acquired from De Beers through what is said to have been a competitive acquisition process in 2011. In terms of the rights granted to the company, a 30-year term has been granted to exclusively mine and recover diamonds on over 657.71 hectares of the total land value of about 5,900 hectares. Together with the Municipality there is a need to partake in the SLP of this mine as well as general stakeholders' relationships.

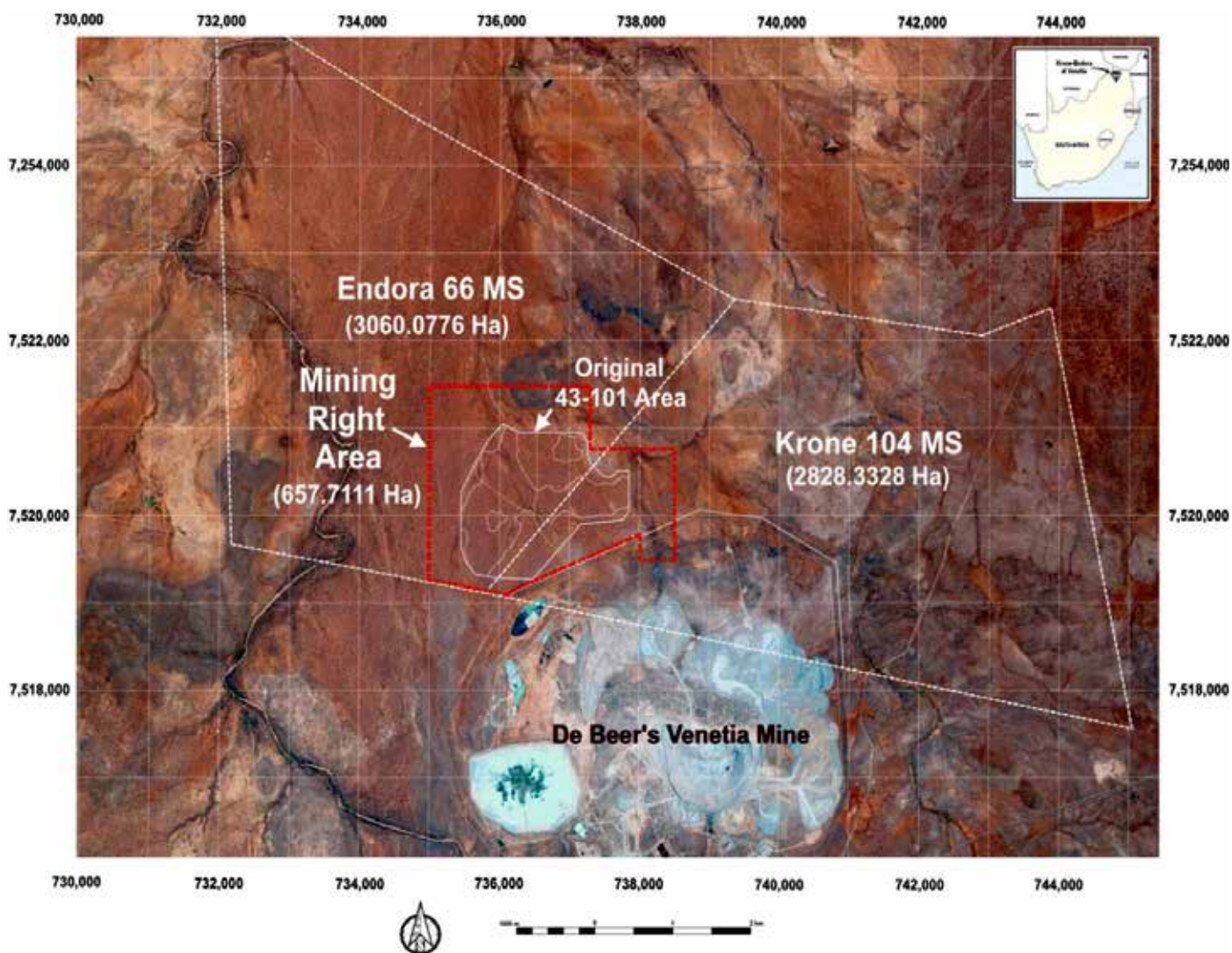
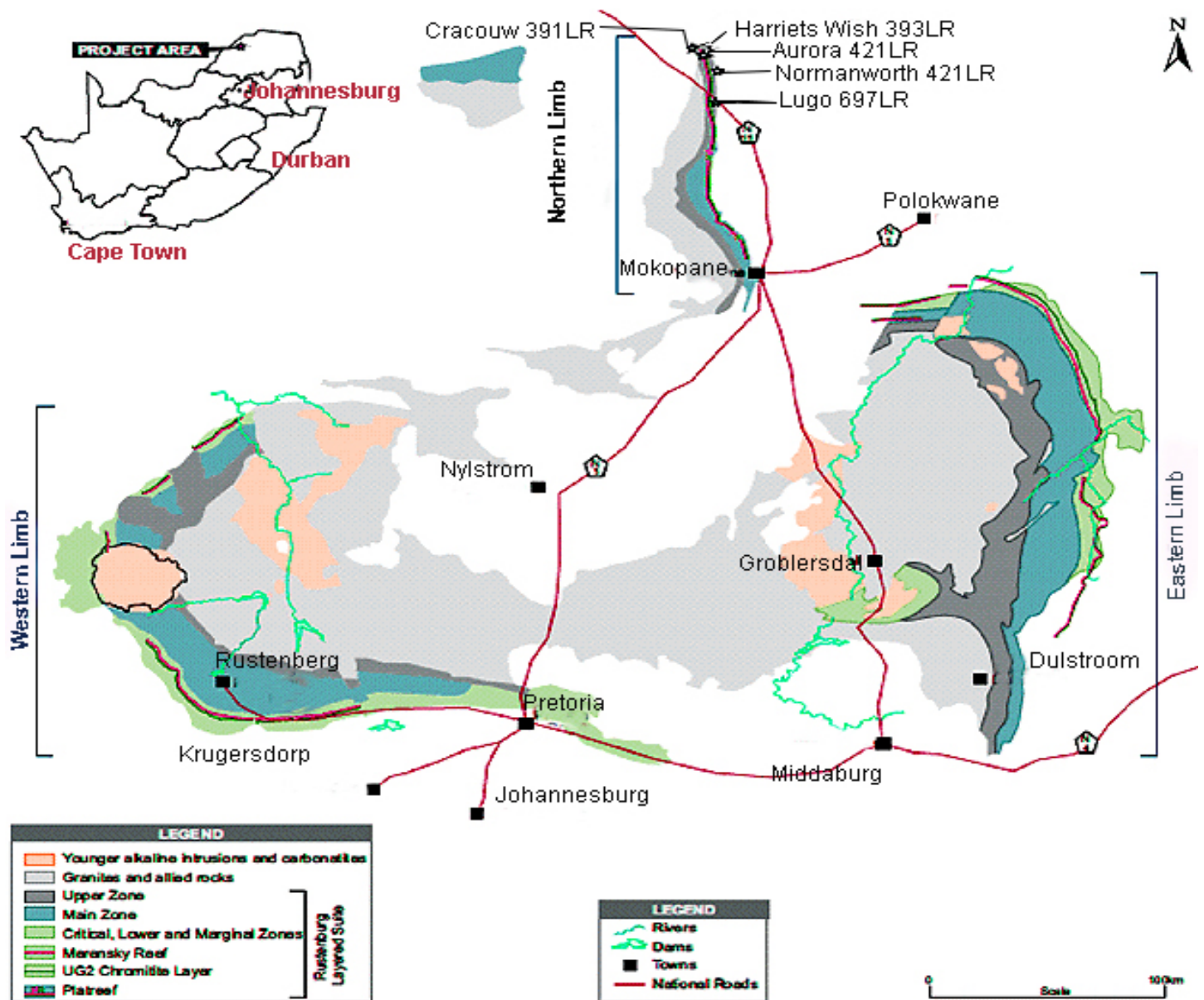


Figure 18: Poverty Levels in Blouberg, 2000-2016 (Source: Global Insight, ReX)

### c) Hacra Mine

On the northern part of the Mogalakwena municipality and the South Western part of Blouberg Municipality, a huge mining operation is in the pipeline. A mining company, Ironveld Plc, has been granted a mining license to mine at farms overlapping from Mogalakwena municipality to Blouberg Municipality to produce high purity iron, vanadium and titanium. According to Ironveld's final financial results for the year ended 30 June 2016 execution was waited for farms such Non Plus Ultra which is adjacent to Nonnewerth, La Pucella and Altona. (Ironveld, 2016). The operation of the mines will also result in the construction and operation of a 15 MW DC furnace smelter at the farm Altona by the mining company. A mining license has been granted by the Department of Mineral Resources for mining to commence on the farm Harriet's wish, Aurora and Cracouw under the banner of HACRA mining in the Blouberg area.

The mine will trigger a lot of transport activities for the conveyancing of goods, services and people as input and output factors to and from the mine and the aspect of settlement planning and transport planning must be adequately provided for.



Map 4 depicts the location of the new Ironveld mine on the northern side of Mokopane

Infrastructure such as water provision and connecting roads still need to be addressed for the mine to operate optimally. Other aspects that need to be fully addressed entail community uprising, especially in the settlement of Aurora where protracted disputes on community shareholding and beneficiation have not yet been resolved.

Information on estimated labour force, skills required and the projections on SLP still need to be availed by the mining house (Ironveld PLC)

#### d) Platinum Group Metals (RSA) (Pty) Ltd

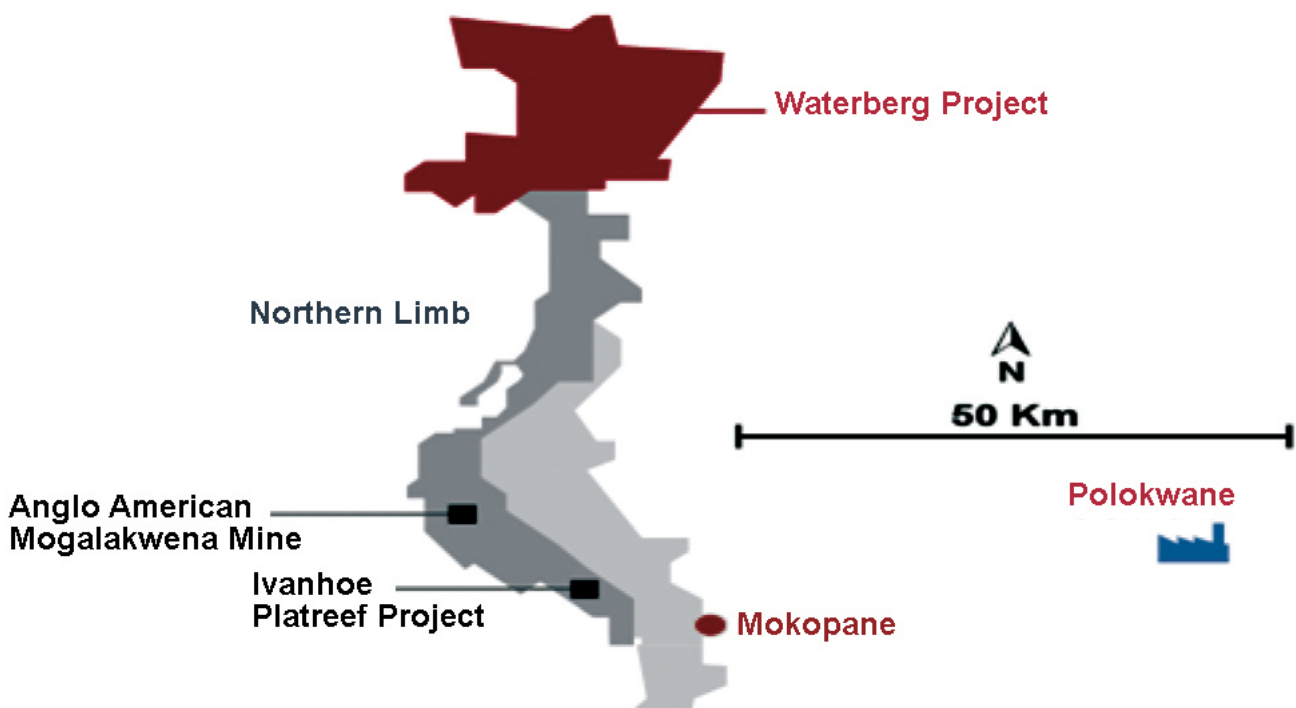
Platinum Group Metals successfully submitted several Prospecting Right applications within the Blouberg and Mogalakwena Local Municipalities in Limpopo Province. The development is known as the Water Project since it is a continuation of the platinum and related group mining in the Mogalakwena Municipality of the Waterberg District. PGM's Waterberg Project is a joint venture between Platinum Group (37.05%), JOGMEC (Japan Oil, Gas and Metals National Corporation) (21.95%), BEE partner Mnombo Wethu Consultants (Pty) Ltd. (26%) and Impala Platinum Holdings Ltd (Implats) (15%). Because of Platinum Group's 49.90% ownership in Mnombo the Company has an effective interest in the Waterberg JV of 50.02%.

