



DRAFT REVIEWED STRATEGY
LOCAL ECONOMIC DEVELOPMENT
(LED)
2016/17- 2018/19

Council Resolution: C58/2015

Date: 29 October 2015

VISION 2030:

**“A VIABLE MUNICIPALITY IN SUSTAINABLE RURAL
DEVELOPMENT”**

MISSION:

**“TO PROVIDE INTEGRATED SERVICES IN ENABLED
ENVIRONEMNT FOR GROWTH AND DEVELOPMENT”**

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DEFINITIONS AND ABBREVIATIONS

The following abbreviations are used in the Reviewed Strategy Document refer to:

- “CIPC” Companies & Intellectual Property Commission.
- “DMR” Department of Mineral Resources
- “FTM” Fetakgomo Local Municipality.
- “IDP” Integrated Development Plan
- “IGR” Inter -governmental Relations
- “LED” Local Economic Development.
- “GIS” Geographical Information System
- “LDP” Limpopo Development Plan
- “LFS” Local Farmers Support.
- “LTA” Limpopo Tourism Agency
- “LEDET” Limpopo Economic Development, environment & Tourism.
- “MoU” Memorandum of Understanding
- “MQA” Mining Qualifications Authority
- “MFMA” Municipal Financial Management Act
- “MSA” Municipal Systems Act
- “NDT” National Department of Tourism
- “OTP” Office of the Premier
- “SCM” Supply Chain Management.
- “SDA” Sekhukhune Development Agency
- “SDF” Spatial Development Framework
- “SDM” Sekhukhune District Municipality
- “SDBIP” Service Delivery & Budget Implementation Plan
- “SLA” Service Level Agreement.
- “RFP” Request for Proposals
- “YES” Youth Enterprise Support.

Mayor's Foreword

The year 2015 has been declared as the year of Freedom Charter and Unity in Action to achieve economic emancipation. This year again marks the 15th anniversary since the establishment of local government in December 2000. Therefore our economic plans should always take the national and global realities into account in order to enable Fetakgomo LED strategy to take advantage of opportunities that present themselves in the various sector of the economy while simultaneously mitigating the ever-present threats to inclusive economic growth

This strategy strives to accelerate economic growth path along an inclusive and sustainable path, the achievement of much higher level of employment creation for the local communities, and the substantial reduction in inequality. Furthermore, the strategy intends to stimulate shared growth in the local economy by focussing limited resources on initiatives that are most likely to enhance the prospects of shared growth and employment creation. It is anticipated that the selected initiatives are likely to stimulate economic growth whilst strengthening local competitive advantage and creating a conducive environment for employment creation and business enterprises to thrive. As emphasized in the National Development Plan and the Limpopo Development Plan, the Fetakgomo Local Municipality commits to accelerate the economic upliftment of the of Fetakgomo. We also acknowledge that there is no doubt in our minds that we are going through tough times. Entering into a radical phase of economic transformation, South Africa faces the pressing problems of unemployment, poverty, material inequality and a sluggish economy. The LED Strategy, as part of the municipal IDP, commits itself to:

- Make Local Government work better for you;
- The inclusive Agenda to create decent work and sustainable livelihood;
- Issues of education, health, **Rural Development, Food Security** and Land Reform;
- Deliveriology (effective implementation) and acceleration of Service Delivery; and
- The quest to push back the frontiers of Poverty.

The 2016/17-2018/19 LED Strategy builds on the 2011/12-2015/16 strategy and further sharpens the focus on the most critical issues constraining shared local economic growth, employment creation and where potential exists to improve. Greater pragmatism in selection of initiatives combined with success of implementation should boost the credibility of LED, as an effective process for local

stakeholders to participate in and contribute to shared growth of the local economy and employment creation. The role of the municipality should move away from being the primary implementer of LED projects and should rather concentrate on facilitation of LED. In this regard, the role definition of the municipality in LED needs to be changed accordingly.


The strategy targets four main areas of impact that are likely to contribute sustainably towards the overarching goals of employment creation and poverty alleviation, by providing enhanced access to and utilisation of, economic opportunities by residents of Fetakgomo:

- ❖ Enhanced rate of enterprise start-ups, sustainability and expansion,
- ❖ Capital / Equity growth,
- ❖ Employment growth, and
- ❖ -Lower costs of living.

Our move is in all honesty a resonance to the key pillars of the National Development Plan. The NDP emphasises the need for a more inclusive, dynamic, diverse and equitable economy that is able to absorb labour and accelerate growth and in doing so decrease unemployment and poverty. This move also found expression in President Zuma's sixth State of the Nation Address wherein he highlighted that government holds string belief that: the most effective weapon in the campaign against poverty is the creation of decent work and creating that work requires faster economic growth.

The Chinese Philosopher Lao Tzu wrote that the journey of a thousand miles begins with the first step.

By Her Worship;



.....
SEFALA R.K.E

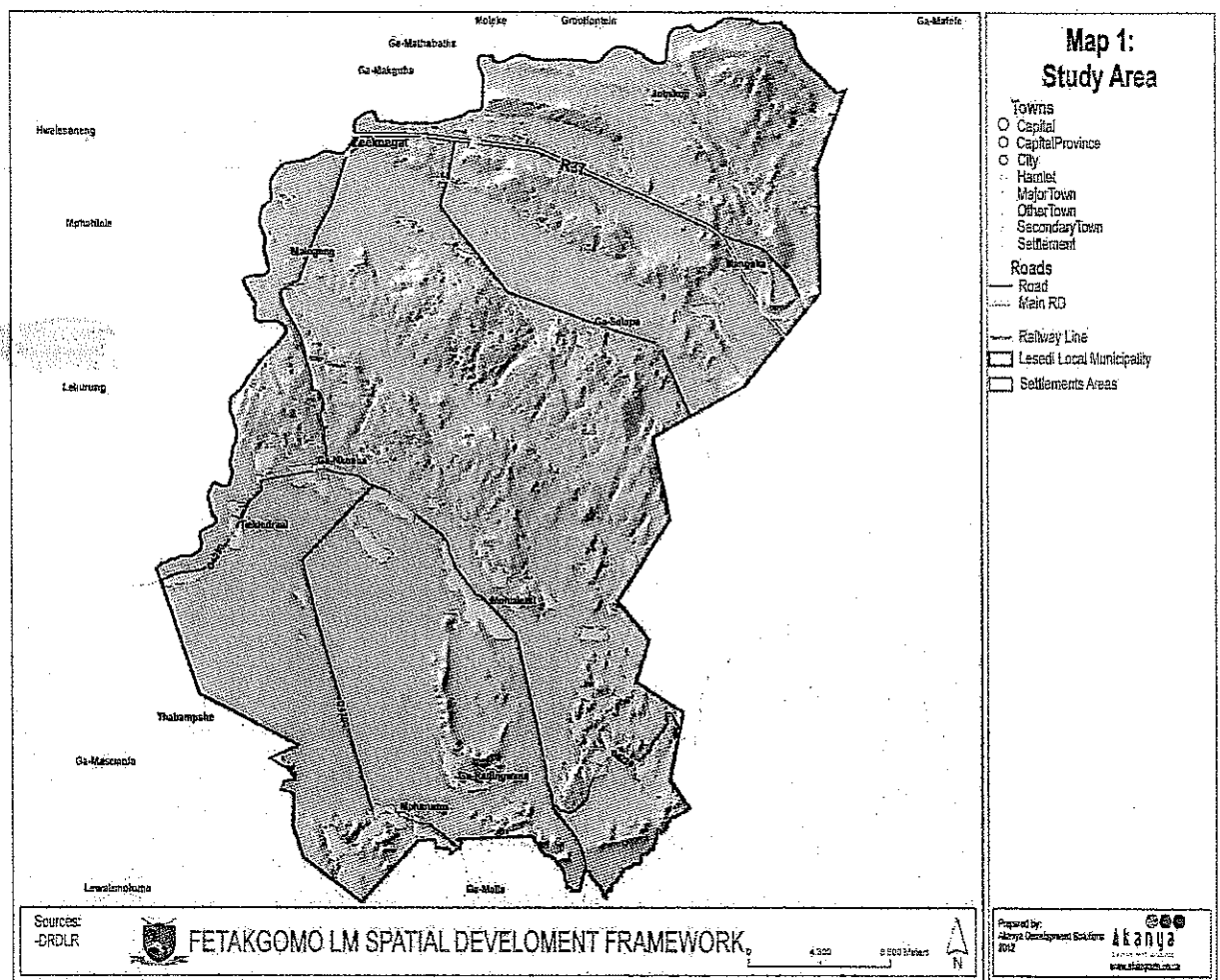
THE MAYOR

Together Lets move Fetakgomo Forward!!!!

CHAPTER 1: INTRODUCTORY ORIENTATION AND EXECUTIVE SUMMARY

1.1 INTRODUCTORY ORIENTATION

The Constitution of the Republic of South Africa, 1996 (Act 108 of 1996) mandates that municipalities must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community. The need for strengthening local economies accord by myriads of legislative prescripts, where the National LED Strategy and Policy Framework provides in addition support to municipalities to prepare implementable LED Strategies that are aligned with the municipal IDPs.



Source: SDF, 2012

1.2 EXECUTIVE SUMMARY

Fetakgomo is situated on the north-western side of Sekhukhune District. The nearest towns are Polokwane, Burgersfort, Steelpoort and Mokopane. The major movement lines are the N1 providing the north south regional link and N11 providing north east to North West regional link. The R37 traverses Fetakgomo on the northern side forming a major mining activity corridor named the "Dilokong Corridor", which stretches largely across Tubatse and Fetakgomo.

Major movement corridors are the N1 providing the north south regional link and N11 is providing north east – North West regional link. These movement lines connect the towns of Bela- Bela, Modimolle and Mookgopong along the N1 and R101, Groblersdal and Marble Hall along the N11. The latter are associated with mixed dry-land agriculture. Mokopane is also known as a "cattle country". These areas are catalysts for intra-regional linkages that could affect the regional economic development of the entire Limpopo province. Fetakgomo located in the centre of these areas.

METHODOLOGY AND APPROACH

The National framework for LED provides guidelines for implementing Local Economic Development in South Africa and suggests the LED role of the municipality should move away from being the primary implementer of LED projects and should rather concentrate on facilitation of LED. This means that while the Public Sector (municipality) is in the process of service delivery, Local LED is facilitated through policy influence and while private sector operates in the local economy, socio-economic impact is made through the relevant regulatory bodies. This will be done through initiatives under the following objectives:

- ❖ Promotion of Local Tourism and Heritage
- ❖ Support to Local Mining House' Developments
- ❖ Strengthen Local Economic Base
- ❖ Youth Development Support
- ❖ Enhancement of the Spatial Economic Spectrum
- ❖ Implementation of the Revenue Strategy
- ❖ Job Opportunities Sustained & Created
- ❖ Strategic Partnerships
- ❖ Poverty Alleviation

CHAPTER 2: LED POLICY & LEGISLATIVE FRAMEWORK

NATIONAL POLICIES & PROGRAMMES

New Growth Path

The purpose of the New Growth Path (NGP) is to provide effective strategies towards accelerated job creation through the development of an equitable economy and sustainable growth. The target of the NGP is to create five million jobs by 2020. With economic growth and employment creation as the key indicators identified in the NGP, the framework seeks to identify key structural changes in the economy that can improve its performance in terms of labour absorption and the composition and rate of growth. To achieve this, the government will seek to, among other, identify key areas for large-scale employment creation as a result of changes in conditions in South Africa and globally; and to develop a policy package to facilitate employment creation in these areas.