According to the prospecting rights issued by the DMR the lifespan of the prospecting license is five years from date of issue with the expiry of the right being 2018 as the license was issued in 2013. According to the Platinum Group Metals first quarter financial results for the three months ended November 30, 2017 released in January 2018, the group plans to file its mining rights license in 2018. According to the Department of Mineral Resources, the Prospecting Right applications cover a total of 44 farms that form a contiguous area of about 1 155 km<sup>2</sup>. This area straddles the border of the Blouberg and Mogalakwena Local Municipalities in Limpopo Province. The greater percentage of the project area falls within the Blouberg municipal area, with only 77 km<sup>2</sup> (about 7%) falling in Mogalakwena.

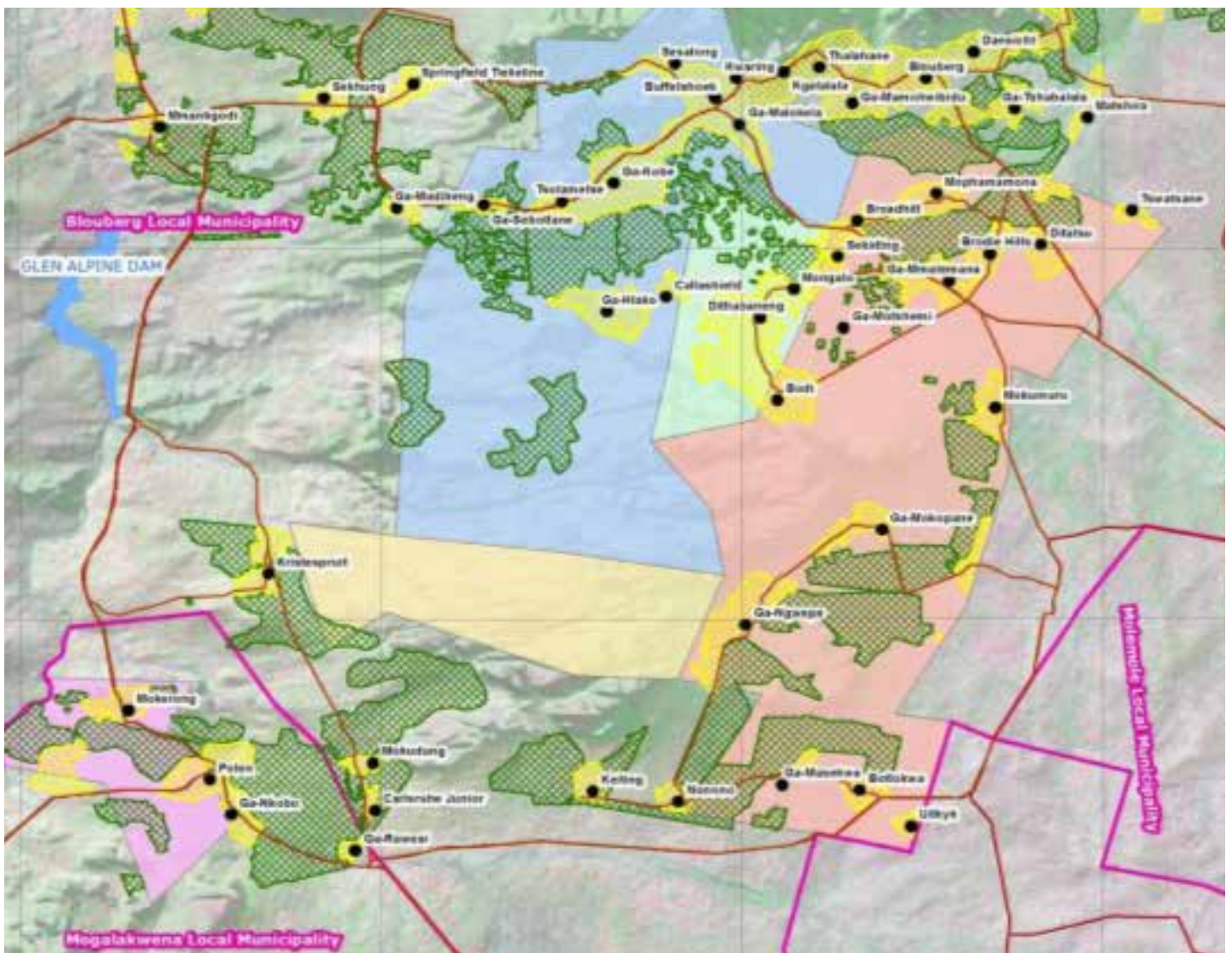
The Group indicates that the Waterberg Project has the potential to be a low-cost platinum and palladium producer based on a fully mechanized mine plan. The deposit is dominated by palladium whose price has approximately doubled since late 2015 due to its primary use in catalytic converters for automobiles and limited market supply. Other minerals are gold, radium and palladium. The original feasibility studies have clearly shown positive results hence the mine has invested huge sums of money for drilling with a view to increase the confidence in certain areas of the known mineral resource to the measured category. According to PGM's 2016 independent Pre-Feasibility Study (PFS) the Waterberg Project is identified as one of the largest, lowest cost undeveloped PGM assets globally. The initial life span of the mine is projected at 18 years from the first year of operation with additional years to be confirmed with the expansion of exploration projects.

The following sketch shows the relations between the Waterberg project and other existing mines in the continuum

The following sketch shows the relations between the Waterberg project and other existing mines in the continuum



The following map 5 shows the prospecting settlements for PGM covering Blouberg and Mogalakwena municipalities.





Information on estimated labour force, skills required and the projections on SLP still need to be availed by the mining house (Platinum Group Metals). However, the mining development will bring huge changes to the socio-economic landscape of the Blouberg region in the form of job creation, infrastructure development, enterprise development and the possible establishment of a large mining town, probably at Harriet'swish.

## 2.5.2 Retail and SMME Development

Concentration of retail development in the municipality is also proportional to population numbers as well as the strategic location of settlements. While there is the presence of small businesses in every locality providing convenient goods and supplies to such local settlements medium to major impact retail development follows identified nodal points and population concentration points in need of high volume customer base. The two primary nodes of Senwabarwana and Alldays enjoy a larger share of medium to high impact retail development anchored by the presence of national retailers such as Shoprite and Spar.

### a) Senwabarwana Retail and SMME Development Sector

There are two major retail /shopping complexes in Senwabarwana which are directly linked to the strategic position of the town as well as the availability of government services that attract several people to the centre. During the development of the Senwabarwana Town Master Plan, a study was conducted by Demacon on the economic viability of the town. The findings of the study show that the demand for business development and expansion for Senwabarwana is huge. The study further states that national business players have an appetite for doing business in the town, given the availability of markets to support such businesses.

Retail and general property development provide an opportunity for the town to grow exponentially to accommodate services such as office accommodation for the private and public sector, as well as additional retail expansion. This will result in massive job creation for the area as well as enterprise development in the form of emergence and sustainability of businesses that will be required to offer their services and support to new businesses. Currently national departments such as Home Affairs, Rural Development and Land Reform, Public Works etc. do not have adequate and modern office space to accommodate their employees and avail their services to a wide range of people in the local communities. A government precinct can offer a viable one stop solution for residents where government services can be accessed under one roof.

Furthermore, the town does not have sufficient dedicated office parks for the private sector. Only one office park, Senwabarwana Office Park, is available adjacent to the old traffic station and is not enough to accommodate various businesses that need office accommodation in the town.

Land availability is in the hands of the municipality and private hands. The municipality owns the whole of the farm Bochum 178 LS while Bahlaloga are the registered owners of portion 5 of the farm Borkum 143 LS measuring 299 hectares. For the expansion of the CBD the two land parcels offer an opportunity for development provided infrastructure services and facilities are augmented.

The Municipality has an opportunity to expand the CBD by looking at options such as the sale or lease of the Senwabarwana show grounds which occupies an area of 8,5 hectares as well as the relocation of the traffic station for business expansion while doing infill development for vacant land in the CBD. If the municipality opts for long term lease arrangements it may use the approach used in the Waterfall development in the City of Joburg, where mixed land use development is utilised by the land owners for private developers on a 99-year lease with the option to renew. The municipality may opt for a shorter period but not less than 30 years. If the municipality opts for outright sale, then it may elect to be a participant in the development by registering a municipal property company that will form part of the consortium with the private sector in the proposed developments.

For land in private hands there are already steps taken by the land owners to bring about development in their strategic land by roping in the services of experts to package their proposals with the aim of attracting investments on their land. Such developments are planned to be a continuation of the already established CBD on the northern and northeastern part of the farm Bochum on the boundaries of the showgrounds and the existing SASOL filling station.



The town has attracted many informal traders whose presence cannot be avoided but need adequate regulation. Informal trading has become a common feature of the South African economy and is very visible in small towns as people try to meet their basic needs and sustain livelihoods. The town of Senwabarwana is no exception. According to the organization called Lean Enterprise Acceleration Programme (LEAP), informal trading creates livelihood opportunities, contributes to alleviating poverty and serves as a buffer between employment and unemployment. The informal sector is characterized by a lack of written employment contracts and no basic benefits, such as pensions and employer contributions for medical aid. Additionally, it is generally small scale with low productivity, usually run from home or street pavements, consists of mostly of the unskilled and those with little education. Operations are seldom, if at all, ever registered. For many people who cannot find a job, the informal sector offers an alternative, and a way to generate an income. It provides an unofficial social security system, it serves as options for self-employment and it is an avenue for people with insufficient skills for the formal sector. Through it, affordable and convenient goods and services are delivered to local communities.

As part of support to the informal trade in the town, the Municipality constructed standard grading stalls along strategic points of the town including near taxi facilities as well as in the taxi rank and tourism information centre. However, the existing facilities are not enough to cater for the large influx of traders who have occupied all strategic points including areas allocated for the road reserve. Proper management and regulation is required to deal with aspects such as road safety, crime and the aesthetic nature of the town. Furthermore, all new retail developments will be required to integrate the informal traders in their space.

### **b) Alldays Retail and SMME Development Sector**

The Alldays node has recently seen the opening and operation of a mini modern retail centre anchored by Spar and Cashbuild. Existing retail in the node provides business services to the surrounding farms and settlements such as Taaibosch, Grootpan, Kibi, De Vrede and Kromhoek. Another customer base is travelers and businesspeople en route to and from Mapungubwe International Park, Venetia mine, Botswana and Zimbabwe. Alldays CBD's space is limited and locked by surrounding residential land uses. Unfortunately, the Blouberg municipality does not have sufficient land for development should the need arise for expansion of the retail zone. However, infill development is needed in the Alldays CBD to cover retail development in the already vacant land parcels not owned by the municipality. The municipality needs to also consider the option of expropriation of undeveloped land parcels for major infrastructure development in the area. Another opportunity for business development is the provision of housing for mine workers in the Venetia and DMI mine on the northern part of the town of Alldays. This can also have a resultant effect on the attraction of businesses in the property sector for the provision of additional retail space and office accommodation for the mine and its key contractors-a need for a dedicated office park. This nodal point has a land claim lodged with the Regional Land Claims Commission (RLCC) by the Tshivula Tribe and it is likely going to impact on all future developments in the area including alienation of strategic land parcels.

Other areas of potential retail development not in any specific order are Eldorado, Vivo, Langlaagte and Harriet'swish.

### **c) Eldorado Retail and SMME Development Sector**

There is a huge demand for retail development, coupled with additional office space for government services as part of the deconcentration of services to settlements in the hinterland. A key challenge for development in the Eldorado node is the aspect of land ownership as the municipality does not have land registered in its name for development. The farm Eldorado is owned by the Bahananoa Traditional Authorities. It is vital for the Municipality and potential developers to have a rapport with traditional authorities and finally enter into Memorandum of Agreement (MOA) so that aspects of legal certainty are adequately addressed. The recent failed retail development by Flying Falcon cc is an example of instances where lack of formal agreements can derail development especially where leadership change hands and the successor in title of any organization does not honour agreements/arrangements made with their predecessors.

### **d) Vivo Retail and SMME Development Sector**

This settlement hosts a mini retail centre also anchored by Spar and supporting convenience stores, as well as two filling stations. The centre does not have a dedicated settlement in its proximity but serves as a stop-over point that offers its goods and services to travelers who pass by to and from Makhado, Senwabarwana on the southern part, Polokwane on the south-eastern part, Alldays on the north western part and surrounding farms. In terms of land ownership most of the land parcels are in private hands. There is a land claim lodged by the Kibi Tribe on the farms Amersfoort and Witfontein (Regional Land Claims Commission). The claim will have an impact on development in the node and as such consultations with the land claimants and the RLCC are imperative before any development can be initiated. According to the project team currently no need for expansion of retail sector in Vivo unless new developments may dictate otherwise in future

### e) Harriet'swish Retail and SMME Development Sector

As a mining town in the making this centre has a potential to attract retail and serious SMME development for the duration of the life cycle of the mine and beyond if the Municipality, the DMR and resident mining houses develop and implement Social and Labour Plans that strive for sustainability. While most of land parcels are privately owned, government has a stake in the 39 hectares purchased by the Blouberg Municipality for the provision of government services as well as preparing for the resultant development by mining houses. Such land can be made available for property development in the form of retail, office and residential accommodation.

### f) Langlaagte Retail and SMME Development Sector

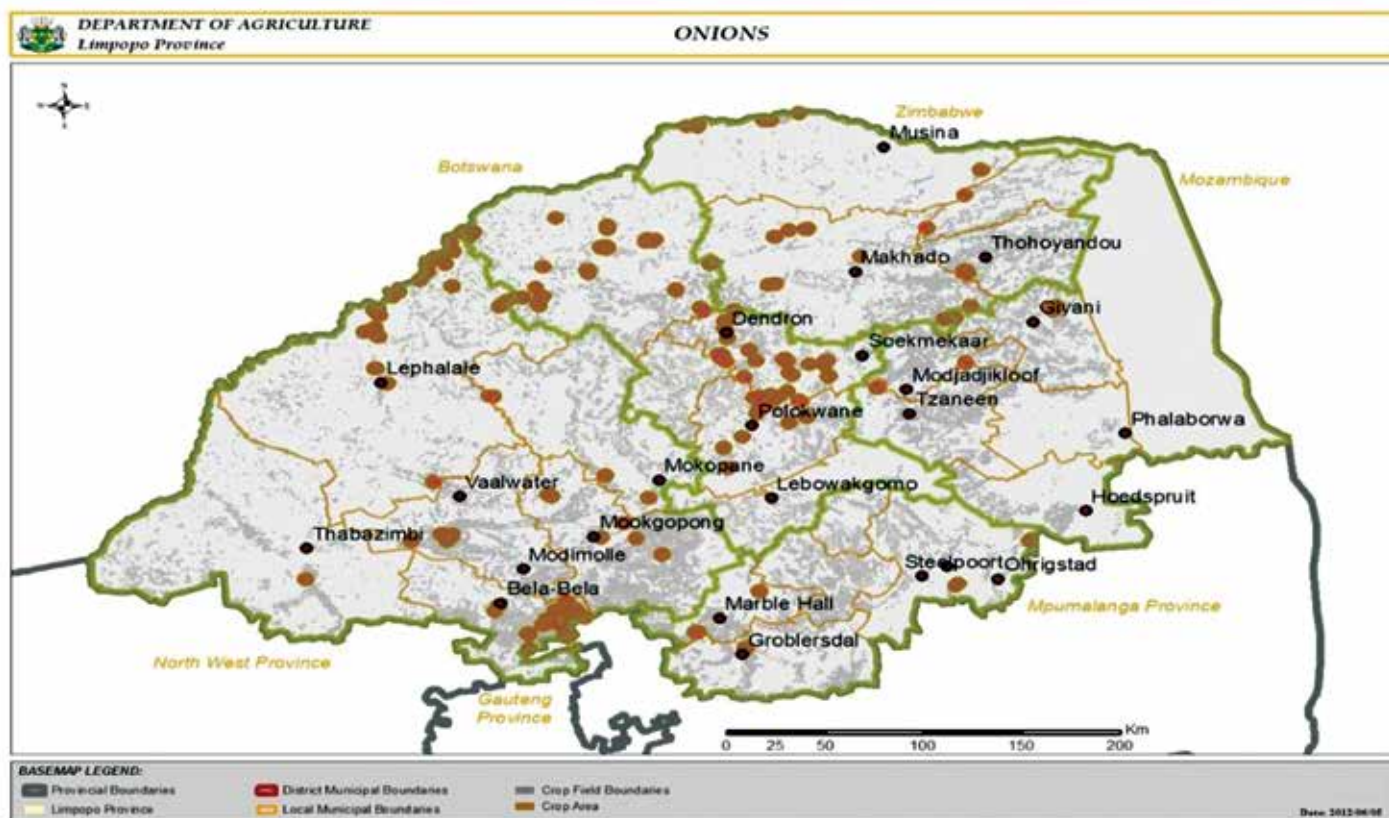
The node provides an opportunity for small to medium retail and SMME development based on its strategic location and proximity of large settlements within its sphere of influence. It is envisaged that large retail development will not be sustainable at present. The retail development currently suitable for the area may entail convenient stores, hardware stores and other businesses that sell building materials, supported by government services such as health centre, police station, home affairs offices etc.

On the retail and related business front, there is no organized business sector for the entire municipal area that includes all business participants. The municipality has on numerous occasions from the 2006/7 financial year initiated the establishment of the local business forum, but such attempts have not really translated into an independent business structure. To date, a local branch of NAFCOC has been established but does not enjoy the support of established business players in the municipality.

## 2.5.3 Agricultural Development

### a) Crop/Vegetable Farming

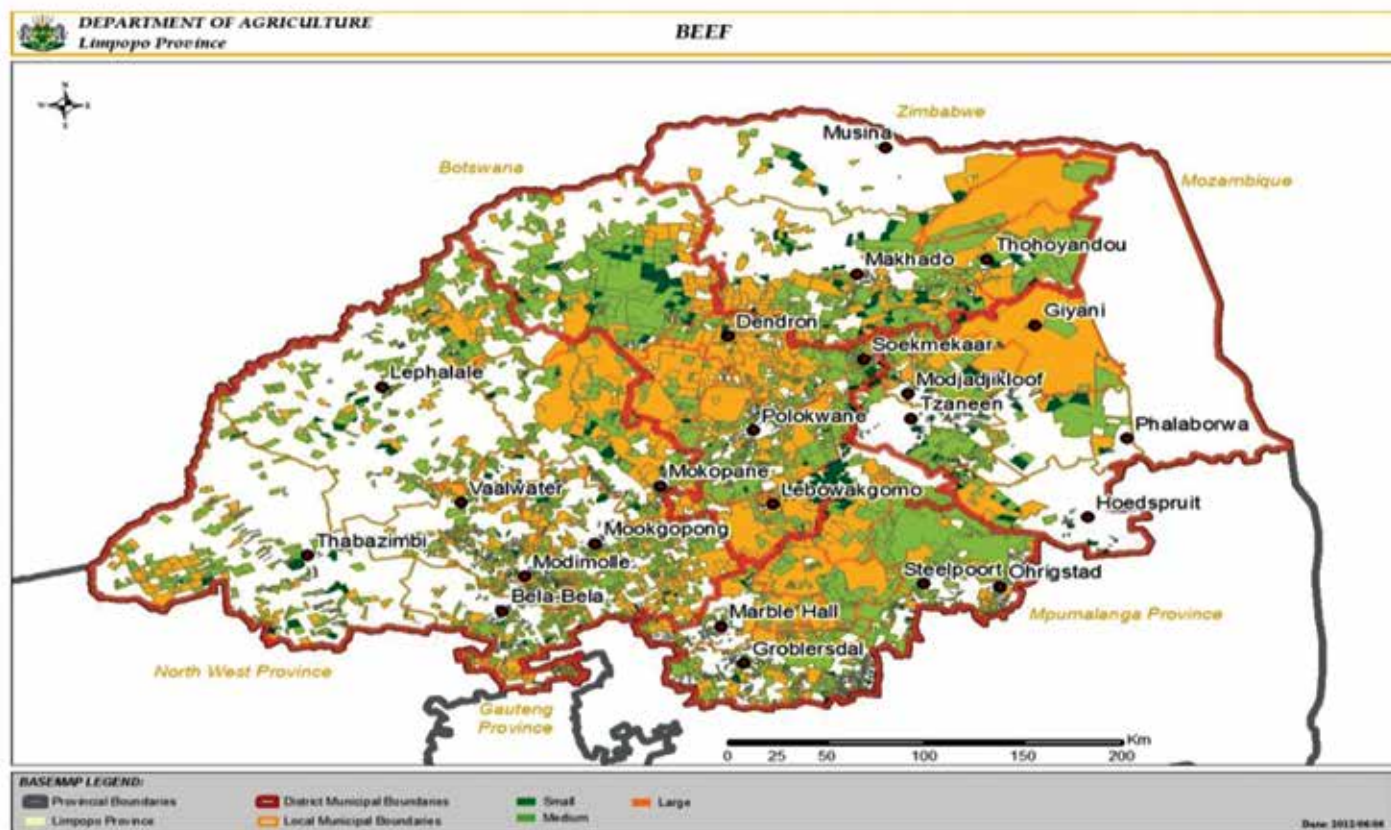
According to the Limpopo Agro-Processing Strategy (2012) Blouberg Municipality is one of the biggest producers and exporters of tomatoes, onions and potatoes in the Limpopo Province alongside Molemole, and Makhado Municipalities and furthermore the strategy proposes that such production should be expanded. What is lacking is that the processing of these produce is not made in the respective municipalities but mainly in the province of Gauteng where finished products are sold at higher prices to these exporting municipalities. Furthermore, the strategy also identifies tobacco farming as one of the strong pillars of agricultural development in the Blouberg area.



Map 7 Above reflects the performance of onion production in the Limpopo Province per Municipality

## b) Livestock and Game Farming

Blouberg Municipality has comparative and competitive advantages about the production of red meat in the form of beef and goat's production.



Map 8 above shows the performance of BLM on beef production in the Limpopo Province

Blouberg municipality has also benefited from the Limpopo IDC Nguni Cattle Development Programme. The programme is a partnership between the Limpopo Department of Agriculture, IDC and University of Limpopo and to date the community of Juniorsloop in ward 17 has benefited from the programme. However, institutional weaknesses on the programme for the benefiting community of Juniorsloop have resulted in the collapse of the programme in 2017.

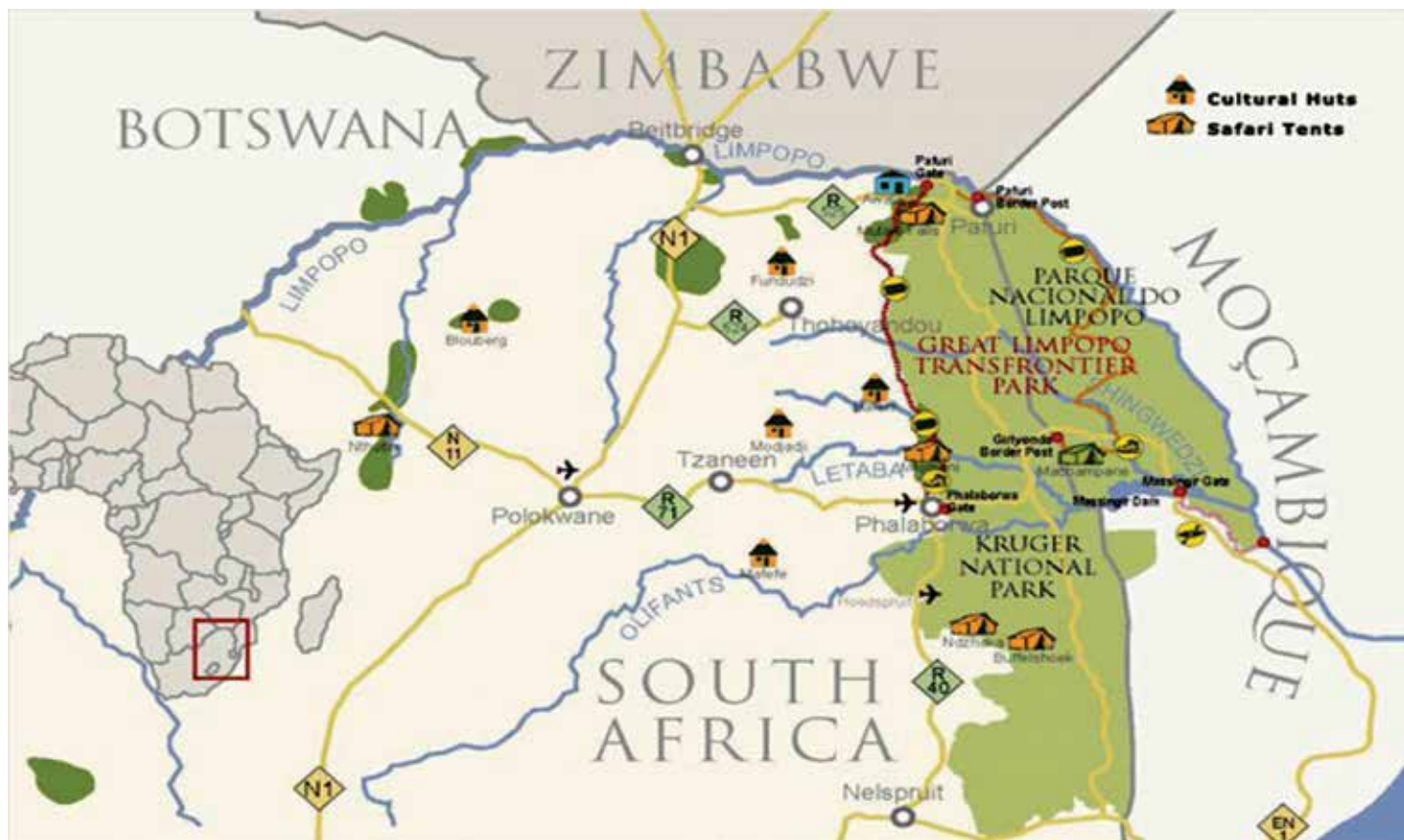
Other opportunities in farming involve game farming which is also used for ecotourism in the south western part of the municipality in areas such as Baltimore, Tolwe, and Maastroom, as well as in the regions northern and western parts of Alldays.