2.1.2 National Development Plan

The National Development Plan (NDP) seeks to create a South African economy that is more inclusive, more dynamic and in which the fruits of growth are shared more equitably. In 2030, the economy should be close to full employment; equip people with the skills they need; ensure that ownership of production is less concentrated and more diverse (where black people and women own a significant share of productive assets); and be able to grow rapidly, providing the resources to pay for investment in human and physical capital.

To eliminate poverty and reduce inequality, the economy must become more inclusive and grow faster. Government's New Growth Path aims to create 5 million new jobs by 2020. It seeks to do so by providing supporting environment for growth and development, while promoting a more labour-intensive economy. Its proposals are intended to lower the cost of living for poor households and for businesses through targeted micro-economic reforms, especially in transport, public services, telecommunications and food. Meeting these objectives requires leadership to drive implementation, and convince South Africans of the need to make mutual sacrifices for longer-term benefits. It will also require a change in the structure of the economy and pace at which it grows.

The first step is to act on the fact that South Africa has millions of able-bodied people who want to work. In the short term, the economy needs jobs for millions of unemployed South Africans, many of whom are young and low skilled, while upgrading skills and knowledge for a different economy in future. Raising employment levels will have benefits beyond the empowering experience of having a job. It will help people invest in their children's education, upgrade their homes and manage life's risks. Work and education will enable citizens to improve their own lives.

Sustainable growth and development will require higher savings, investment and export growth. In the short term, the world economy is expected to grow at a relatively slow pace. As a small open economy, South Africa can develop niche products. The long term growth and investment requires trust and cooperation between business, labour and government. In South Africa, levels of trust are low. Similarly, the labour relations environment has become unduly tense and sometimes violent. Promoting more rapid, job-creating growth means tackling these tensions in an honest and open manner. To grow faster and in a more inclusive manner, the country needs a higher level of capital spending in general and public investment in particular. Gross fixed capital formation needs to reach about 30% of GDP by 2030 to see a sustained impact on growth and household services.

2.1.3 Medium Term Strategic Framework

The Medium Terms Strategic Framework for 2015-19 reflects the action plan for the NDP and the New Growth Path for this first five year implementation period. Development objectives are classified into two targets and indicators. The two broad development themes are Economic Transformation (including infrastructure and workplace conflict reduction), and improving Service Delivery (access to and quality of services and local government capacity).

Outcome 1: Improved quality of basic education.

Outcome 2: A long and healthy life for all South Africans.

Outcome 3: All people in South Africa are and feel safe.

Outcome 4: Decent employment through inclusive economic growth.

Outcome 5: Skilled and capable workforce to support an inclusive growth path.

Outcome 6: An efficient, competitive and responsive economic infrastructure network.

Outcome 7: Vibrant equitable and sustainable rural communities with food security for all.

Outcome 8: Sustainable human settlements and improved quality of household life.

Outcome 9: A responsive, accountable and efficient local government system.

Outcome 10: Environmental assets and natural resources are protected and continually enhanced.

Outcome 11: Create a better South Africa and contribute to a better Africa and World.

Outcome 12: An efficient and development oriented public service and an empowered citizenship.

Outcome 13: An inclusive and responsive Social Protection System, and

Outcome 14: Nation Building.

All spheres of government and state-owned companies are expected to focus their strategic plans on achieving the MSTF outcomes, including Local municipalities through their IDPs and LED Strategies. This will achieve policy coherence, alignment and coordination across government plans as well as alignment with budget processes.

2.1.4 Provincial Policies & Programmes

Limpopo Development Plan

The Limpopo Development Plan (LDP) builds on the foundations of the Limpopo Economic Growth and Development Plan (LEGDP) 2009-2014 and the Limpopo Provincial Growth and Development Strategy (PGDS) 2004-2008. These strategies were reviewed in order to maintain positive momentum for the development and to overcome shortcomings that were revealed during their implementation cycle.

Development is defined as broad-based improvement in the standard and quality of living of people throughout the province, to which all institutions, including government, business, organised labour and citizens contribute. Annual growth in job creation, production and income, access to good public services and environmental management are the essential instruments or means to reach the goal of development.

Although employment is a means to the end of objective in this development context, it must be emphasised that employment in itself plays a crucial role in the self-esteem and self-actualisation of people, enabling them to reach their full potential as human beings. Meaningful employment in the context of career development is therefore a key consideration throughout the LDP.

All specialist inputs were aimed at achieving the outcomes of the MTSF for 2015-19, but with specific reference to Limpopo. The LDP 2014-19 is based on the lessons learned from the previous strategies and plans, on the NDP, MTSF outcomes and provincial lekgotla held in 2014. Subsequently, the provincial administration developed the LDP which expresses the shared vision of the province along with a strategy and Action Plan, focusing on the five year period from 2015-19. The plan is aimed at informing planning and resource allocation at both provincial and municipal levels, and also provides a strategic partnership between government, private sector and civil society. The LDP aims to achieve the four overarching goals:

- ❖ An increased economic growth rate;
- ❖ A decreased unemployment rate;
- ❖ A decreased poverty rate;
- ❖ A decreased inequality level.

The LDP implementation Action Plan supports a cluster focused approach and serves as a Monitoring & Evaluation tool as per the MTSF outcomes and NDP. The targets as per the **Economic Cluster** are as follows:

MTSF OUTCOME 4	Decent Employment through inclusive Economic Growth	
NDP Chapter 3	Economy and Employment	
Provincial Objective	Outcome Indicator	5 year Targets
Enterprise Development	# of SMMEs monitored and supported	Coordinated, facilitated and monitored development of 4000 SMMEs through business development support programmes.
	# of Youth entrepreneurship programmes implemented and monitored	Coordinated, facilitated and monitored implementation of 10 youth entrepreneurship programmes per annum
	# of cooperatives supported and monitored	Monitored and facilitated support of 1000 cooperatives
Trade and Investment		28 companies assisted to access export

	# of companies with Increases Access to Export opportunities	opportunities
	# of trade and investment promotion programmes implemented	Monitored 22 investment and trade missions and report produced
Industrialisation	# of industrial development interventions implemented	1 Limpopo Agri-food Technology station supported in Capricorn District & 4 Industrial parks revitalized
Mineral Beneficiation	Number of beneficiation projects implemented	5 mining beneficiations projects
Number of sector specific skills developed	Sector specific skills development	Facilitated training of 300 artisans
Increase number of tourist arrivals through the promotion and marketing of Limpopo as a tourist destination.	% increase in tourism arrival	6% increase in tourist arrivals
Tourism Development	# of tourism PDIs and SMMEs supported and capacitated through tourism skills and support programmes	80 tourism SMMEs supported with tourism marketing
Decent employment through inclusive economic growth.	Suitable development and job creation through targeted interventions (number of WOs created through EPWP)	667 000(overall inclusive of all sectors 2013/14-2019/20)
ICT	Broadband Development	Broadband WAN construction expanded to identified 100% of the growth points
Agri-Logistics and Rural infrastructure.	# of irrigation schemes upgraded	11
	Number of irrigation system installed	12
Improved Public Transport.	# of trips subsidised	Subsidise 932 289 trips
To monitor freight movement and preservation of emerging freight corridors.	Reduced overloading of freight vehicles	Construction of 04 weigh bridges
Coordinate the provision of public transport services benefiting 40 000 000 passengers per annum	# of passengers benefitted through scheduled subsidised services	40 000 000 passengers per annum
Foster Integrated Transport Planning	# of integrated Transport plans developed	1× provincial Integrated Transport plan 7× Local Municipality Integrated Transportation plan
Improve accessibility and mobility through construction and maintenance	Public Transport Facilities	One intermodal Facility 37% complete

of sustainable infrastructure by 2020.		
Improved road and transportation infrastructure	Surfaced road rehabilitated	546 km
	Gravel road re-gravelled	606km
	Provincial road constructed/ access road upgraded	670km
	Bridges construction	5
	Surface road resealed	16845248 square metres
Reduce the impact of Climate Change	Increase the compliance of mines with the National Water Act	60%
Increase hectares of land under conservation (Animal and Veld Management Programme)	# of farm land hectares improved through conservation measures	35 000 of farms land hectares improved through conservation measures
Implementation of Rural Development Strategy	# of hectares of under- utilized land in communal areas and land reform project converted into productive units	200 000 hectares of under-utilized land in communal areas and land reform projects converted into productive units
	# of Households benefitting from agricultural food security initiatives	29 000 households benefited from agricultural food security initiatives
	# of smallholder farmer developed and supported for agrarian transformation	25 000 smallholder farmers supported for agrarian transformation.
Coordination of Food security interventions in order to ensure better rural livelihoods and a viable agricultural sector.	Smallholder Irrigation Schemes(RESES) revitalized	300
	# of smallholder farmers supported	5200

2.1.5 Local Policies & Programmes

Spatial Development Framework

The Municipal SDF (2012/13) documents the spatial characteristic of the municipality and therefore providing sustainable and viable direction for desired growth. The SDF could be interpreted as a spatial representation of the relevant IDP. Its purpose is to guide planning and decision-making on land development and management. The objectives of the SDF includes;

- Developing an argument or approach to the development of the area of jurisdiction which is clear enough to allow decision-makers to deal with unanticipated / unexpected situations;
- Developing a spatial logic which guides private sector investment
- Ensuring social, economic and environmental sustainability of the area;
- Establishing priorities for public sector development and investment; and
- Identifying spatial priorities and places where public-private partnerships area possible.

LED Grant Funding Policy

The Fetakgomo Local Municipality (FTM) through its Local Economic Development (LED) unit has in place an LED Strategy which identifies the Local Farmers Support (LFS) and Youth Enterprise Support (YES) programmes. The programmes are aimed at creating an enabling environment for local business to thrive through the acquisition of assets for the reduction of costs. In its effort to address the key priorities of government and the job drivers as identified in the National Development Plan, the municipality set aside grant funding for the programmes to support local cooperatives or any form of organized business. This support is primarily aimed at stimulating pro-poor growth whilst strengthening local competitive advantage and paving the way for sustainable economic growth. Moreover, the grant funding support is aimed at providing emerging businesses to increase their outputs and reducing input costs and thereby accessing markets at competitive prices. This policy guides the Request For Proposals (RFPs) process for local business enterprises to access this funding. It will be during this review process that this policy will be reviewed to ensure alignment to other grant funding initiatives from others sector departments with specific reference to the Department of Trade & Industry and the newly established Department of Small Business Development. This strategy will seek to forge strategic partnerships with funders for start-up capital and the municipality to provide follow-up funding given the budgetary constraints.

Revenue Enhancement Strategy

In terms of the local government financial reforms as led by the introduction of the (MFMA) (56 of 2003) introduced in 2004, municipalities are expected to be financially sustainable in the foreseeable future. This suggests a scenario in which the equitable share is reduced and or is expected to be used solely to provide for free basic services than for operational budget.

The Municipality relies heavily on grants (94.9%) as per 2015/16 budget. Total revenue for the financial is projected at R52 million, of the total revenue about R8 million budget deficit is funded from investment funds. Shortfall in revenue collection or over expenditures may exacerbate the situation.

Own revenue is made of income from rental of office space (Fetakgomo Atok Thusong Service Center), rental of other council facilities (guest house, community halls), income for agency service (license & permits), selling of document (database forms and tender documents). The introduction of a credible GIS and the implementation of the General Valuation Roll has exposed some revenue misses. A data clean up exercise is underway and is anticipated to identify not only inaccurate data but also to unlock some "lost" revenue.

Expanded Public Works Programme (EPWP) Policy

The Municipal Policy on EPWP is of particular relevance for eradicating poverty through labour intensive methods. EPWP which is currently at phase 3 is one of government arrays of programmes aimed at providing poverty and income relief through temporary work for the unemployed to carryout socially and economically 'Useful-Work' activities. It was launched in April 2004 to promote economic growth and create sustainable development. The FTM commenced with the implementation of CWP in October 2013 with 1200 participants.

CHAPTER 3: SITUATION ANALYSIS

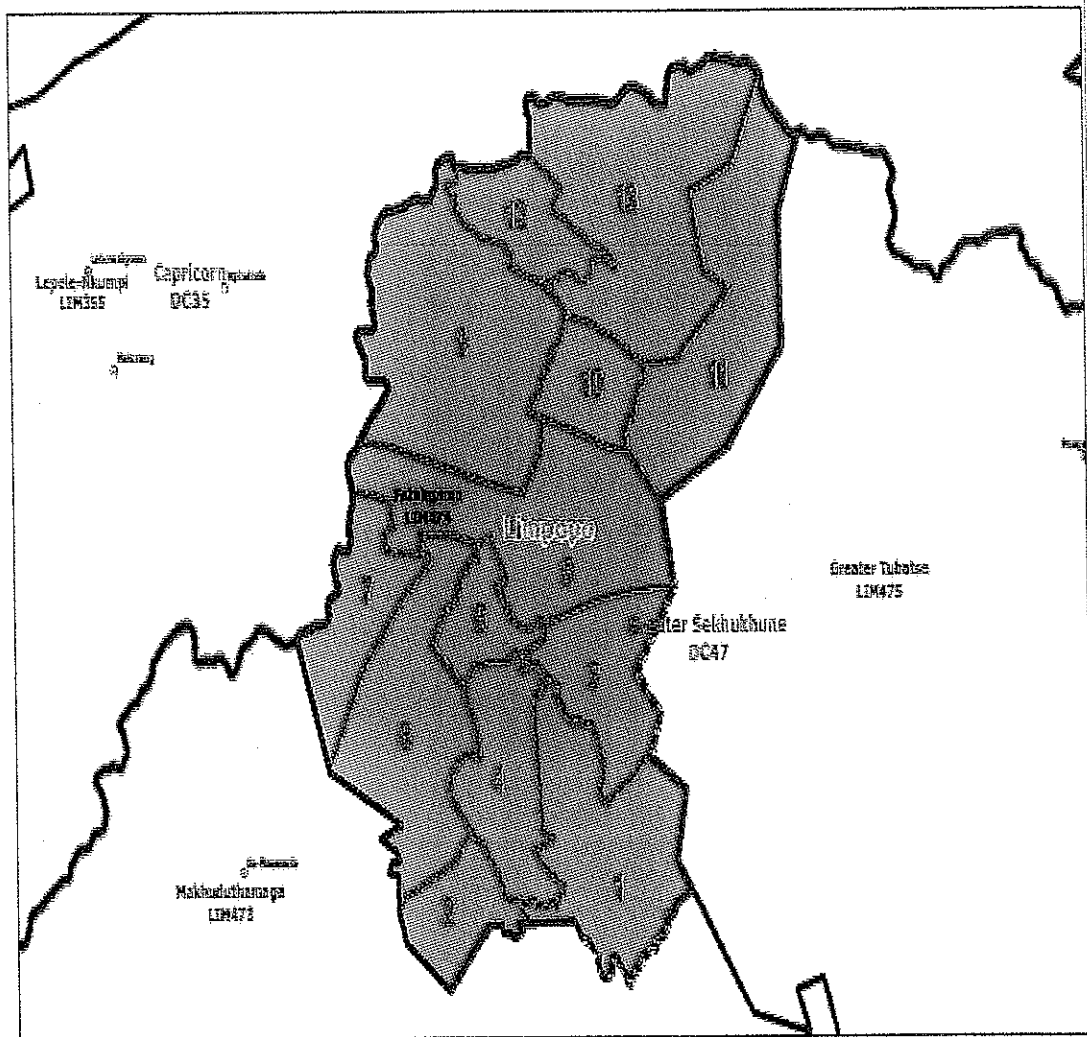
3.1 Spatial Perspective

Jurisdiction

FTM is classified as a category B4 Local Municipality in the Sekhukhune District, Limpopo Province, South Africa. In its 'State of Local Government in South Africa: Overview Report's, the Department of Cooperative Governance (CoG) (2009:22) describes category B4 municipalities as those municipalities which are mainly rural, located in economically depressed areas, consequently having difficulties in attracting and retaining skilled managers/professionals and are struggling from a revenue generation perspective. As noted in the FTM's Spatial Development Framework (SDF) (2007/8), the Municipality borders Makhuduthamaga in the south, Greater Tubatse in the east and Lepelle Nkumpi Local Municipalities (situated in the Capricorn District Municipality) on the west and north. The municipal area covers **1104.745 square meters (110474.5 hectares)**, which represents 8,3% of the Sekhukhune District's total land area (13 264). The Municipality is divided into 13 wards and four nodal points, viz Atok, Apel, Mphanama and Strydkraal Node. The Municipality is completely rural in nature, dominated by traditional land ownership with a population of approximately 93814 people that reside in 87 settlements. The majority of these settlements are small with less than 1000 inhabitants in each. Like most rural municipalities in the country (Republic of South Africa), Fetakgomo is characterised by weak economic base, poor infrastructure, major service backlogs, dispersed human settlements and high poverty levels

The FTM faces an undesirable financial viability as far as revenue collection is concerned. The Municipality is currently in the process of being merged with Tubatse Local municipality by the municipal demarcation board.

Figure (I): Current Ward Delimitation in the Fetakgomo Municipal Area



Topography

The FLM is characterised by a fairly hilly topography. In many areas the topography is very steep creating impassable mountainous terrain, which is barely inhabited. A series of hills / ridges occur in the area, in most instances running east-west across the municipal area. These ridges affect accessibility in the area, as well as settlement patterns. The ridges divide the municipal area creating pockets of homogenous composition, which determine growth and development potential. An uneven topography, and the resultant spread of human settlements, also affect the delivery of basic services, adding to the cost service provision.

Major Towns

There is no major town as the area is mostly rural with communal land ownership.

Municipal Nodal points

Mphanama Node, Strydkraal Node, Apel Node and Atok node.

Villages

The FTM is comprised of 87 villages and divided into 13 wards.

The table below provides an indication of villages per ward in the Municipality:

Ward	Names of Villages	Number of households	% of municipal total	Ward ID	Registered voters as at 14/11/2013	Node
01	Malekaskraal, Ga-Seroka, Masehlang , Phahla & Manoge	2381	6%	94704001	3142	Mphanama
02	Ga-Malebane, Magabaneng, Magagamataala, Mataeneng, Matamong, Moshate, Mototlwaneng, Seleteng, & Sepakapakeng	3033	8%	94704002	3610	Mphanama
03	Ga-Phasha, Lekgwarapaneng, Maebe, Makola, Rite , Ga Matjie, Ga Tebella, Mapulaneng , Shushumela, Mogotwaneng & Lekhwesheng	2287	6%	94704003	3308	Apel
04	Ga-Mohlala, Mashlabele, Shenyaneng, Morareng, Ga-Oria Setefere, Thabaneng, Seakhutšwane, Mmela, Phageng, Lekgwaneng, Magaaneng & Radingwana	1926	5%	94704004	3004	Mphanama
05	Magabaneng, Magakala-Maisela, Rite, Leshwaneng, Bofala, Lerejane, Mataeneng/Sekaleng, Marakwaneng, Maroteng, Matotomale/Photo, Matsimela, Mesopotamia & Tjate	2360	6%	94704005	3263	Apel
06	Debella/Mabopo, Ditiokwe/Mokhulwane, Magotwaneng, Makgaleng, Mashung/Tlakale, Tlakale/extension, Mmotwaneng Masweneng, Mmashaku, Nchabeleng & Tjebane,	8310	22%	94704006	3873	Apel
07	Apel, Mallala, Mashabela, Mooiplaats, Sekurung, Strydkraal A, Strydkraal B, Thabanaseshu & Thobehlele	3669	10%	94704007	3874	Strydkraal
08	Maisela/Mahlaphoko, Hlapo & Evenue, Matheba, Mijane, Moshate, Makuswaneng/Mapodi, Mapulaneng, Mashung & Nkwana	1960	6%	94704008	3296	Apel
09	Ga-Petsa, India (Ga-Maisela), Malogeng, Maomanye, Maruping, Mashlabele, Mmafeane, Modimotle, Mogabane, Mphaaneng & Pelangwe	2398	6%	94704009	3157	Alok
10	Manotwane & Selepe/Madingwane (A&B), Ga-Matjiane section A, Moshate	1938	5%	94704010	3035	Alok

	Section E, Maleng Section F, Boselegaka section G&H, Shole le Mogabane section J, Mataung section N, Ga-Manotoane								
11	Ga-Mampa, Tswereng, Ledingwe/Ramallane/Sentlano, Mosotse, Phasha-Selatole, Phashaskraal & Seokodibeng	3044	8%	94704011	3666	Atok			
12	Atokia, Bogatlatadi, Mashikwe, Mmabulela, Mohlahaneng, Mogolaneng & Sefateng	2402	6%	94704012	3170	Atok			
13	Mahlabeng, Mokgotho, Monamotse, Mooliyk, Rostok, Shubushubung & Tjibeng	2090	6%	94704013	2936	Atok			
TOTAL	87	3798	100%	N/A	43 334	4 nodes			