Some challenges encountered in the sector relate to poor skills, group approaches to the sector which resulted in cooperatives running down established operations. This sector is also racially divided in the municipality. In terms of agricultural development, most white farmers farm on a commercial basis while most black farmers practice subsistence farming. Membership of organized commercial farmers is also done along racial lines. In the Blouberg area white commercial farmers are affiliated to various organized farmers' unions such as Koedoesrand Landbou Unie (KDLU), Bo-Brakrivier Boerevereniging, Transvaal Agricultural Union, while black commercial farmers are affiliated to National African Farmers Union.

### 2.5.4 Tourism

The Blouberg Municipality has a tourism development plan in place. According to the tourism development plan and the revised integrated development plan Blouberg Municipality has enough tourism potential which has the potential to improve the economic performance of the area. The fact that Blouberg Municipality has tourism sites that form part of the African Ivory route counts in its favour as a tourist destination point of choice. What is lacking in the existing facilities is proper overnight accommodation facilities and conference facilities to be utilized by both residents and national users.

Map 10 reflects the African Ivory Route Map which incorporates Blouberg sites



The existing nature reserves of Blouberg, Maleboho and Wonderkop, do not generate enough sustainable jobs for locals and the infrastructure in such reserves has been left to dilapidate. According to the Blouberg IDP the Blouberg-Makgabeng – Senwabarwana presents a very good opportunity for tourism development given its historical and cultural significance.

To trigger the impact of the tourism sector, the Municipality has commissioned a service provider to develop tourism brochures for facilities of the municipality and this will go a long way in stimulating the marketing of these facilities thereby triggering an influx of tourists.

## 2.5.5 Manufacturing

While the IDP maintains that manufacturing is one of the key pillars of the Blouberg economy the facts on the ground indicate very little trace of the manufacturing sector within the municipality. However, opportunities for manufacturing exist for the other economic pillars listed supra. Lack of agro-processing facilities in the agricultural sector creates a business opportunity for the establishment of such facilities, same goes for manufacturing of input resources for the existing and potential mines. Examples of manufactured inputs for the mines may include protective clothing, stationary, ventilation pipes etc. a detailed study on the manufacturing sector strategy may be needed in future.

## 2.6 Provision of Infrastructure to support Growth and Development

In terms of the provision of municipal service, Blouberg Municipality has made vast improvements in key statistical indicators between 2001 and 2011. The improvements are tabulated below and cover the following service provision:

- » Formal dwellings;
- » Housing owned/paying off;
- » Flush toilet connected to sewerage;
- » Weekly refuse removal;
- » Piped water inside dwelling; and
- » Electricity for lighting

Key service delivery statistics	2001	2011
Formal dwellings	72,5%	92,8%
Housing owned/paying off	62,1%	58,8%
Flush toilet connected to sewerage	4,3%	6,1%
Weekly refuse removal	1,5%	20,7%
Piped water inside dwelling	3,4%	7,7%
Electricity for lighting	41,6%	88%

Table 4: Blouberg Municipality Service Delivery Statistics (Source: Statistics South Africa-Census)

Information from Stats SA does not provide the status and conditions of strategic routes in the municipality. However, according to the revised Integrated Development Plan the municipality has a challenge regarding this key economic infrastructure. The revised IDP states that total length for the Provincial road network within the municipality is approximately 960km, from which 262km is surfaced and 698km is gravel, leaving a backlog of 73%.

In accordance with the Municipal System Act (2000), Blouberg like all municipalities has the responsibilities to improve the lives of its citizenry through the provision of services. This sub-section will look at the provision of formal houses and electricity connection given that they have a bearing on the material conditions of residents.

### 2.6.1 Housing Provision

For a semi-rural municipality like Blouberg, the number of people living in formal houses is not a representation of the municipal housing provision as residents built their own houses, except for RDP houses. It however, represents development and formalization of dwellings and an improvement in the living conditions.

Within the Capricorn District Municipality, Blouberg had the highest number of formal housing in 2016 at 94,5%. Figure 19 reflects those comparisons. Blouberg has improved significantly, having risen from 72,8% in 2000 to 90,9% in 2010 and to a further 94,5% in 2016.



## Number of People with Formal Houses

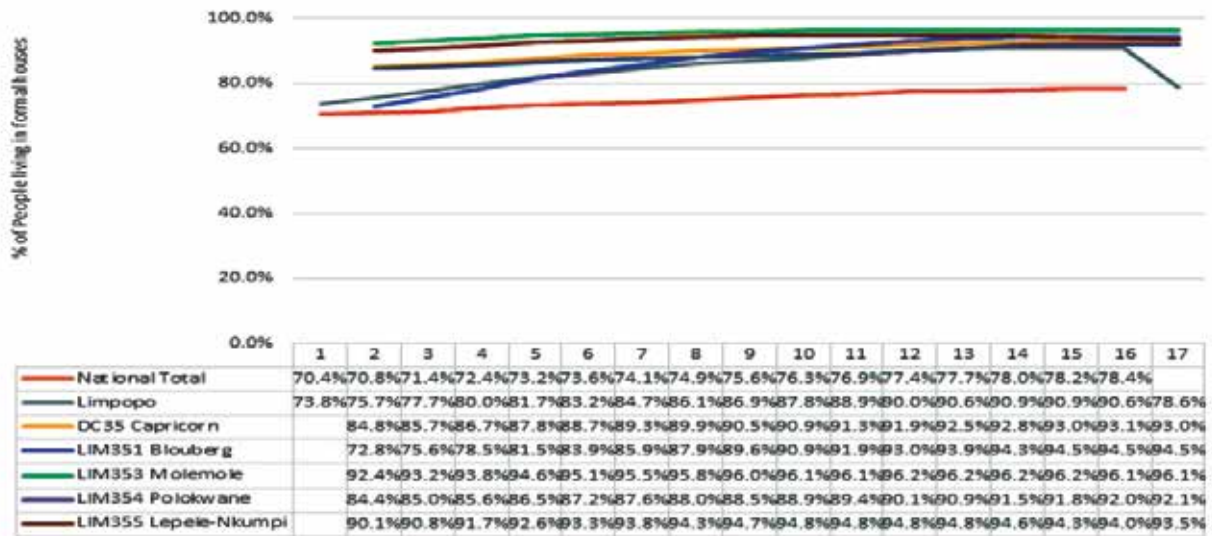


Figure 19: The Provision of formal housing in Blouberg, 2000-2016 (Source: Global Insight, ReX)

### 2.6.2 Electricity Provision and Roads Infrastructure

In terms of electricity connection, the whole Capricorn District Municipality has seen an increase in connections from an average 50% of total number of dwellings to 83% in 2010 and 92% by 2016. This represents a vast improvement. Blouberg Municipality saw an exponential increase in the connection from a lowly 31% in 2000 to 81% in 2010 and a further 94,4% in 2016.

### Electricity Connection in Blouberg

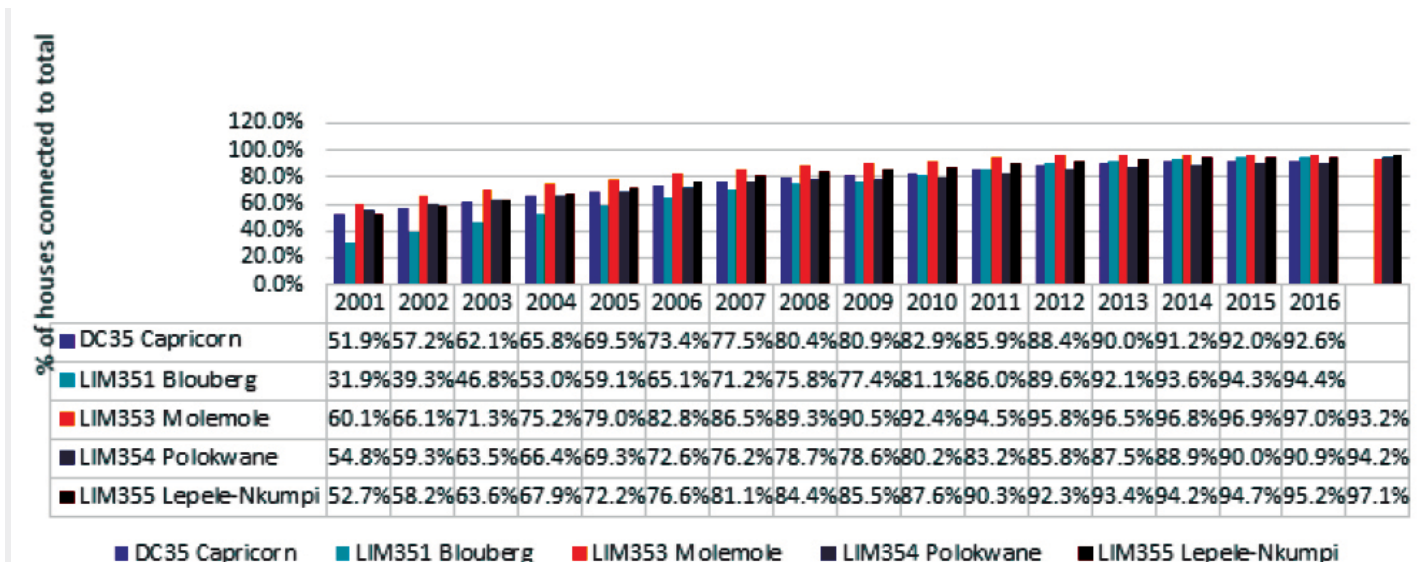


Figure 20: Electricity Connection in the dwellings in Blouberg, 2000-2016 (Source: Global Insight, ReX)

Information from Stats SA does not provide the status and conditions of strategic routes in the municipality. However, according to the revised Integrated Development Plan the municipality has a challenge with regard to this key economic infrastructure. The revised IDP states that total length for the Provincial road network within the municipality is approximately 960km, from which 262km is surfaced and 698km is gravel, leaving a backlog of 73%. This also does not dwell well with the municipality's ambitions for linking major nodes as well as settlements to major centres in the municipal area. Examples include the connectivity of nodes such Eldorado, Laanglagte, Tolwe, Harris which have to be accessed by the majority of residents through gravel. For other nodes such as Alldays and Senwabarwana residents have to pass through unsurfaced roads only to access surfaced roads when they are almost in the centre. The development and success of the strategy will have to confront these realities on economic infrastructure investments are to be attracted and retained.

This also does not augur well with the municipality's ambitions for linking major nodes as well as settlements to major centres in the municipal area. Examples include the connectivity of nodes such Eldorado, Langlaagte, Tolwe, Harriet'swish which must be accessed by many residents through gravel. For other nodes such as Alldays and Senwabarwana residents have to pass through unsurfaced roads only to access surfaced roads when they are almost in the centre. The development and success of the strategy will have to confront these realities on economic infrastructure investments are to be attracted and retained.

An independent power producer (IPP) in the form of Sun Edison operates the Soutpan solar plant at the farm Zuurbult near Vivo for the augmentation of green energy to the national grid. This will come handy to the energy needs of the country, in general, and the municipality, in particular. This station also confirms the competitive and comparative weather conditions that are conducive for additional power stations as well as the exploration of solar heating energy to augment the one in Alldays Speaker Park. This will boost the local economy and create more jobs in that sector as locals can be skilled to operate, maintain and manage such projects.