Source: Fetakgomo Local Municipality (2013), IEC

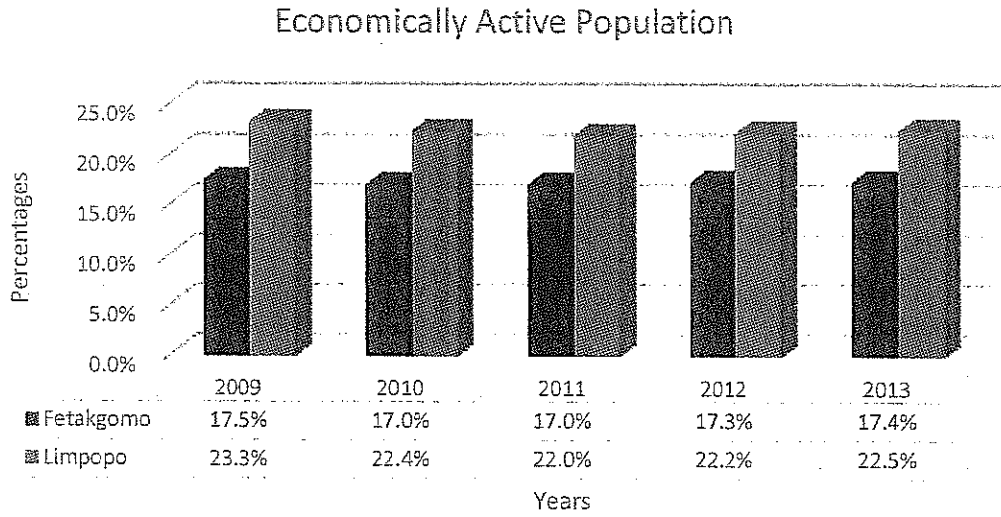
From the supra table, it is quite evident that Wards 06, 10, 02 and 11 constitute significant percentage of the households in the Fetakgomo municipal area while Wards 04 and 10 account for a small proportion. In a wider analytical framework, our villages still reflect a developmental legacy of apartheid – with dispersed human settlements. This makes provision of services exorbitant.

3.2 DEMOGRAPHIC & SOCIO-ECONOMIC ANALYSIS

This section focuses on the characteristics of the Fetakgomo economy more specifically the key economic activities that shape it. The section also provides a synopsis of the Fetakgomo economy assessment and highlights its competitive and comparative advantage. Although Fetakgomo economy remains predominantly rural, the current key economic drivers present a great potential for the improvement in the economic conditions of the general community of the Fetakgomo Municipality.

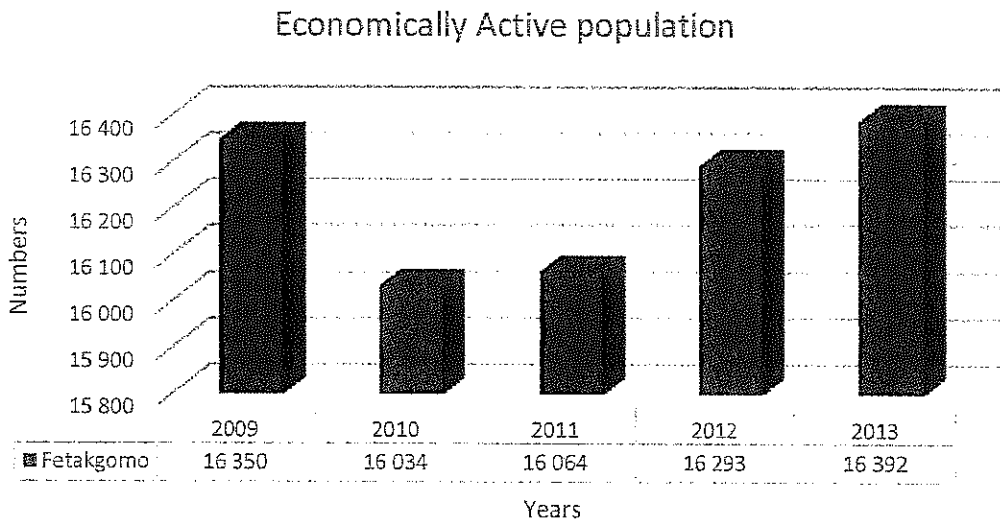
The existence of the Bopedi Shopping Complex has increased the interest of the potential investors (local and outside investors) to expand business opportunities in the Fetakgomo Municipality. The recent expansion of the Complex with the inclusion of KFC and the Standard Bank and the upcoming U-Save Store remains the main evidential features of the potential growth demonstrated by the Fetakgomo economy. Table 25 below clearly presents the landscape in terms of the existence of the predominant SMME initiatives present within the Fetakgomo Municipality.

Figure 6: Economically Active Population (EAP) of Fetakgomo



Source: IHS Global Insight

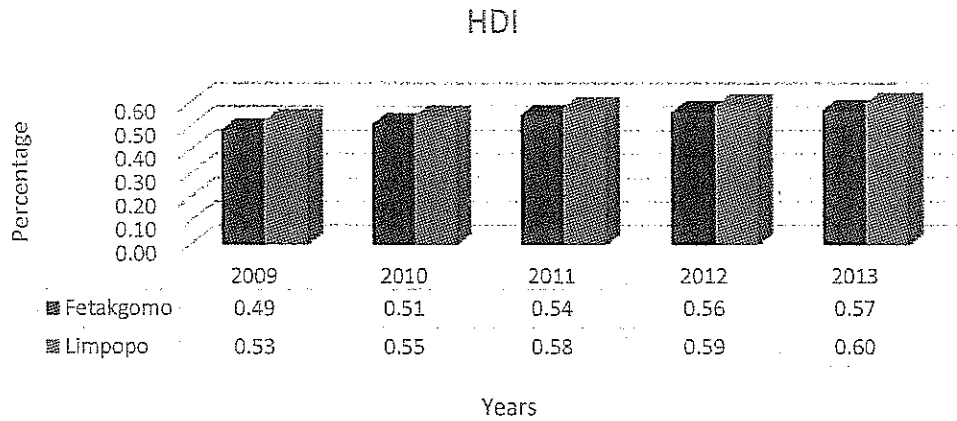
Figure 7: Economically Active population



Source: IHS Global Insight

In 2009 Fetakgomo had 16 350 EAP out of 93 463 total population. The number of economically active population has only improved by a very small number (42) in 2013. This is attributable to the fact that majority of the population is of schooling age.

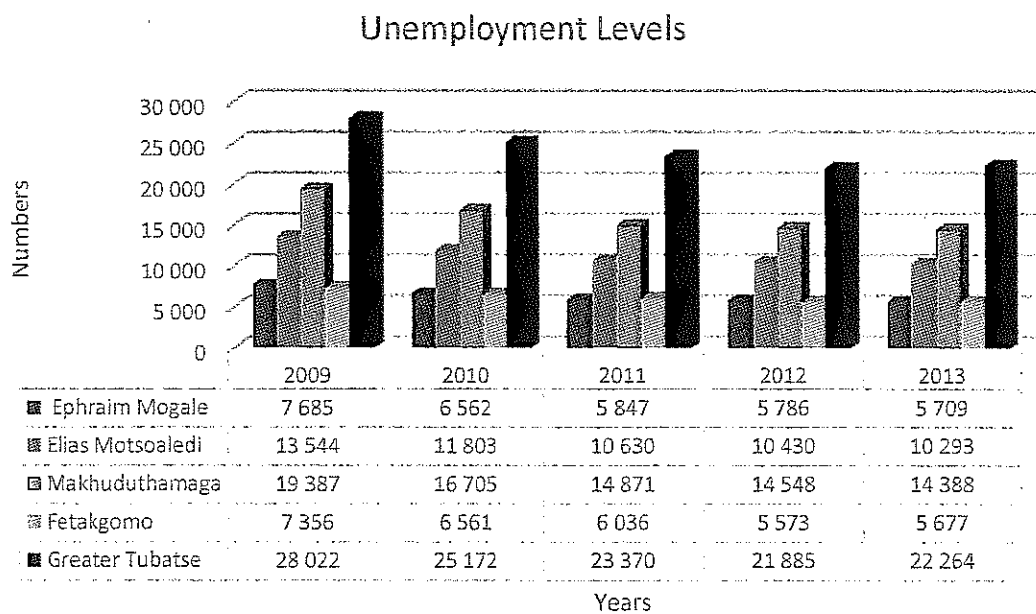
Figure 2: Human Development Index



Human Development Index (HDI) is a composite statistic of life expectancy, education, and income, used to rank countries into categories of human development (increase, steady, decrease). Generally South African HDI is on the increase and that can be noted in Limpopo. Fetakgomo is no exception, looking at figure 2 above, its HDI of 0.49 in 2009 increased to 0.57 in 2013 which is indicative of improvement in the level of human development for the communities residing in the area.

UNEMPLOYMENT

Figure 8: Number of unemployed people in FTM.



Source: IHS Global Insight

In Fetakgomo, unemployed people in 2009 were 7 356 and the number decreased to 5 677 in 2013. Compared to other local municipalities in the same district, Greater Tubatse had the highest unemployed people with 28 022 in 2009 and five years later it still had the highest unemployed with 22 264. Generally all municipalities' unemployment was decreasing. It is envisaged that through all the plans that government will be implementing in order to increase level of economic activities and to reduce unemployment Fetakgomo will also benefit or grab some of the opportunities. This decrease in unemployment may be attributable to the programmes government has put in place such as **Community Work Programme (CWP) and Expanded Public Works Programme (EPWP)**.

Table 3: Fetakgomo formal sector employment: 2009-2013

Formal Employment	Sector	2009	2010	2011	2012	2013
	<i>Agriculture</i>	38	33	36	41	48
	<i>Mining</i>	2 752	3 056	3 384	3 642	3 381
	<i>Manufacturing</i>	58	47	42	38	39
	<i>Electricity</i>	6	6	6	7	9
	<i>Construction</i>	208	166	125	107	111
	<i>Trade</i>	141	124	109	98	105
	<i>Transport</i>	57	46	38	36	37
	<i>Finance</i>	100	86	79	70	71
	<i>Community services</i>	528	432	372	356	383
	<i>Households</i>	438	470	477	455	474
	Total	4 326	4 466	4 668	4 851	4 659

Source: IHS Global Insight

Generally it can be said that Fetakgomo has more people in the formal sector than the informal sector. From the tables above in 2009 there was 4 326 individuals in the formal sector than individuals who were in the informal sector and the trend continued as such. In 2013 formal employment was 4 659

whilst the informal sector was 2 008. Mining, Trade and Construction were the biggest employers in 2013 with 3 381, 1 002 and 677 people employed respectively.