### **2.6.3 Water and sanitation provision**

The Water Services Authority (WSA) responsible for the provision, operation, maintenance and management of the water and sanitation in Blouberg Municipality infrastructure is the Capricorn District Municipality (CDM IDP 2017/18). The WSA inherited the existing water and sanitation schemes and infrastructure from the Department of Water Affairs. According to the municipal IDP the Blouberg Municipality's major water sources are underground boreholes which are not always reliable due to challenges on the sustainability of water tables (Blouberg IDP, 2017/18). The Glen Alpine dam provides water only to commercial white

### **2.6.4 Information and Communication Technology (ICT)**

Blouberg Municipality, like most rural municipalities in the country, is not immune from lack of reliable and sustainable information and communication technology infrastructure and services. There has been improvements in voice connectivity even though some wards such as 1, 3, 4, 5, 6, 13, 17, 18, and 21 have no reliable cell phone voice connectivity (Blouberg IDP 2017/18). On data connectivity the municipality is not doing well as either data connectivity is non-existent or very slow if there is such existence. Faster and reliable internet connectivity is one of the most important ICT infrastructure facilities for conducting business development. The Blouberg IDP does not show any indication of rolling out data connectivity in the immediate, medium and long term. The strategy chapter of this GDS should come up with ways, including financing options, of rolling out faster, reliable and sustainable ICT infrastructure to retain existing investments and also attract new ones.

### **2.6.5 Waste Management Services**

According to the municipal IDP the Blouberg municipality renders waste services in the two nodes of Senwabarwana and Alldays on a weekly basis and also rolled out the services to 18544 households in 14 settlements out of a total 41416 households (Blouberg IDP, 2017/18). There is capacity to expand the service as the municipality has two new land fill sites which have been upgraded and expanded to meet compliance requirements of the Waste Act and National Environment Management Act. A waste transfer station has also been constructed at Taaibosch. If the two landfill sites can have their licenses fully compliant they can also be a source of economic development and job creation for local SMMEs and community members who will be engaged in Recycling initiatives. Furthermore waste facilities with enough carrying capacity are enablers for absorption of new investments in the area. Farmers who mainly use it for irrigation purposes. The reliance on underground water and unreliable rainfall patterns are visible in drought cycles that occur almost every three years resulting in serious socio-economic impact for local communities, including commercial farmers.



## 2.6.6 Social Services Infrastructure

The table below provides a summary of facilities that provide a social services:

Facility	Number	Strategic Priority	Competency
Early Childcare center	45	Education/skills development	Municipality (infrastructure provision)
Primary schools	186		Department of Basic Education
Secondary schools	84		Department of Basic Education
TVET college	1		Department of Higher Education
Clinics	25	Health	Department of Health
Health centres	2		
Hospital	1		
Police stations	5 +3 outside but serving Blouberg communities	Safety and security	Department of safety and security

Source (Blouberg IDP 2017/18 and team visits)

## 2.7. Developments in Neighbouring Municipalities

The Project Team also took cognizance of developments in neighbouring municipalities that have a bearing on the growth and development strategy of the Blouberg Municipality and noted the following for each adjacent municipality:

### 2.7.1 Platreef Mine by Ivanhoe Mines (Pty) Ltd - Mogalakwena Municipality

This is a new mining development located eight kilometers from the town of Mokopane and it is surrounded by GaMagongwa, Tshamahansi and GaMokgabudi. According to studies on the Environment Impact Assessment and Environmental Management Plan the mine will have a lifespan (Life of Mine/LoM) of 30 years and a possible additional 30 years mining Platinum and other Platinum Group Metals (PGMs) such as Palladium; Rhodium; Iridium; Ruthenium; and Osmium (Joubert, 2013). Initially the Platreef mine was planned as an open cast mine but the plan was discarded to avoid a possible relocation of surrounding communities. This has the potential of having the Blouberg Municipality as one of the labour sending areas as part of the northern limb continuum.

### 2.7.2 Musina-Makhado Special Economic Zone (SEZ)

A Special Economic Zone only targets a geographic portion of a country which is set aside for targeted (strategic) economic activities which are generally supported through special measures which are not applicable in the rest of the country to promote economic growth and export, attract domestic and foreign direct investment and provision of greater number of employment opportunities.

According to the Integrated Development Plan of the Musina Municipality, the Department of Trade and Industry has approved the designation of Musina-Makhado SEZ in July 2016 to trigger development and massive investments in those areas by attracting foreign and domestic direct investments, attracting growth and creating employment for the whole region (Musina Municipality, Integrated Development Plan, 2017). The SEZ clusters have been divided into 3 categories namely, light industries (Primarily logistics), medium and heavy industries (Manufacturing/Beneficiation) and Energy and Metallurgy. The latter cluster has already commenced with its implementation phase after an operator agreement was signed with a Chinese company named Shenzhen Hoimor Resources Holdings Ltd to the tune of more than R40 billion and the projected creation of over 22,000 job opportunities (Department of Trade and Industry, 2017). Most of the job opportunities will be for artisans and technicians.

As a neighbouring municipality Blouberg stands to gain from the job creation of this SEZ as well as business opportunities that derive from it. Engagements to explore employment opportunities, skills required and the kind of business opportunities that can be accessed from the SEZ should be continuously pursued by the municipality and the provincial government to avoid the challenge of regionalism which may serve to gate keep the entrance of Blouberg residents to such opportunities.

### 2.7.3 Lephalale Municipality

Mining development for coal and the hosting of two of South Africa's power stations, Matimba and Medupi create economic spin-offs for the Lephalale area as well as those of neighbouring municipalities, Blouberg included. Exxaro is the biggest mine operator and according to information from the company's reports the mine will have a lifespan of beyond 40 years and this could spring job and business opportunities for regional populations.

## 2.8 SWOT Analysis

The situational analysis has been discussed in detail in the sections above. This analysis will help in the scoping of the SWOT analysis, in which the Blouberg Growth and Development Strategy will be derived. Emanating from the PESTLE analysis, the Blouberg municipality SWOT is tabulated below:-

SWOT Elements	Characteristics
Strength	<ol style="list-style-type: none"><li>1) Arable land</li><li>2) Availability of electricity from renewable sources</li><li>3) Strategic location and interconnectivity to national and SADC market</li><li>4) Political continuity</li></ol>
Weakness	<ol style="list-style-type: none"><li>1) Internal capacity to implement the strategy</li><li>2) Lack of funding for rural development and enterprise development</li></ol>
Opportunities	<ol style="list-style-type: none"><li>1) Mining reserves and possible exploration</li><li>2) Public Private Partnerships to propel growth</li><li>3) Expansion of Provincial WIFI to connect all the regions</li><li>4) SEZ opportunities in Musina and Tubatse for mining sector</li><li>5) A very educated Diaspora who are willing to return when economic opportunities are available</li></ol>
Threat	<ol style="list-style-type: none"><li>1) Lack of adequate water resources</li><li>2) Roles and jurisdictional disputes with Tribal Authorities, especially on land use and land development matters.</li><li>3) Weak economic growth, increased poverty and lack of opportunities</li></ol>

# Chapter 3



## The Blouberg Growth And Development Strategy

# 3.1 Introduction

The Blouberg Growth and Development Strategy (BGDS) provides a comprehensive overview of the economy, sets policy direction for a sustainable, balanced and equitable economic development up to the period of 2040. It identifies strategies, programs, and projects to improve the economy. It addresses both outcomes as well as resource requirements and provides an overarching vision within which the private sector, public institutions and society operate.

Municipalities play an important role in the promotion of economic opportunities within their jurisdiction due to their proximity to industries and people and this is further guided by the Municipal System Act, 2000. It must be emphasized that whilst the sphere of municipality is autonomous, the economy of the local municipality like Blouberg is embedded and lags the Capricorn District economy, the provincial and national economy in almost all the macro-economic indicators that will be measured by the BGDS.

**The Blouberg Local Municipality has the responsibility to provide services to its people and furthermore coordinate and facilitate the following activities:**

- » To identify corridor opportunities (growth nodes) across the municipal wards;
- » To identify and develop (and support) economic clusters across sectors on the basis of comparative and competitive advantages;
- » To build strategic relationships with the Capricorn District Municipality, Limpopo Provincial government as well as private sector and industries;
- » To build coherence linkages between national, provincial and district development agencies; and
- » To identify social partnership opportunities to promote economic growth and development.

**The BGDS is guided by among others, the following policies, plans, strategies and programmes:**

- » The National Development Plan;
- » The National Industrial Policy and its successive Industrial Policy Action Plan (IPAPs);
- » Mineral Beneficiation Strategy;
- » The National Agriculture Development Strategy;
- » Limpopo Development Plan;
- » Limpopo Spatial Development Plan
- » Limpopo Agro processing Strategy
- » Limpopo Township and Rural Development Programme; and
- » Other key interventions at both National, Provincial and District and Local Level.

**The BGDS is the long-term iteration sub-regional strategy towards the vision of the National Development Plan (NDP) in 2030 and beyond (2040). It is guided by the all the 14 outcomes of the government as set out in the Medium Term Strategic Framework and respond to the following questions:-**

- » What will be Blouberg long-term growth trajectory?
- » What factors will lead to the high growth trajectories?
- » What economic activities/interventions should be accelerated to attain the growth trajectory?



The Blouberg municipality growth targets are derived from the National Development Plan as reflected in Table 3.1.

The interventions through the BGDS should change the economy fundamentally and the impact should be demonstrated through a change in macroeconomic indicators that are in line with both the Limpopo Development Plan and the NDP. The following table depicts the macroeconomic indicators at the current period:

Macroeconomic Indicators	Current (2018)
Growth	1%
Employment	13 700 (formal) 6 000(informal)
Human Development Index	0.50
Poverty (Living under Poverty Line)	65 000
Skills Development	14 000 (matric) 3500 (matric plus diploma or certificate)
Unemployment	24%

Table 3.1: Blouberg Macroeconomic Indicators (Source: Global Insight, ReX)

## 3.2. Modelling the Blouberg Economy: Limitations and Assumptions

The macroeconomic modelling for the national and provincial economy is made possible by the richness of historical data on key macroeconomic indicators such as growth, employment, inequality and poverty. Furthermore, these economies can generate money through tax and other regulations. They are also advantaged by the fact that they can raise funding through bonds and other instruments that are guaranteed by the Treasury.

At a regional and sub-regional level such as Capricorn District and Blouberg Local Municipality, the income stream and the revenue generating capacity is very thin as they are dependent on collections from rate payers, municipal equitable share and grants from national and provincial government. For example, Blouberg has a budget of R303 million, whose larger proportion is spent on salary and wages for officials and the remainder on service delivery infrastructure.

Table 3.2 below depicts the Blouberg Medium Term Expenditure Framework for the period 2017/18 to 2019/20. This multiyear revenue expenditure framework provides guidance on how much revenue the municipality is likely to accumulate from equitable share, grants and own sources. From the table, out of the budget of R303 million, the municipality's own revenue of R73 million accounts for 24.1% and the remainder of 75,6% is derived from both equitable shares and conditional grants.

The largest proportion of own sources are derived from municipal property rate, followed by electricity tariffs and refuse collection. Of the total budget, infrastructure spending amounts to R61,7m (19%) compared to an operational expenditure of R290,7,



The Blouberg Local Municipality is projected to have an annual budget of approximately R70m for capital or infrastructure expansion, which is derived from Municipality Infrastructure Grant and a small proportion of own resources.

	2017/18	2018/19	2019/20	% to total
<b>Budget</b>	R319m	R293m	R303m	100%
<b>Sources</b>				
<b>Own Resources</b>	R74m	R69m	R73m	24.1%
<b>Equitable Share</b>	R167m	R167m	R170m	56.1%
<b>Grants</b>	R57,1m	R59,7m	R65m	21.5%
<b>Allocation</b>				
<b>Infrastructure</b>	R69,6	R62,2	R61,7	19%
<b>Operational</b>	294,5m	R273,5	R290,7	81%

Table 3.2: Blouberg Medium Term Revenue Expenditure Framework (Source: Limpopo Treasury)

Now, going back to the difficulty of modelling the macro economy of the sub-regional level, it requires that the economy be shocked through an investment (capital injection). The amount of the investment shock is higher (run into billions of rands) for the national and provincial economy. For example, in 2016, Gauteng Province was able to do its macroeconomic modelling through an annual infrastructure investment shock of R10 billion per annum for a period of five years. Poorer provinces like Limpopo do not have such prospects and even worse for the sub-regional level like Blouberg, which is unlikely to get an investment shock of a billion rand, given its revenue and income streams and historical investment pattern.

To model the economy, use was made of the input-output tables on the sectors of the economy. The South African economy has input-output tables that indicate the multiplier effect of investing R1 million rand on the nine sectors of the economy and its impact on employment creation, output growth prospects, poverty and inequality reduction. This shock might be considered a structural break which changes the growth trajectory of the economy but depending on where the investment is being made, this impact can be once-off or long term, which changes the levels of macroeconomic indicators.

The highest investment multiplier effect is on the infrastructure (social and economic) especially for the developing economies regions like Blouberg whose infrastructure is lagging. The next sub-section details the effects of infrastructure investments on growth.

### 3.2.1. Using the Infrastructure Investment and Stimulus to Growth

In the literature, there is consensus about the positive correlation and causality effect between infrastructure investment and growth. The National Bureau of Economic Research (2012) has estimated that fiscal multiplier effect of infrastructure investment to GDP is between 0.5 and 1.5. However, the multiplier effect varies from country to country, depending on efficiency and import leakage to the input on infrastructure delivery. The study further showed that the multiplier increases during a downturn. It found that the multiplier in the wake of the 2009 stimulus was "roughly four times" more than average. That means infrastructure investments offer more value during busts than booms, which should encourage policymakers attempting to counteract high unemployment in the construction sector by increasing spending on highways, roads, and bridges. The observation in the literature has been that the use of infrastructure spending to ward off recession seems to work in the short-term (up to two years) and in the medium to long-term, it creates inflationary pressures to the economy and crowding out of investment by the government.

According to Fedderke and Garlick (2008), infrastructure investment can affect growth through the following channels:

#### a) Infrastructure as a factor of production (Total Factor Productivity)

Infrastructure may simply be regarded as a direct input into the production process, that is, as one of the factors in the Total Factor Productivity. As infrastructure could otherwise be placed under the broader heading of physical capital, this approach assumes that infrastructure may be related to growth in a manner different to other forms of physical capital. The theory holds that an increase in the stock of infrastructure would increase the output of the economy as a whole, directly inducing economic growth.

The role of power generation infrastructure provides a concrete example of this channel. It is a necessary input into many production processes for both goods and services and so unreliable power supplies render these processes either more expensive or entirely impossible

*The Total Factor Productivity (TFP) or Cobb Douglas function is used to measure the total productivity in the economy, when the factors of production such as technology, labour and capital are employed. For BGDS, the GCR  $TFP=A(I)(LK)^n$ , where A represent technology/Technical Change proxied by TMR, I represents infrastructure investment, (LK)<sup>n</sup> representing a ratio of labour and capital in the economy.*

#### b) Infrastructure as a complement to other factors

Alternatively, infrastructure may be regarded as a complement to other inputs into the production process, in two senses. Improvements in infrastructure may lower the cost of production. Inadequate infrastructure creates a number of costs for the firms, who may have to develop contingency plans against infrastructure failure or even build infrastructure themselves. Inadequate transport infrastructure, for example, incurs potentially massive costs for firms who must seek alternative means of transporting both inputs and finished goods. This case in point is more prevalent to the African region with a massive backlog in network infrastructure. The total cost of individual firms providing transport infrastructure may also be far higher than the equivalent cost of state provision of such infrastructure, as the latter is able to achieve significant economies of scale. Conversely, good infrastructure generally raises the productivity of other inputs in the production process. The productivity of capital such as machinery or electronic equipment is clearly raised by reliable power supply, while the productivity of labour will be far higher if good education and health-care infrastructure produce a well-educated and healthy workforce.

#### c) Infrastructure as a stimulus to factor accumulation

While the production function (Cobb-Douglas) considers the aggregate production taking place in an economy, each factor of production is itself the outcome of a specific production process. Human capital formation, for example, is a function of factors such as school facilities and educators' quality outcomes. Infrastructure, in the form of schools, roads used to access schools and electricity provided to schools, is likely to be an important factor in the human capital production function. More generally, infrastructure is a determinant of many factors of production in a typical economy. Thus, infrastructure may influence growth indirectly, by boosting the accumulation of other factors of production or by boosting the productivity of these factors of production.

#### d) Infrastructure as a stimulus to aggregate demand

The first three channels discussed thus far focus purely on the supply side of the economy, while the fourth considers the potential role of the demand side. Large infrastructure projects typically involve significant expenditure during construction and potentially also during maintenance operations, increasing aggregate demand. Governments have, for example, often used large-scale infrastructure projects as stimulus policies during recessions or to achieve growth targets. A case in point has been that South Africa increased infrastructure spending between 2007 and 2010, which reduced the impact of the global recession on the economy, even though the spending was part of a multi-year plan preceding the recession.

The use of infrastructure to fend off recession is a highly contested field in the literature. The consensus is that the benefit of spending to ward off recession is limited to the short-run: as productive capacity remains unaffected; the economy cannot produce more output. In an open economy, the result is likely to be rising imports and a potential trade deficit.

The World Bank advises that middle income countries such as South Africa should set the infrastructure investment threshold of 7% of GDP. A cursory look at South Africa's infrastructure investment pattern has never met the World Bank threshold. The only time in which infrastructure investment came close to the threshold was between 2008 and 2009, when it came to 6.68%.

Period	GFCF as % of GDP
1960-1993	6.68%
1995-2007	2.91%
2008-2009	6.9%
Emerging Economies Average	3-4%

Table 3.3: RSA infrastructure investment trend (Source: The World Bank, 2013)

### 3.2.2 The relationship between infrastructure investment and economic growth

The African Development Bank Paper on Infrastructure Investment and Economic Growth in South Africa (2012) concluded that there is high correlation between infrastructure investment and growth.

In the paper, Pairwise Granger causality tests between economic growth, economic infrastructure investment, and employment in South Africa for the period 1960-2009 using bivariate vector auto regression (VAR) model with and without a structural break were done. The result indicates that there is a strong causality between economic infrastructure investment and GDP growth that runs in both directions implying that economic infrastructure investment drives the long-term economic growth in South Africa while improved growth feeds back into more public infrastructure investments. The results also found a strong two-way causal relationship between economic infrastructure investment and public-sector employment reflecting the role of such investments on job creation through construction, maintenance and the actual operational activities, while increased employment could in turn contribute to further infrastructure investments indirectly through higher aggregate demand and economic growth.

Given the South African government stance on increasing the localization content of infrastructure input (75%), the new wave of infrastructure development will go beyond just public-sector employment, but will increase the total factor productivity, technological and learning effects coupled with strong enterprise development. This should however be driven by the policy and the proposed amendments to Preferential Procurement Policy Framework Act (PPPFA), the Broad-Based Black Economic Empowerment and the Public/Municipal Finance Management Act (PFMA/MFMA) which seek to give effect to the stance by government to attain the maximum benefit on infrastructure and other spending. This is considering the lesson from the past infrastructure spending (leading to 2010), which was dominated by huge import leaks on the input side to the infrastructure delivery as well as minimum benefits on technology transfer and learning externalities.

Furthermore, Fedderke and Garlick (2008) calculated the productivity elasticity of various sectoral infrastructure, which measures the return on infrastructure investment to the labour productivity and total factor productivity, as follows:

Infrastructure Measure	Labour Productivity Elasticity	Total Factor Productivity Elasticity
Aggrehate Stock	0.19	≈0
Aggregate Investment	0.20	0.04
Roads	0.34 - 2.95	- 0.45 - 2.80
Railways	0.34 - 1.04	0.18
Air	0.05 - 0.25	0.04
Ports	≈0	0.04
Power Generation	0.05	0.04
Telecommunications	0.05	0.07

Table 3.4: The return on infrastructure investment to the labour productivity and total factor productivity Source: Fedderke and Garlick (2008)

## 3.3 The Blouberg Economic Model

It is the macroeconomic model that defines the medium-term to long-term economic trajectory of the Blouberg Local Municipality. This model is a measurement tool to gauge the impact of infrastructure investments on the BGDS Vision 2040 aligned to the NDP outcomes (growth, employment, poverty elimination, reduction of inequality and the growth of infrastructure stock).

Given the little amount that is currently set aside by the municipality for infrastructure investments (at the very maximum approximately R70 million), the only reasonable way to do the model would be through assumption that the infrastructure investment in Blouberg is likely to expand to R2 billion over 22 years and analyse how this will impact on the macroeconomic indicators. This assumption is buoyed by platinum mining investments that are likely to be a future reality, given that the Blouberg area lies within the Northern Limb of the Bushveld complex that is rich in mineral deposits and that there already proven platinum that is being mined in the limb (Mogalakwena). Exploration studies in Blouberg have concluded that there are farms that have platinum deposits and they are likely to be the source of the R2 billion new investments. This investment will be done in tranches, with the first R1 billion made between 2020 and 2025 and the remainder between 2025 and 2030.



The investment will trigger employment (part and fulltime equivalents) during construction, trigger the growth of SMME, retail in the area and increase the absorption of technical skills in the area. The economic spin-off will increase mining value addition to the Blouberg economy, increased infrastructure stocks such as housing and roads, increased in per capita income of the sub-region, albeit with increased inequality because of higher pay that accrue to miners as opposed to other jobs in the area. Whilst the period beyond 2030 might not have similar amounts of large investments, the earlier investments will have generated spin-off that will be felt up to 2040.

The impact on the macroeconomic indicators will be highest in the year (s) of the investment shock, 2022 and 2027 and it can be expected that the economy can grow above the growth pattern of 3, 5% and can be as high as 5% but it will then go back to the region's growth average of 3,5%. So, in a nutshell, the investment shock to the Blouberg economy will propel the economy to grow and reach its pre-Global Crisis average of 3,5%, which is the new long-term growth pattern of Blouberg. It will create and double the employment (both the formal and informal), output and also unleash the SMME potential resulting in the reduction of both poverty and inequality.

The downside of this is that there will be competition for water resources (between mining, agriculture and households) as the municipality is already a water scarce sub-region. Unless the municipality, as well as the DMR, enforce the environmental regulations, there will be a likelihood of air and water pollution caused by acid mine drainage.

### 3.3.1. The Impact of R2 billion Infrastructure Investment Multiplier to Blouberg Economy

This model is dependent on the assumption that there is R2 billion infrastructure investment to the Blouberg economy and it will impact on macroeconomic outcomes as tabulated in Table 3.5. The larger proportion of this investment will be sourced from private sector (mining) with a smaller proportion will be sourced from Municipal Infrastructure Grant, provincial and national government and its entities. This investment will however decrease after the construction of mining and related infrastructure.

**The investment will impact on the macroeconomic indicators of the Blouberg Growth and Development Strategy as follows:**

Macroeconomic Indicators	Current (2016/17)	2025	2027	2030	2035	2040
Growth	1%	5%	3.5%	3.5%	3.5%	3.5%
Employment	13 700 (formal)	20 000	25 000	26 000	27 000	28 000
	6 000(informal)	8 000	10 000	11 000	12 000	13 000
Human Development Index	0.50	0.55	0.60	0.65	0.70	0.70
Poverty (Living under Poverty Line)	65 000	50 000	35 000	20 000	5000	0
Skills Development	14 000 (matric)	2 0000	22 000	24 000	26 000	28 000
	3500 (matric plus diploma or certificate)	4500	5000	6000	6500	7000
Unemployment	24%	14%	11%	7%	7%	7%
Capital Investments (Gross Fixed Capital Formation: % of GDP	3.5% of GDP	5%	7%	7%	7%	7%

**Table 3.5: The Blouberg Economy Growth Trajectory (Multiyear Macroeconomic Growth Projection, Source: Own Calculation based on Infrastructure Investment Multiplier)**

The largest changes in the macroeconomic indicators is recorded in 2025 and 2027, which are the periods in which the investment shock to the Blouberg economy are targeted to be administered. This investment (R2 billion) will change the growth trajectory of the Blouberg economy.

# Chapter 4



## The BGDS Implementation Plan

# 4.1 Introduction

For the BGDS to accomplish the objective of radical economic transformation and attain a high growth path, there are critical factors without which the BGDS will not succeed. These are the fundamental drivers for the achievement of BGDS and they are the basic ingredients to building as a strategic roadmap to move the Blouberg sub-region forward over the next 22 years. These drivers are defined as follows:

### 4.1.1. Energy Security

The base strategic driver for industrialization in any economy is sustainable energy security. For any economy to industrialize successfully, it should build access to affordable and sustainable energy for the industrial expansion. Blouberg has an abundance of the solar energy given its position and can certainly increase its solar energy production as part of the energy mix. As such, the Blouberg Municipality should broaden its energy mix using the baseline of the solar energy farm in Blouberg. Furthermore, the BLM must embrace the following innovative ideas that are likely to reduce energy usage from current sources, thereby creating a surplus for industrial usage:

- » Installation of roof top solar panels for all government buildings, wherein an estimate of 8 million square meters of roof top space can generate 300-500 megawatts of electricity;
- » Establishment of waste to energy programme to convert waste from landfill and wastewater treatment plants into bio-gas;
- » Strengthening of energy efficiency programme through which the Municipality can replace existing lights in all provincial facilities and government buildings with LED lights and provision of solar street lights.
- » Installation of the solar water geysers.