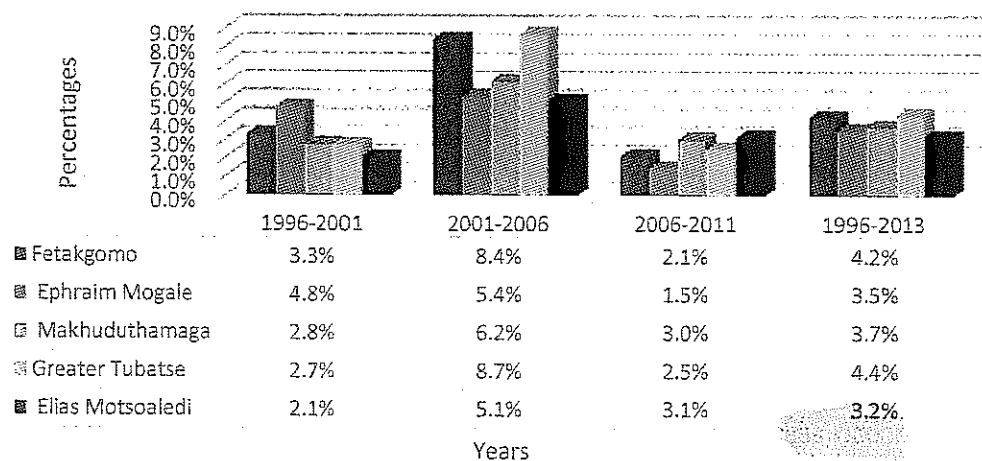
Table 5: Number of household income by category

Number of households by category	2009	2010	2011	2012	2013
0-2400	92	56	31	29	28
2400-6000	712	492	271	198	146
6000-12000	2 438	2 055	1 648	1 320	1 065
12000-18000	2 838	2 522	2 150	1 790	1 511
18000-30000	4 033	4 001	3 904	3 342	3 035
30000-42000	3 391	3 683	3 956	3 893	3 943
42000-54000	2 172	2 391	2 624	2 916	3 092
54000-72000	1 900	2 082	2 273	2 570	2 780
72000-96000	1 347	1 484	1 635	1 918	2 119
96000-132000	1 090	1 230	1 386	1 589	1 807
132000-192000	932	1 036	1 152	1 264	1 343
192000-360000	852	986	1 150	1 362	1 521
360000-600000	234	265	309	448	504
600000-1200000	77	84	93	142	185
1200000-2400000	17	17	17	21	25
2400000+	3	3	3	5	6
Total	22 125	22 388	22 601	22 807	23 110

Source: IHS Global Insight

In 2009, Fetakgomo 18.2% of the households were earning between 18 000-30 000 annually which equate to R2 500 per month. The household income category increased over the years, in 2013 17.06% of the households were now earning between 30 000-42 000. This suggests that households that were earning less shifted to earning more as the years progressed. As such the number of households earning an income of R2.4 million plus grew from 3 households in 2009 to 6 in 2013. It is also encouraging to note that the number of people earning between 2400- 6000 per annum has been declining over the 5 period, moving into the next income category of 6000-12000.

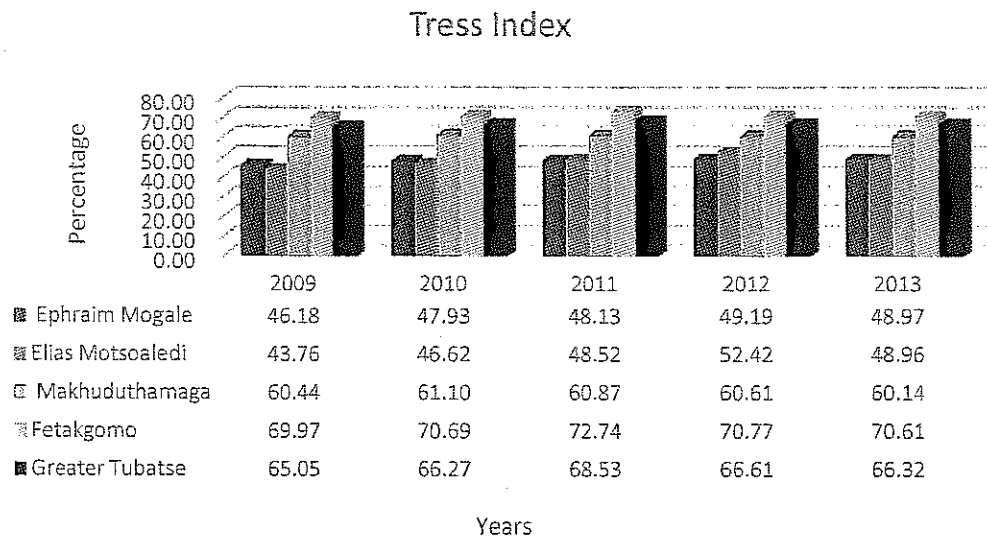
Gross Domestic Product (GDP-R)



Source: IHS Global Insight

Comparing Fetakgomo local municipality with other municipalities in the same district in 1996-2001 it can be seen that Fetakgomo was performing better with GDP-R average annual growth rate of 3.3%. The average growth rate increased drastically to 8.4% in the 2001-2006 period being the second after Greater Tubatse with 8.7%. From 2006 - 2011 the average growth rate was minimal at 2.1% however over the seventy years (from 1996-2013) since the new government the average annual growth for Fetakgomo LM was 4.2% which is satisfactory. The boom in this Municipality in the 2001-2006 period can be attributed to mining concentration.

Figure 13: Tress Index



Source: IHS Global Insight

The Tress index indicates the level of concentration or diversification in an economy. It is estimated by ranking the nine sectors according to their contributions to GVA or employment, adding the values cumulatively and indexing them. A tress index of zero represents a totally diversified economy, while a number closer to 100 indicates a high level of concentration.

Throughout the past five years Fetakgomo tress index has been increasing but it had a slide decrease in 2013 from 69.97% to 70.61% that means Fetakgomo is more dependent on one particular sector. Compared to other local municipalities clearly Fetakgomo has high tress index than others and that can be assumed to a booming mining activity in the area. This is very risky as it says if the demand for primary sector products decreases suddenly unemployment will increase to highest level. Many household and persons will loss income including the municipality.

3.3. Structure of the Economy (Key features of the Fetakgomo economy)

The diagram below provides a visual illustration of the main characteristics of the Fetakgomo economy. The mix of business activities in the Fetakgomo local economy as identified is listed in the orange pot in the figure below. The green arrows indicate the main sources of external income (revenue and investment) flowing into (green arrows) and leaking out of (through the hole which is represented by the red star) the economy.

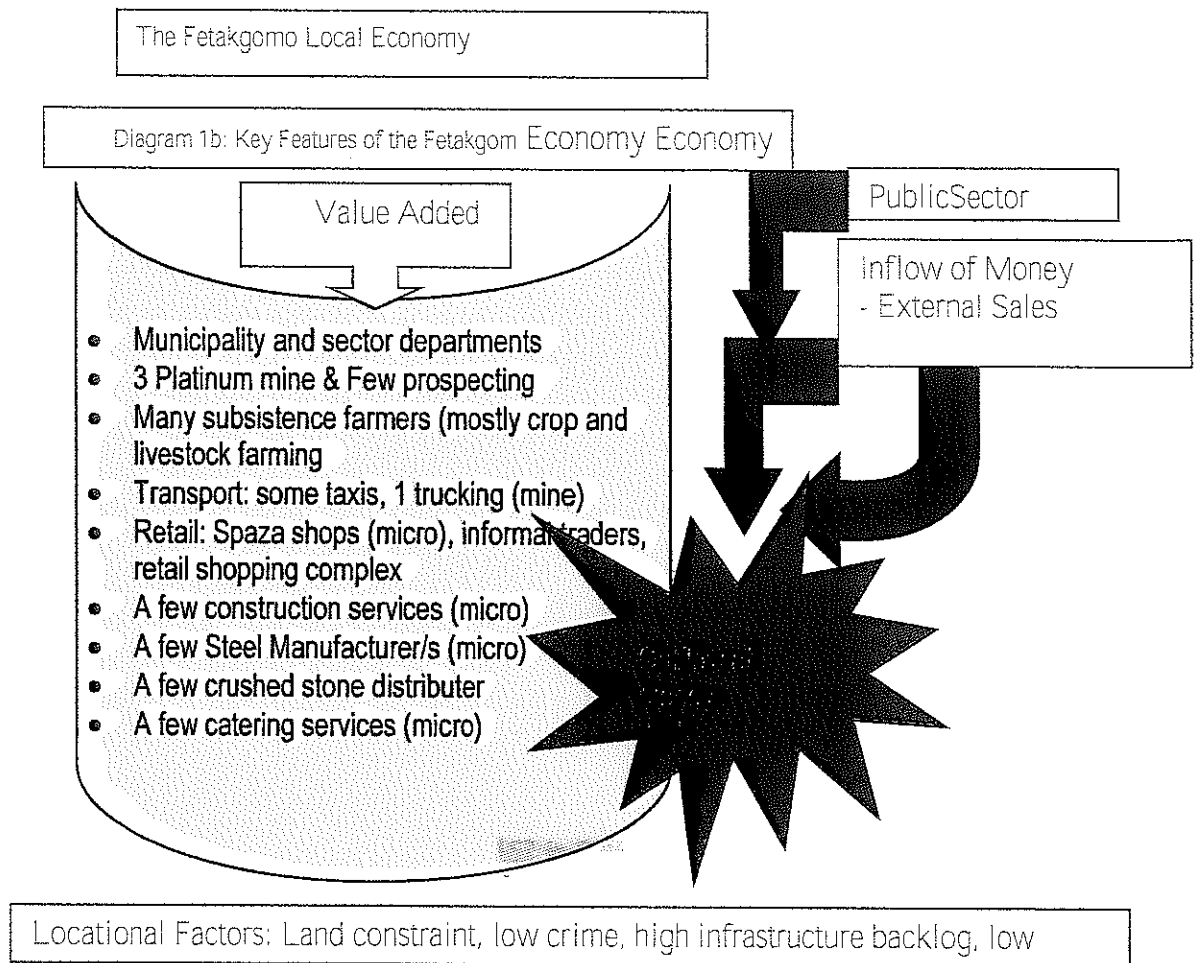


Diagram 1b: Key Features of the Fetakgomo's Economy

There are a number of features that are immediately striking about this economy. First, it is apparent that the Fetakgomo economy depends mainly on mining and public sector funding. In addition, multi-jurisdictional land ownership, infrastructure availability and education levels are the main constraints to growth.

It is also striking that significant (local) money flows out of the Fetakgomo economy because local residents make their purchases outside municipal boundaries. Conversely, certain local sectors earn revenue from external markets. These and other important features of the Fetakgomo economy are discussed below.

External purchases by locals

Local Fetakgomo residents purchase many items, particularly furniture, food and consumables, community services, clothing, vehicles, construction, construction materials and medical services, from external towns and cities. However, the established retail shopping complex has to some limited extent changed this situation and created several opportunities for the Fetakgomo economy by supplying these goods locally.

Sectors earning revenue from external markets

There are very few sectors that earn revenue from external markets. These include platinum mining, transport (taxis), the informal trade of agricultural produce and the supply of goats to Gauteng and other nearby provinces for traditional rituals. The transport sector relies mainly on proximity to local customers for competitive advantage. Lead enterprises in these sectors have proven their competitiveness by trading profitably in external markets. Beyond these industries, however, mining far outstrips every other sector in this regard. Mining's competitive advantage is more robust due to the rich platinum deposits close to surface, the fact that there is a smelter close by as well as linkages to international value chains.

Demand conditions

As may be expected in a small rural town, markets and sophisticated demand are limited. However, Fetakgomo is fortunate to have a mine which is linked to the international platinum market and which plans to grow aggressively. The only other significant markets are retail and the public sector which plans to increase investment in basic infrastructure and presents construction opportunities.

Quality of life

Quality of life factors are important to higher level income persons deciding to live in a particular location. Fetakgomo has an attractive landscape, crime levels are low, living conditions are pleasant and with quality education and recreational facilities available within 1 hour's drive away in Polokwane. The town of Fetakgomo is much closer to Bokoni Platinum Mine than Polokwane or Burgersfort. Mine employees living here would save 45 minutes travelling to work twice a day.

The established Fetakgomo Shopping Mall has resulted in few locals travelling to Polokwane and Lebowakgomo regularly to shop and for entertainment. The mall has, among others, the following retail stores in place: clothing stores, and a hardware store.

Four quality of life factors offer possible advantage and should be promoted:

- Proximity to work at Bokoni Platinum Mine located in Atok;
- An attractive setting for homes/Town Establishment;
- Low house prices (assuming property rights resolved);
- Access to water and proper Sanitation; and
- Low levels of crime.

Competitive and Comparative advantage

For the Fetakgomo economy to grow sustainably, revenues (more specifically GGP) and investment flows must increase, preferably from external markets. Economic growth follows when businesses in local sectors become more competitive in external and/or local markets. The market responds to better goods, at lower prices by increasing sales revenue to suppliers. Increased revenues and lower costs increase profits which often lead to increased investment. Investment into productive capacity typically also creates new jobs.

It is therefore necessary to determine which external markets Fetakgomo-based firms can compete in profitably and sustainably. These markets and sectors offer the most opportunity for self-sustained economic growth and, therefore, become strategic priorities for the municipality. Furthermore, it is important to understand the nature of competitive advantages and disadvantages in these markets - and to recognise which factors are critical to success and which still constrain the relevant sector's performance.

If some locals already compete in these markets self-sustainably, it provides evidence of the viability of local sector competitiveness (e.g. the mines supply international value chains or Fetakgomo taxis transport residents). Therefore, the demand and supply pattern already exists, albeit on a small scale. Whereas it is theoretically possible for locals to also compete in totally new markets, such initiatives are less likely to succeed without external support, in the form of

new investors. Planning entry into new markets is an extremely risky option and is prone to high levels of failure. It is safer to work supply demand patterns that are already proven viable and to grow these organically by making markets work better, improving sector competitiveness or removing location (or systemic) constraints to performance.

Understanding the market supply and demand patterns is crucial in determining options for high catalytic impact with least but smart effort and costing. If these are not understood, Fetakgomo's economic development initiatives are likely to have little impact and have a high probability of causing undesirable or unplanned consequences that could be costly and have a negative impact. These demand and supply patterns may be viewed from different perspectives. A value chain perspective, often used in the rapid appraisal process to understand the dynamics of specific sectors, focuses on the sequential value adding steps completed by different firms to produce various products purchased by an end user. A location or LED perspective focuses on activities in a particular place and the flows into and out of the economy within that place or location. Below is the summary of enterprises per sector:

Strengths and weaknesses of key sectors of the economy

Tables below sets out the main strengths and weaknesses that pertain to the key sectors in the Fetakgomo's economy.

Table 28: Strengths & Weaknesses of All Sectors

<p>Strong points</p>	<ul style="list-style-type: none"> *Close to the large platinum mine *Land available *Situated at an axis point to Burgersfort, Marble Hall and Polokwane's major towns. *A number of tarred provincial roads *Close to the Olifants River (water supply) *Situated in picturesque countryside 	<ul style="list-style-type: none"> *Intellectual capital at the Local Municipality *Work ethic of the Local Municipality *Commitment of municipal leadership to change *Committed community leaders to improving the economy *Process to address land ownership issue has already started
<p>Weak points</p>	<ul style="list-style-type: none"> *Opportunities related to mine not utilised *Poor road connection to mine - D4190 *Multi-jurisdictional Land ownership constraint – delayed and lost economic development because 	<ul style="list-style-type: none"> *Shortages of skills *Low levels of Education *Local priorities not linked effectively to District and Provincial priorities

	<p>current regulations rewards gate keeping behaviour</p> <p>*Backlog in basic infrastructure</p> <p>*Fetakgomo is not located on maps</p> <p>*Limited access to telecommunication infrastructure</p>	
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Table29: Strengths & Weaknesses of the Mining Sector

	Comparing locational factors (place)	Competitiveness of sectors
Strong points	<p>Vast and rich deposits of platinum ore</p> <p>Situated on the Dilokong Corridor, close to the smelter</p>	<p>High value mineral</p> <p>Extracted at competitive cost</p> <p>Linked to international value chain</p> <p>Financially very strong</p>
Weak points	<p>Uncertainty about land availability for expansion and housing</p> <p>Distance from Polokwane</p>	<p>Ability to anticipate and manage community development expectations</p> <p>Relationship challenges with neighboring communities</p> <p>Difficulty in obtaining surface rights license</p> <p>Limited accommodation for staff and visitors, alternative Polokwane</p>

Table 30: Strengths & Weaknesses of the Agricultural Sector

	Comparing locational factors (place)	Competitiveness of sectors
Strong points	<p>Availability of water (near rivers)</p> <p>Fertile soil</p> <p>Land availability</p> <p>Favourable climate conditions</p> <p>Close to the mine as a market</p> <p>Auction link to the market</p>	<p>Existing underutilised irrigation schemes</p> <p>Long seasons for production</p> <p>Existing skills</p> <p>Markets for livestock</p> <p>Potential for commercialisation</p>
Weak points	<p>Ownership of land, little investment due to uncertainty, scale of production</p> <p>Risks associated with periods of drought</p> <p>Transport to markets is expensive</p> <p>No scientific information on type of crop potential for the area</p>	<p>Subsistence level farming persists</p> <p>Limited access to constant demand markets</p> <p>Limited access to suppliers</p> <p>Limited access to market information</p> <p>Uneconomical scale of production</p> <p>Lack of expertise, experience / skills training</p>

	No veterinary services Poor prices from small auctions Erosion, overgrazing Ineffective technical support to farmers	Poor networking and partnerships
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Table 31: Strengths & Weaknesses of the Transport And Logistics Sector

	Comparing locational factors (place)	Competitiveness of sectors
Strong points	Close to mine market Existing routes Provincial roads in fairly good condition	Existing service providers Existing taxi rank
Weak points	Distance to Polokwane Poor road condition to the mine Fluctuating transport fares	Poor condition of vehicles Lack of Batho Pele principles in the industry (Poor service levels and ethics)

Table 32: Strengths & Weaknesses of the Retail and Trade Sector

	Comparing locational factors (place)	Competitiveness of sectors
Strong points	Close to the mine market Available human capacity to grow this sector	New shopping centre being built
Weak points	D4190 road in poor condition Lack of business support services Lack of local support	Few successful partnerships Shortage of business skills

Table 33: Strengths & Weaknesses of the Tourism Sector

	Comparing locational factors (place)	Competitiveness of sectors
Strong points	Unmet need for accommodation from Mine- and Municipal- visitors Picturesque area with potential for many activities related to the landscape Rich cultural historical area, Many heritage sites Good sites for accommodation – Olifants river, Potlake nature reserve	Friendliness of the people

Weak points	Land/site availability/ownership (investment risk)	No visitor accommodation in the immediate area
	No road signage to the area	
	Poor road condition of the D4190	
	Confusion around the name of the town	
	Fetakgomo is not located on maps	
Undeveloped attraction/heritage sites		

We are, notably, FTM is endowed with some of the natural resources as reflected below:

Table 34: Natural Resources per ward

Ward	Type	Description of economic development potential of the natural resources
01	Caves	Tourism opportunity – attract cultural tourism
	Manufacturing Marula	Lot of trees in the area
	Large grazing area	Agricultural potential, land care project
	Granite prospecting	Mining
02	Sand	Potential natural resource
03	Caves and magnetic stones	Rich with indigenous culture and that can create tourism opportunities
04	Marula tree	
	River/Dam	Fishing and generate income by selling the products
	Marula Tree	Marula beer (selling such beer contribute towards income generation)
05	Mountain	Tourist attraction
06	Foot print	Tourist attraction
	Magnetic stone	Tourist attraction
	Carve & Mohlapo	Tourist attraction
07	Caves & rich soil	Soil fertility in the area- potential for agri-business
08	Stones	Building
	River	Sand collectors
	Grinade	Building concrete
09	River ,Sand & Rocks	River provide of water, fishing and recreational opportunities

Ward	Type	Description of economic development potential of the natural resources
10	N/A	N/A
11	Quarry stone	Building
	Cave	Tourist attraction
	Game reserve	Tourist attraction
13	Sehlakwe water falls	Tourist attraction

Source: Fetakgomo Local Municipality, 2013

CHAPTER 4: OPPORTUNITY ANALYSIS

4.1 Introduction

Competitive Advantage

For the Fetakgomo economy to grow sustainably, revenues and investment flows must increase, preferably from external markets. Economic growth follows when businesses in local sectors become more competitive in external and/ or local markets. The market responds to better goods, at lower prices by increasing sales revenue to suppliers. Increased revenues and lower costs increase profits which often lead to increased investment. Investment into productive capacity typically also creates new jobs.