### 4.1.2. Sustainable and Productive Rural and Township SMMEs and Cooperatives

Entrepreneurship is a challenge in South Africa. Research and anecdotal evidence always point to lack of support for aspirant entrepreneurs in the form of finance and business development support. The research by Global Entrepreneurship Monitor (GEM) has consistently shown that in South Africa, seven (7) out of ten (10) businesses go under during their first two years of operation and the predominant cause of this has been identified as cash flow problem and lack of business management skills. Even those that survive this difficult early stage (the first two years) are regularly faced with myriad of both financial, business development and production challenges along the entrepreneurship path.



The following are the sectoral and general SMME support agencies:

#### a1) Agriculture and Agro-processing

MAFISA and Land Bank MAFISA are financial schemes established by the government of South Africa aimed at assisting the poor or small-scale farmers with the capital to start agricultural production activities. The establishment of this program could open the door to a successful development rate for the poor households of Limpopo. MAFISA offers loans at an interest rate of 8% with the production loans of up to R500 000, each with a repayment term according to the enterprise income period. The Land Bank offers loans at an interest rate of 4% to support the smallholder farmer towards increasing production. Previously, Land Bank managed to offer farmers loans at the lowest interest rate.

There are also other forms of financial and non-financial support and some that are applicable to Blouberg Municipality can be listed as follows:

#### a2) General SMME funding

- » Small Enterprise Funding Agency
- » Small Enterprise Development Agency

#### a3) Industrial Funding (IPAP)

- » Industrial Development Corporation

#### a4) Infrastructure Development Funding

- » Development Bank of Southern Africa
- » Municipal Infrastructure Grant

### 4.1.3. Competitive Municipal Region Economy

The capacity of the economy to develop a credible and value-adding wage goods sector has been constrained by competition from imports (primarily cheap products from China and India). This is attributed to sustainable availability of critical inputs at affordable prices such as steel and other metals, basic chemicals, funding to black people, skills and expertise in the black society. These challenges generate severe social exclusion and de-industrialization. As such, the municipal government in collaboration with other partners should implement drastic measures to optimize and reduce the cost of doing business in the Blouberg sub-region. The following intervention should be considered;

» **Economic Costs:** The availability of appropriate skills and the costs of the skills. Blouberg should provide an environment that avoids importing of cheap labour; this also includes the logistics costs, through strategic planning of public transport and efficient road network. Consider procurement reform and support in favour of local players.

» **Optimization of Administered Efficiency Costs** on energy, telecommunication and water; and

» **Administrative Costs:** The focus is on improvement in the turn-around time and the costs of attaining statutory approvals (licenses, land approvals, permits, EIAs);

### 4.1.4. Industrial Finance

Funding is a critical strategic driver to catalyse the realization of the industrialization in any economy. This driver requires participation of various stakeholders, such as private equity firms, Developmental Funding Institutions, Venture Capitalists and Equity and Debt Provider. The Blouberg Local Municipality should consider the following to leverage funding of local SMMEs and cooperatives:

- » Provide long-term offtake agreements at competitive and attractive prices;
- » Consider appropriate funding mechanism to facilitate infrastructure investment.



### 4.1.5. Water Security

Blouberg is a water scarce sub-region. Water resources occupy an overriding importance given that the municipality does not have a dam or a water harvesting and collecting infrastructure. The BGDS thus calls for protection of both the quality and quantity of water resources through more robust water conservation and demand management measures, which include collective action of key stakeholders across all spheres of society – from Government, agriculture to civil society.

The expansion of industrialization and mining will certainly constrain the limited water resources at disposal. It is thus important for the municipality to invest in the infrastructure for water harvesting, collection and storage, be it from rain, the flow of Mogalakwena River and mountainous water harvesting.

### 4.1.6. Preferential Procurement

Through proper planning, a significant portion of government procurement can be redirected to local and black enterprises to provide goods and services to Municipality, through preferential procurement. Blouberg Local Municipality should dictate the portion of the government spent that should be redirected to Township and Rural SMMES and Cooperatives, Black Enterprise and Empowered Companies, further ensuring that implementing partners are encouraged to form partnership with local Black Companies in the delivery of goods and services. Legislation such as Preferential Procurement Policy Framework is a leverage that can ensure implementation of such. Through the Inter-Governmental Relations Framework, the Blouberg Local Municipality should engage CDM and other government entities rolling out projects within Blouberg to extend the same requirement so as to ensure immediate and direct benefit for Blouberg based entrepreneurs.

### 4.1.7. Strategic Partnership

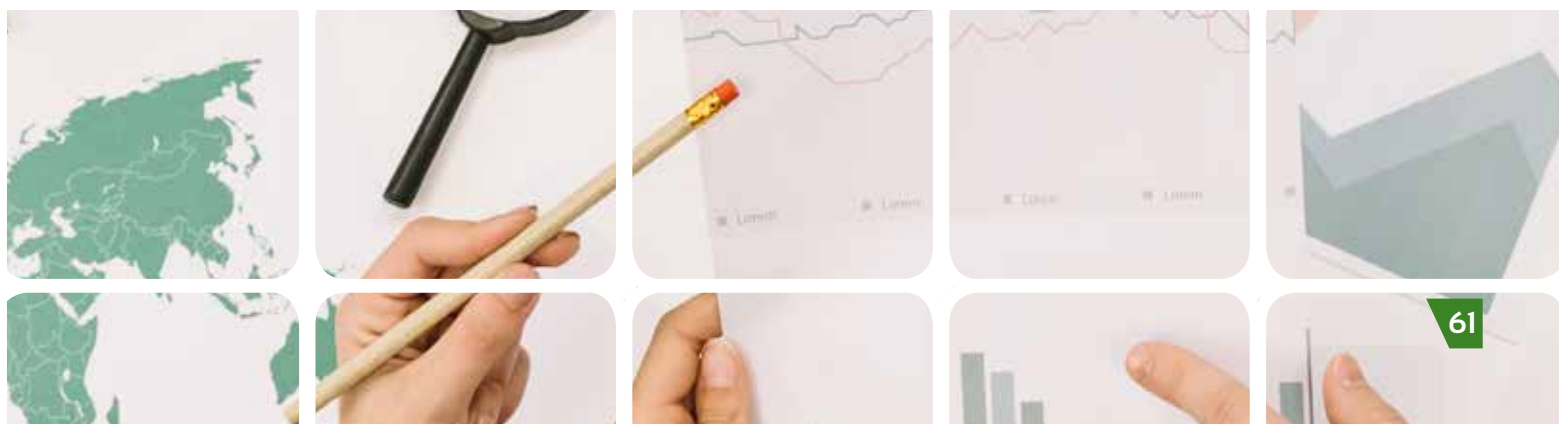
This driver calls for long-term and sustainable strategic partnership between BLM and other spheres of government and the private sector locally, provincially and nationally internationally to change the space and structure of the economy of Blouberg and address unemployment, poverty and inequality and the priorities in line with the agenda of BGDS, Limpopo Development Plan and NDP. The partnership model should constitute seamless planning and operation between government, parastatals and private sector. Other key partners include;

- Tertiary Institutions;
- Innovation Hubs; and
- Research Centres.

## 4.2 Sectoral Interventions The Programmes for the BGDS

The location quotient in Chapter 2 indicated that Blouberg Municipality has a comparative advantage on trade services, construction and community services. The strength of these sectors does not however suggest that other potential and sunrise sectors such as mining, and agriculture cannot be further developed.

So, the interventions that are being proposed for the BGDS cover both the sectors in which the municipality already has a comparative advantage (trade and construction/infrastructure sector), potential sectors (agriculture and tourism) and sunrise sector (mining). If these sectors are fully supported through the municipality directed interventions as well as other support measures from the private, provincial, national governments and State-owned enterprises (SOEs), it is foreseeable that the Blouberg economy can be propelled to higher growth long-term trajectory (2040) and its success can be measured through the growth matrix of the macroeconomic indicators as discussed in Chapter 3.



The following tabular representation reflects the sectoral interventions that need to be implemented by the Blouberg Local Municipality and other implementing partners to transform the economy. The table depicts the sectoral programmes followed by the linkages and leverages from Blouberg Municipality in the form of policies strategies and programmes from other spheres of government which can support BGDS sectors and programmes of choice and lastly, the key actions that must be undertaken by Blouberg Local Municipality to implement the BGDS:

	Programmes	Leverages / Linkages	Key Action Items (Projects)
<b>1</b>	<b>Sector: Agriculture</b>		
1.1	<b>Building of Agri Parks</b>	<ul style="list-style-type: none"> <li>• Capricorn Agripark Programme</li> <li>• IPAP Incentives</li> <li>• IDC incentives</li> <li>• National Department of Agriculture and Rural Development</li> <li>• Concentration of farming-potatoes, tomatoes and game</li> <li>• The DTI Technology Hub Programme</li> <li>• Community Works Programme</li> <li>• Ragibang Development Forum</li> <li>• Expanded Public Works Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Partnerships to mobilise the resources and localize service national/provincial service offering.</li> <li>• Identification of suitable buildings/infrastructure for plug and play facilities.</li> <li>• Identification of individuals and groups to benefits from the initiatives,</li> <li>• Availing resources for infrastructure outlay and operations, especially in the first years of operations.</li> <li>• Building a supplier network with commercial and emerging farmers.</li> <li>• Market access support</li> </ul>
1.2	<b>Increase in the hectareage under cultivation</b>	<ul style="list-style-type: none"> <li>• Land Claims process</li> <li>• Expropriation of land</li> <li>• Department of Environmental Affairs</li> <li>• Department of Water and Sanitation</li> <li>• Department of Public Works</li> <li>• LEDA</li> <li>• Limpopo Development</li> </ul>	<ul style="list-style-type: none"> <li>• Facilitate investigation (and where applicable reclama-tion) of illegally occupied land</li> <li>• Undertake a research study on how other economies utilize small-scale subsistence farm lands to create vi-able communal businesses</li> <li>• Implement Dam/Water Harvesting Infrastructure to support water security as well as contribute to environ-mental protection (storm-water management)</li> </ul>
1.3	<b>Farmer Support Programmes</b>	<ul style="list-style-type: none"> <li>• Limpopo Agro-processing Strategy</li> <li>• Organized Agricultural Unions (e.g. Bo-Brakrivi-er Boere Vereeniging, Koedoesrand Landbou Unie, National African Farmer's Unions)</li> <li>• Departments of Agriculture and, Rural Develop-ment &amp; Land Reform</li> <li>• Farming clusters established under the aus-pices of the Department of Agriculture</li> </ul>	<ul style="list-style-type: none"> <li>• Implement the Blouberg Integrated Livestock Projects optimally</li> <li>• Completion of the Abattoir and feedlot at Stolzenvels (the Department of Agriculture to conduct due diligence on the existing infrastructure and provide costing for the completion of the project)</li> <li>• Facilitation of negotiation with registered land owners (Kibi Traditional Authority)</li> <li>• Develop and implement a programme to transition lo-cal farmers from subsistence to sustainable commercial levels</li> </ul>
<b>2</b>	<b>Sector: Retail, Trade and Business Services</b>		
2.1	<b>Resource aggregation – Value chain structures recon-figuration</b>	<ul style="list-style-type: none"> <li>• Proximity to Musina-Makhado SEZ</li> <li>• Proximity to Polokwane logistics hub</li> <li>• Development Nodes and Corridors (e.g. All-days, » Senwabarwana, Langlaagte, Eldorado, Tolwe and Harriet'swish)</li> </ul>	<ul style="list-style-type: none"> <li>• Establishment of shared production facilities</li> <li>• Introduce and inculcate practice of "club" type bulk-purchasing to leverage bulk discounts (notwithstanding disparate ownership and management structures of retail facilities</li> </ul>
2.2	<b>Training and men-torship programmes</b>	<ul style="list-style-type: none"> <li>• Development Nodes and Corridors (e.g. Alldays, Senwabarwana, Langlaagte, Eldorado, Tolwe and Harriet'swish)</li> <li>• SETAs</li> <li>• SLPs of mining houses</li> <li>• Co-operatives Act</li> <li>• Municipal Finance Management Act</li> <li>• Broad Based Black Economic Empowerment Score card</li> <li>• Preferential Procurement Policy Framework Act</li> <li>• Blouberg Local Economic Empowerment Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Operate information desks in all Development Nodes</li> <li>• Establish mixed-use incubation centres</li> <li>• Fund or solicit funding for various training and business support programmes and establishment of co-opera-tives</li> <li>• Utilise procurement levers in municipal supply chain to ensure access to business opportunities for locally owned businesses and co-operatives (Procurement Reform)</li> </ul>