It is therefore necessary in LED planning to determine which external markets Fetakgomo based firms can compete in, profitably and sustainably. These markets and sectors offer the most opportunity for self-sustained economic growth and therefore become strategic priorities for LED. Furthermore, it is important to understand the nature of competitive advantages and competitive disadvantages in these markets and to recognise which factors are critical to success and which factors still constrain the relevant sector's performance. If some locals already compete in these markets self-sustainably, it provides evidence of viability of local sector competitiveness. Therefore the demand and supply pattern already exists, although on a small scale. Whereas it is theoretically possible for locals to also compete in totally new markets, such initiatives are less likely to succeed without external support, in the form of new investors. Planning entry into new markets is an extremely risky option and is prone to high levels of failure. It is safer to work supply demand patterns that are already proven viable and to grow these organically by making markets work better, improving sector competitiveness or removing locational (or systemic) constraints to performance. Understanding the market demand and supply patterns is crucial in sound LED strategy formulation, to determine options for high catalytic impact with least but smart effort and costing. If these are not understood, LED initiatives are likely to have little impact and have a high probability of causing undesirable /unplanned consequences that could be costly and have a negative impact. These demand and Supply patterns may be viewed from different perspectives. A value chain perspective focuses on the sequential value adding steps completed by different firms to produce various products

purchased by an end user. A location or LED perspective focuses on activities in a particular place and the flows into and out of the economy within that place/location.

Gross Value Addition (GVA) trends

YEAR 2001		
Primary Sector	Secondary Sector	Tertiary Sector
63%	5%	32%
YEAR 2013		
Primary Sector	Secondary Sector	Tertiary Sector
79%	2%	19%

Source: Quantec 2013

Sector contribution to the Local Economy in 2013

Sector	% Contribution
Mining & Quarrying	79%
Agriculture, Forestry & Fishing	9%
Community, Social & personal Services	5%
Wholesale, Retail trade, catering and accommodation.	4%
Manufacturing	1%
Electricity, Gas & Water	0%
Construction	1%
General Government	1%
Transport, Insurance and Business Services	0%
Total	100%

Human Capital and Labour market

The level of education in Fetakgomo – which serves as a reasonable proxy for skill and entrepreneurship – is low. One third of the population has no education and the district illiteracy rate in people over 15 years old is estimated at 23 per cent. Only one per cent of the population has a tertiary qualification. Local stakeholders highlight issues such as a lack of business orientation, business acumen and business experience. There is a shortage of skills in all sectors, hinting at the difficulty a small place like Fetakgomo experiences in attracting and retaining skilled people. Mines do their own skills development and where high level skills are required, they are imported from the area.

Natural Environment: Climate

The Fetakgomo area is characterised by a hot climate in the Olifants River Valley. The average temperature shows moderate fluctuation with average summer temperature 23° C, with a maximum of 28 °C minimum of 18°C. In winter the average is 13,5°C with a maximum of 20°C and a minimum of 7°C as measured at the Sekhukhune Weather Station. The area is located in the Summer Rainfall Zone of the Republic of South Africa. The area is occasionally prone to drought.

Agriculture

Most of the farming in the municipality is done on a subsistence basis and there is little commercial farming. There are various factors that limit the growth of the Agricultural sector:

- Scarcity of water and insufficient investment on irrigation;
- A large number of land claim disputes that still need to be resolved also hinder large scale agricultural activities;
- Limited access to markets, suppliers and market information;
- The predominantly traditional and state land ownership pattern inhibiting commercial investment and undermining the scale and viability of emerging farmers.

However, the department of Agriculture through its various programmes, is currently investing in agricultural infrastructure such as new irrigation schemes and the municipality has also been trying to complement the department through its Local Cooperatives Support and Youth Enterprise Support programmes.

Mining

Mineral Deposits

The municipality is relatively more competitive in mining as compared to the district and province. It provides Mining outputs more effectively than other regions.

The primary sector dominates the local economy of the municipality as a result of Mining and Quarrying. The FTM is endowed with Chrome, Platinum and diamond mineral resources. There is Bokoni Platinum Mine, Lesego Platinum mines, Twickenham Mine, Elephant River Granite mine. There is also possible establishment of two chrome mines, one in Sefateng and a Chrome smelter by the private sector.

The municipality is rich in high grade platinum are close to the surface and is also located close the smelters raising the possibility of expansion of mines. There is little potential for mining value addition or beneficiation, given the low education levels in the municipality but participation in the value chain and linkages with other sectors is feasible.

Manufacturing

The residents of the municipality do most of their purchase outside the municipality, given that there only one shopping complex (Bopedi Shopping Complex). There is currently no major town or Mall in the area. This hampers the growth of the Manufacturing, Wholesale and Retail sector and associated multiplier effect which causes the flow of income out of the local economy. The recent opening of Shoprite Usave has increased the number of shopping options at is insignificant given the extent of the expansion and the unavailability of other retail space for other stores to open. . There are very few supporting industries in the municipality and residents are forced to seek employment elsewhere (mainly Polokwane and Burgersfort).

Manufacturing sector is only limited to two micro steel manufacturers, a clothing manufacturer and small scale manufacturing such as Welding of burglar bars, security gates and so forth, mainly dependant on the growth in the mining sector.

Growth of the mining sector and local proximity may create conditions that lead to development of the manufacturing sector, by a combination of external investors and development of local manufacturers. Growth in this sector is therefore mainly dependant on growth in mining. It could therefore be included under the heading of leveraging opportunities linked to growth in mining.

Growth in Government services and community & Social service contributes little to economic development and entrepreneurship. There are various transport activities that are directly linked to the mine within the Atok nodal area.

Tourism

The municipality has great potential for growth in the Tourism sector which remains untapped. There are a number of potential tourism sites within the municipality which can make a meaningful contribution to the local economy and create sustainable jobs:

- Potlake Game Reserve;
- Phahlamanoge Miracle Stones;
- Lenao La Modimo/God's Footprint;
- Mphanama Caves: used to be a hiding place during ancient wars; and
- Lepellane Dam;

The Sekhukhune Development Agency (SDA) has since done a feasibility study on Potlake Game Reserve with the view of upgrading the reserve to attract tourists into the municipality. Moreover, in order to embrace the Heritage tourism sector, the municipality has since identified the Fetakgomo Fashion Show & Traditional Music Festival as a way of attracting tourists into the municipality and to encourage domestic tourism. Sir Paul's lodge, Chris Dinoko Guest house and Kalis Lodge main the three accommodation facilities available for tourism.

Tourism potential in the municipal area is hampered by lack of facilities and poor infrastructure. Unavailability of graded tourism establishment remains one of the critical challenges in this sector.

Enhanced rate of enterprise- start-ups, survival and expansion

Increased share of local markets and increased investment will contribute to an enhanced rate of enterprise- starts, survival and expansion. Enterprise start-ups and growth will contribute to employment growth and to equity growth for the owners.

Capital / Equity growth

Much attention has been placed on Broad Based Black Economic Empowerment (BBBEE), where ownership of enterprises is the main focus of equity growth. The benefits of ownership in business up to now have accrued to a few only. But it is not the only way to increase equity. The property market offers an alternative for broad based equity growth. Property prices in Fetakgomo are undervalued and by making these markets work, thousands of property owners may benefit from substantial capital gains.

Employment growth

One of the consequences of more businesses investing and growing in Fetakgomo is the increased number of sustainable job opportunities for locals.

Lower costs of living

The poor typically pay more for goods than the rich, due to poor functioning markets. One way of addressing poverty is to reduce the cost of living by making markets work better. Especially the items that the poor spend most of their money on, such as food and transport require well-functioning markets with healthy competition to keep costs down.

Reduced cost of doing business

Only profitable businesses survive. Working from places with lower cost of business is crucial, especially if the products or services can be transported to markets. Businesses choose their location either to gain a cost advantage, capability advantage or to gain a proximity advantage to markets (such as the mines in Fetakgomo). Reducing the cost of doing business is therefore a crucial part of LED efforts.

Increased earnings from local markets

Local markets are easier to compete in than distant markets due to proximity, information and relational advantages. Mining purchases of goods and services, offers the most profound opportunity in Fetakgomo and the current local market share is minimal. Other than mining and some retail the local markets offer very little opportunity for economic growth.

Increased earnings external markets

Currently few sectors (other than mining) generate significant revenue from external markets. Where possible this external revenue should be increased. The advantage of serving external markets is the sheer size of the external market opportunities, for those that can compete effectively.

Increased investment

External investors are crucial to growth of the Fetakgomo economy as they bring new entrepreneurs, skills, employment and competition in the market. In order to attract investment, Fetakgomo needs to promote its advantages and make it easy for investors to utilise economic opportunity in the area.

There are virtually no supporting industries other than a hardware store and retail outlets that have recently opened. Most support industries are available from Polokwane situated an hours drive away. Development finance is available from Limpopo Economic Development Agency (LEDA), Industrial Development Corporation (IDC) and the DBSA. LEDA provides non-financial SMME support services. Small Enterprise Development Agency (SEDA) also plays a significant role in terms of provision of non-financial SMME support services. Supporting industries are a comparative disadvantage and a constraint to growth.

The Municipality of Fetakgomo is committed to the reduction of poverty by means of Local Economic Development initiatives, Human- and Social- Development and Spatial Development. LED provides a process whereby stakeholders work together towards continuous improvement of the local economy. The purpose of this Local Economic Development strategy is to guide stakeholders and the use of resources to develop a more vibrant local economy that offers more employment through and business growth opportunities to local citizens.

CHAPTER 5: LED FRAMEWORK

5.1 Background & Objectives

The previous Local Economic Development (LED) Strategy was developed internally by the LED Unit in 2011 and emphasised the following strategic thrusts to stimulate the local economy:

Table 1: LED Strategy Thrusts

No.	Thrust Name	Stated Goal
1	The promotion of primary Sector local value adding activities.	To stimulate value-adding activities relating to the primary sectors, i.e. mining and agriculture. In more detail it encompasses the establishment of local manufacturing and processing plants, which utilises the local raw materials and resources as primary inputs.
2	The development of Mining Orientated Economic Activities.	To diversify the local economy by increasing economic activities that supports the dominant sectors.
3	Enhancement of spatial economic spectrum	Promoting the development of rural economies and its inhabitants.
4	The development of tourism in the Sekhukhune District.	To stimulate the development of the Tourism Industry within the Sekhukhune District through the promotion of cultural activities associated with the local indigenous Bapedi tribe and other local activities.
5	The development of Human Resources in the Sekhukhune District and Fetakgomo Local Municipality.	To develop the local labour pool through skills development.
6	Poverty elevation and reduction through multi-sectoral initiatives	To capacitate the District and Local Municipalities to be able to perform their roles and responsibilities in the most effective way towards poverty elevation and reduction.

The LED plan proposed 6 strategic thrusts, 22 programmes and 56 projects. A number of these projects have been pursued, mainly by the municipality with support from contracted service providers and other stakeholders. Three years later, a large number of the programmes and projects have not been executed not necessarily due to implementation failures. Although the diagnostic analysis of potentials for growth was fairly accurate, the list of potential initiatives identified were not tested for viability, given local conditions and constraints. Local champions for

the initiatives were not identified and consulted, stakeholder participation did not secure adequate commitment, and the resources for implementation were not factored in.