	Programmes	Leverages / Linkages	Key Action Items (Projects)
<b>3</b>	<b>Sector: Tourism</b>		
3.1	Promotion and awareness campaigns	<ul style="list-style-type: none"> <li>Tourism Development Plan</li> <li>African Ivory Route (incl. Camp)</li> <li>Makgabeng Rock Art Paintings</li> <li>Malebogo Battlefield</li> <li>State managed nature reserves (Wonderkop, Malebogo, Langjan, Blouberg)</li> <li>Cultural / Heritage Practices</li> <li>Proximity to Mapungubwe (World Heritage Site)</li> </ul>	<ul style="list-style-type: none"> <li>Full implementation of the Tourism Development Plan</li> <li>Investigate ways to leverage the historical influence of German institutions in the Blouberg area (key among these could be how to create a partnership agreement between Senwabarwana (erstwhile Bochum town) with Bochum town in Germany)</li> </ul>
3.2	Product/ establishment owners support	<ul style="list-style-type: none"> <li>Existing lodges</li> <li>Limpopo Development Plan</li> <li>Limpopo Tourism Agency</li> <li>Tourism Grading Council</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate a programme for the Tourism Grading Council to rate and accredit establishments</li> <li>Facilitate partnership and collaborative relationship between disparate establishment owners</li> </ul>
<b>4</b>	<b>Sector: Mining</b>		
4.1	Investment in Mining	<ul style="list-style-type: none"> <li>The Mining Charter</li> <li>Proposed policy changes on the mining charter</li> <li>Mineral Petroleum Resources Development Act and its regulations as revised from time to time</li> <li>Broad Based Black Economic Empowerment Score card</li> <li>PTM</li> <li>Anglo American (de Beers)</li> <li>Ironveld</li> <li>DMI</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of Community Development Trust led by mayor and comprising of representatives of traditional authorities and those of bought farms to ensure that a portion of the mine equity structure is owned by structures in Blouberg for the benefit of the Blouberg community at large.</li> </ul>
4.2	Social Labour Plans	<ul style="list-style-type: none"> <li>Mineral Petroleum Resources Development Act and its regulations as revised from time to time</li> <li>The Mining Charter</li> <li>PTM</li> <li>Anglo American (de Beers)</li> <li>Ironveld</li> <li>DMI</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of a Blouberg Mining forum as a sub forum of the LED forum</li> <li>Alignment and streamlining of SLPs</li> <li>Review and input into SLP development process, including at a policy level</li> <li>Enter into agreements with mining houses for mechanisms to increase the participation of locals (in the strict sense of Blouberg based companies and companies owned by residents of Blouberg) in mining procurement</li> </ul>
<b>5</b>	<b>Sector: Infrastructure</b>		
5.1	Provision of enabling infrastructure	<ul style="list-style-type: none"> <li>PPPs</li> <li>Municipal Infrastructure Grant</li> <li>Road Agency Limpopo</li> <li>Limpopo Investment and Economic Development Agency</li> <li>Limpopo Provincial-wide ICT infrastructure roll-out</li> </ul>	<ul style="list-style-type: none"> <li>Develop a comprehensive master plan for all infrastructure required to support economic growth and transformation</li> <li>Develop an Infrastructure Investment Plan for the Municipality to create a pool for implementing the necessary infrastructure required to support economic growth and transformation (including investigation of alternative funding models)</li> <li>Ensure roll-out of Information and Communication Technology, particularly in Development Nodes and Corridors (e.g. Fibre and Wi-Fi)</li> <li>Explore the feasibility of entering into an agency agreement with the responsible authority on the provision of road infrastructure on roads which do not fall under the powers and functions of the Blouberg Local Municipality, but which will facilitate connection to Development Nodes as well as population concentration points</li> </ul>
5.2	Development Nodes and Corridors	<ul style="list-style-type: none"> <li>Neighborhood Development Partnership Grant</li> <li>Blouberg Integrated Development Plan</li> </ul>	<ul style="list-style-type: none"> <li>Develop Precinct Plans for all Development Nodes – this will provide sufficient basis for investors to make informed decisions</li> </ul>

	Programmes	Leverages / Linkages	Key Action Items (Projects)
<b>5</b>	<b>Sector:</b>		
5.3	<b>Create new generation economies</b>	<ul style="list-style-type: none"> <li>• Department of Environmental Affairs</li> <li>• Department of Water and Sanitation</li> <li>• Department of Public Works</li> <li>• LEDA</li> <li>• Limpopo Development Plan</li> <li>• Community Works Programme</li> <li>• Ragibang Development Forum</li> <li>• Expanded Public Works Programme</li> </ul>	<ul style="list-style-type: none"> <li>• Investigate mechanisms for creating Waste Management/Recycling economy</li> <li>• Investigate how storm water run-off can be harvested to create recreational economies</li> <li>• Resuscitate the Marula Fruit Processing business and ensure full implantation thereof</li> <li>• Integrate various programmes that render job creation through implementation of infrastructure, agricultural and manufacturing development e.g. CWP, EPWP and Ragibang Development Forum</li> </ul>
<b>6</b>	<b>Sector:</b>		
2.1	<b>Skills Development and Training</b>	<ul style="list-style-type: none"> <li>• SETAs</li> <li>• Capricorn TVET College</li> <li>• Department of Education (Limpopo)</li> <li>• Mines (PTM, Anglo American, DMI and Ironveld)</li> </ul>	<ul style="list-style-type: none"> <li>• Engage key employers (by sector) and understand their short-term, immediate and long-term skills requirements and skills deficits they face – also find out what programmes they offer to develop the requisite skills</li> <li>• Reconcile matching skills availability in the existing database (gap identification)</li> <li>• Engage Capricorn TVET College for curriculum focus alignment</li> <li>• Engage the relevant SETAs to solicit the necessary interventions</li> </ul>
2.2	<b>Employment Creation</b>	<ul style="list-style-type: none"> <li>• Expanded Public Works Programme</li> <li>• Preferential Procurement Policy Framework Act</li> <li>• Blouberg Local Economic Empowerment Strategy</li> <li>• Department of Agriculture and Rural Development</li> <li>• Tourism Development Plan</li> <li>• Database of unemployed graduates in Blouberg</li> </ul>	<ul style="list-style-type: none"> <li>• It is envisaged that successful implementation of all the proposals stipulated above will have the natural effect of creating job opportunities</li> </ul>

Table 4.1. Sectoral Programmes for the BGDS, Vision 2040





# Chapter 5



## BGDS Institutional Arrangements & Monitoring And Evaluation Framework

# 5.1 Monitoring and Evaluation Framework

The NDP as well as Provincial Outcome 9 call upon the state to increase its capacity to deliver and this can be interpreted to mean that for the successful implementation of the BGDS, the municipality must ensure that it builds both human and financial resources commensurate with the dictates of the BGDS deliverables.

At the heart of the BGDS is the pursuit of radical growth path for the Blouberg economy in which the local government should assert the leadership role of the state; marshalling small and medium enterprises and the co-operative sector to play a meaningful role in the economy, while strategically engaging private capital so that its accumulation is aligned to the well-being of Blouberg citizens.

From the standpoint of the development of the productive capacities of the economy, the BGDS makes proposals of concrete programmes that link industrialisation and development. The development of economic infrastructure, meeting basic needs through increased access to education, healthcare, housing, public transport, energy etc. and value-addition to minerals through beneficiation are all key interventions that require consistent policy tools and direct intervention by the state through public enterprises, to promote the growth and development of high-value added manufacturing. The successful Implementation requires that the following steps to be taken into consideration;

- 1) Key stakeholders and all relevant forums must be clearly identified to oversee progress and assist to improve programmes.
- 2) A credible monitoring and evaluation model be established so that key stakeholders understand government programmes, help strengthen them, and assist in improving aspirations of the BGDS.
- 4) Ensure that all the proposed interventions are biased towards the historically disadvantaged groups such as Youth and Women, given the disparities between this group and the mainstream in terms of economic opportunities.

In promoting and enhancing the requirements of transformation, the Blouberg Municipality should apply an outcomes-based methodology as a basis for evaluating and monitoring the success of BGDS interventions. The monitoring and evaluation should clarify the following questions:

- » What is to be monitored and evaluated?
- » Who is responsible for monitoring and evaluation activities?
- » When monitoring and evaluation activities are planned (timing)
- » How monitoring and evaluation are carried out (methods)

The monitoring and evaluation framework provides for annual assessment on the outcomes of BGDS implementation. Annual review of the BGDS ensures that there is continuous and sustained momentum in implementing the BGDS, and that challenges arising are accordingly addressed. The model requires that the implementing agents meet on a quarterly basis to assess the progress of the various interventions implemented.

It is important to mainstream the BGDS deliverables with the municipal monitoring and evaluation framework. This will ensure that that the BGDS is provided with the necessary capacity to ensure that it is implemented. All the other key programmes of Blouberg municipality such as the Integrated Development Plan (IDP) iterations, Local Economic Development (LED) should emanate from the BGDS aspiration. From the bigger picture, the municipality should account and quantify whether its day-to-day efforts contribute to the delivery of BGDS, by asking the following questions:

- 1) Does the effort contribute towards value addition (output)?
- 2) Does it lead to local job creation?
- 3) Are inequality and poverty being reduced by the efforts? and
- 4) Has it contributed to the growth in infrastructure stock?

## 5.2 Institutional Arrangements

The success of the implementation of the BGDS (2018-2040) will require radical and decisive decision on the institutional mechanisms and the responsibility of the implementation of the BGDS.

With current Blouberg Local Municipality structure, the implementation of the BGDS lies with the LED unit, which is a small directorate that is manned by a staff complement of four people, which is insufficient, given that the BGDS is municipality-wide overarching strategy that defines the whole delivery area of municipality.

As such, the implementation of the BGDS will depend on the institutional capacity of the whole municipality, across the various departments and units. It is imperative, therefore to recommend that the municipality elevate the accountability of the delivery of BGDS to the municipal manager's office, whilst at the same time building the LED capacity and transforming it into a fully-fledged economic development and planning sub-department.

The successful delivery of the BGDS is hinged on the cooperation with both private and public implementing partners and will require a solid team of professionals to engage and interact at local, provincial and national level, mobilize resources for implementation, monitor the implementation of the projects and account on the usage of both the municipal and partner resources.

At a local level, there is a need for people who are on the ground to feed planning, monitor implementation and provide community feedback. Given the scarcity of resources, the municipality can retrain and convert the Community Development Workers (CDWs) for this function, given that they are deployed at the ward level. There will be a need to engage the Limpopo Department of Co-operative Governance, Human Settlements and Traditional Affairs (COGHSTA) to change the current roles of the CDWs.

Blouberg Municipality will require to enlist the services of experts in capacity development in the short-term who will also act as transactional advisor for the coordination and mobilisation of the resources and this will be conditioned on the fact that the transaction advisor will transfer the skills to the municipality's economic development and planning department. In addition to the project resource mobilization, the transactional advisor will provide services in the form of project preparation and development, project design and management, project monitoring and evaluation.

# Chapter 6



## Conclusion And Recommendation

# 6.1 Conclusion

The Blouberg Growth and Development Strategy, Vision 2040 is an attempt to ignite development in the sub-region through the implementation of sector based programmes. At the practical level, the BGDS is conscious of the developmental gaps of the BLM that manifest its lowest macroeconomic indicators compared to other constituent municipalities of the Capricorn District and take bold steps and initiatives to steer the municipal region from underdevelopment.

Through some careful economic tools such as input and output multiplier effects and sectoral analysis, the BGDS has recommended the sectoral programmes that if implemented will propel the Blouberg Local Municipality into a high growth trajectory. Whilst there are challenges in mobilizing requisite resources for capital investment, it is not an insurmountable task and it requires a dedicated effort to mobilize all form of resources towards the realization of the BGDS objectives.

The successful implementation of the BGDS is hinged on the monitoring and evaluation framework, building institutional arrangement, resources and partnerships mobilization.

# 6.2 Recommendations

The strategy environment must be changed so that there is enough capacity (commensurate with the task at hand) to implement the strategy. Upon inspecting the Blouberg Local Municipality structure, it was concluded that the municipality does not have the requisite capacity to implement the BGDS, 2040 and is advised to outsource some parts to the experts (Transactional Advisors, and so forth) whilst at the same time building internal capacity. It is envisaged that within a period of three years, the municipality would have built its internal capacity through knowledge transfer from the Transaction Advisors.

Some of the immediate recommendation are as follows:

- » Upon approval by the Council, avail minimum resources for implementation;
- » Consider outsourcing the coordination of implementation to the Transaction Advisor, to assist from stakeholder engagement to project prioritization, project preparation and development;
- » Consider locating the BGDS implementation within the Municipal Manager, given the centrality of this strategy, whilst building the Economic Planning and Development Sub-department.



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