This suggests that the LED Strategy review must re-vision on the following:

- The approach to LED;
- The role of the municipality in LED;
- The capacity of the municipality to fulfil its role in LED;
- To sharpen the focus to concentrate on fewer but more strategic initiatives and;
- To select initiatives that are likely to be implemented without placing undue burden on the municipality's limited resources.

The main objective of the strategy is to **influence council policies** with the view of the strategic sectors leading to:

- Reduced cost of doing business;
- Cooperation amongst business enterprises;
- increased earnings from local markets;
- Increased investments.

The strategy will further ensure monitoring & evaluation of committed service delivery projects by Private sector and provide guidance to identification of service delivery projects for new companies envisaged to operate in the municipal jurisdiction. These shall be realized by:

- Reducing constraints to business investment and growth;
- Addressing market failures to make markets work better; and
- Strengthening the competitiveness of local firms for growth and retention of these firms.

The local economy takes place within a larger context that influences activities in Fetakgomo. There is very little that Fetakgomo can do to change the external environment but it does have the power to choose how it wishes to respond to it. The effects of globalisation are discussed first, followed by national- and then provincial strategies which guide resource flows and behaviours of the public sector.

CHAPTER 6 STRATEGIC ANALYSIS & PROJECTS IDENTIFICATION

Introduction

Given the extent of Fetakgomo's under development, the risk is identifying an overwhelming list of problems and creating unrealistic expectations for locals. Instead of focusing on mainly on the problems, it is significantly more useful and practical to focus on, and identify pragmatic opportunities whereby quick, visible and sustained progress can be made. Quick wins with sustained results build a platform of trust and confidence which is crucial for local stakeholders to understand why it is important for them to work together. Success builds a platform of social Capital which is necessary to succeed in more ambitious and complex initiatives. Without initial successes, social capital dissipates quickly and few people trust that investing time and effort is likely to yield results.

Sound LED typically entails activities which:

- Reduce constraints to business investment and growth,
- Tackle market failures to make markets work better, and
- Strengthen the competitiveness of local firms for growth and retention of these firms.

Given the extent of Fetakgomo's under development, there is a risk of identifying an overwhelming list of problems. The constraint to growth issues that require priority attention, include:

Applicable to all Sectors:

- *Land ownership and availability.
- *Completion of the connecting road from Marble Hall via Fetakgomo D4190 to R37 (Dilokong corridor)
- *Key stakeholders do not understand the extent of economic potential linked to mining growth.
- *Inadequate support from Provincial- and District- levels for economic priorities.

Applicable to Mining growth:

- *Certainty of land availability for mine expansion
- *Serviced land for staff housing and industrial premises
- *Uncoordinated Mining engagements with communities;
- *Link road D4190 not tarred.

Applicable to Agriculture growth:

- *Land ownership
- *Sustained access to markets
- *Ineffective expertise support
- *Commercial farming skills

Applicable to Tourism growth:

- *Lack of graded accommodation establishments.
- *Tourism attractions not developed
- *Roads to tourist attractions and other tourism destinations not built yet.

The 2015/2016 LED strategy builds on the 2011/12 LED strategy but sharpens the focus on the most important opportunities for creating a new development path which could significantly reduce poverty and create employment opportunities for the local communities. Furthermore the strategy focuses on the most on influencing municipal policies to become more biased toward local entrepreneur empowerment and enhancing quality service excellence of local entrepreneurs.

The approach adopted in reviewing this strategy strives to identify pragmatic opportunities to unlock economic potentials in the easiest way by going back to the basics of what communities require in the simplest form possible. It does not attempt to solve the biggest problems which may be extremely difficult and costly to solve. This strategy will identify 'Quick Wins' projects with sustained results, build a platform of trust and confidence within the locality, which in turn is crucial for local stakeholders to understand why it is important for them to work together. Success builds a platform of social capital which is necessary to succeed in more ambitious and complex initiatives. Without initial successes, social capital dissipates quickly and fewer people believe that investment of time into LED is worth the effort, a situation that is very difficult to reverse.

Economic Development Strategies

Development Challenge	Development Strategies
Weak environment for Local Economic Development	<ul style="list-style-type: none"> *Promote and support community-based income generating projects for sustainability. *Facilitate creation of casual, temporary and permanent jobs through LED initiatives and Public Private-Partnerships. *Mobilise for the implementation & review of the LED Strategy/Plan (Annual Desktop review of LED Strategy). *Mobilise support for local farmers
Inadequate /dormant tourism	<ul style="list-style-type: none"> *Incorporate Tourism Plan into Reviewed LED Strategy Implementation Plan. *Encourage preservation of cultural heritage sites. *Annually host heritage celebration event for preservation of the Bapedi Culture. *Facilitate grading of accommodation establishments. *Promote all tourism products within the municipal jurisdiction. *Marketing and mobilization of resources for development of identified/profiled tourism sites to enhance sector competitiveness.
Lack of small scale industries linked to mining	<ul style="list-style-type: none"> *Mobilize resources to support the establishment of small scale industries to mining. *Establish partnership with existing mines and other key stakeholders to support Local Economic Development.

	<p>*Support Community business forums and service providers doing business with local mines to for quality product and service enhancement.</p>
Limited mining contribution to community Development	<p>*Influence and Support the identification and implementation of LED SLP Projects in line with the IDP.</p> <p>**Facilitate for the functioning of all Mining Community Engagement forums.</p>
Agriculture at small scale	<p>*Maintain partnership with LDA for preservation and exploration of land productivity.</p> <p>*Enhance sector competitiveness.</p> <p>*facilitate market linkages through the District Agri-Park and other available markets.</p> <p>*facilitate for farmers to be organized (Farmers association).</p> <p>*Facilitate provision of farming implements and infrastructure within the available means of resources of the municipality.</p>
Skill deficit	<p>*Facilitate engagements for optimum utilization of the Sekhukhune College of Education.</p> <p>*Facilitate bursaries and learnerships.</p> <p>*Operationalize the Youth Development Centre to facilitate access to information.</p>

A number of catalytic initiatives have been identified to stimulate growth in Mining, Agriculture and Tourism sectors, which in turn are also likely to contribute to:

- *Growth in retail-, trade-, services-, property-, transport- and logistic- sectors,
- *Improved basic and economic infrastructure,
- *Increased employment for citizens, and
- * Increased equity opportunities.

These initiatives are clustered into five strategic thrusts:

1. Forge strategic partnership with key stakeholders
2. Local Cooperatives Support with emphasis on Small-scale Farmer Support
3. Local Business Skills/ SMME Empowerment and Support
4. Promotion of Local Tourism

5. Attract Investment for Socio-Economic Infrastructure

The strategy shall implement the following Programmes and projects in the next three years.

Baseline: Strategy Programmes	Reviewed Programmes
Local Tourism	Promotion of Local Tourism and Heritage
Local Farmers Support	Support Local Mining House Developments
Local Business Support	Strengthen local economic base
Strategic Partnerships Job Creation	Youth Enterprise Support
	Enhancement of the spatial economic spectrum
	Job Opportunities Sustained & Created
	Strategic Partnerships
	Poverty Alleviation

Programmes Strategic Analysis

The strategy seeks to address the above development challenges through the implementation of the following programmes:

Promotion of Local Tourism

This programme is aimed at facilitating Tourism related initiatives that facilitate the exploitation of the Fetakgomo Tourism Sector. The projects to be identified will effectively showcase heritage sites, facilitate for the upgrading of Heritage sites and other visitor facilities to attract tourists; promote grading and graded of accommodation facilities; facilitate for upgrading of infrastructure within the heritage sites; facilitate for tourism signage, facilitate funding for development of picnic and recreational areas in heritage and tourism sites and host the Annual Fetakgomo Tourism event and other related events to grow the Fetakgomo Tourism sector.

The key activities within this programme include:

- *Market the tourism sites and Fetakgomo as a tourist destination through various tourism initiatives;
- * Leverage support from relevant stakeholders such NDT, LEDET, LTA and LEDA.
- *Provide support to Local Tourism Association;
- *Facilitate for the completion and operationalization of the Tourism Centre;
- *Host Annual Fetakgomo Tourism Heritage & Tourism Events;

*Facilitate Tourism related workshops/seminars/information sessions and Expos.

*Source funding for tourism infrastructure development.

Local Cooperatives Support

The municipality will continue to set aside funding to support local cooperatives through its Request for Proposals (RFPs) processes. These processes are guided by the Grant Funding policy in place adopted by the council. This support will mainly focus on 'follow-up' support on cooperatives previously supported by other funding institutions so as to avoid spending a significant amount of funding on one cooperative but rather support a number of cooperatives with a follow-up support. All cooperatives in all sectors are earmarked to be supported. The municipality will, through its SCM Policy facilitate for the creation of market for local cooperatives guided by the National & Provincial Treasury.

The key activities within this programme include:

*Facilitation of RFPs processes to fund local cooperatives;

*Facilitation of initiatives towards participation in the District Agri-Park as a market linkage project;

*Facilitate engagement sessions and Strategic partnership with DTI and Department of Small Business Development for start-up capital;

*Support all organized business such as local Business Forums, Tourism Association, SANACO and local organized business organizations.

*Facilitate a Local Agricultural Market; and

*Facilitate any empowerment initiatives for local cooperatives.

Local Business Skills Development

This programme is aimed at supporting all local SMMEs and cooperatives with the necessary skills to run their businesses. It shall facilitate capacity building and empowerment initiatives such as workshops, trainings, information sessions and Expos to ensure their sustainability. The programme will further facilitate initiatives to enhance quality services rendered by local services providers. A system of Service Excellence shall be introduced which will be implemented and monitored in collaboration with the SCM Unit.

The key activities within this programme include:

*Conducting of skills audit on local SMMEs and Cooperatives;

*Monitor & Update SMMEs and Cooperatives database;

*Monitor Business performance by implementing service excellence monitoring tool on all municipal procurement of goods & services (Service Excellence Project);

*Facilitate empowerment initiatives such as workshops, trainings, Information Sessions and Expos for local SMMEs and Cooperatives.

Youth Enterprise Support

The youth people form a significant number of the Economically Active population but the number of those that are involved in entrepreneurship is minimal. Therefore, there is no doubt that accelerating entrepreneurship among young people will have a positive impact not only on the social plane of bringing equity in the economy of Fetakgomo, but also by raising the levels of the overall economic indicators of the FTM and of the province.

This strategy intends providing support schemes for young entrepreneurs with an objective of creating and managing sustainable and efficient businesses capable of providing decent permanent jobs and employment growth. These interventions include mentorship and coaching; Start-up capital grant funding support, youth business & job seekers information centre; business infrastructure support; linkages to procurement opportunities; youth entrepreneurship promotion and awareness; youth The youth unemployment database will monitored and updated continuously.

Key activities within this programme include:

*Facilitation of RFPs processes to fund local Youth business enterprises;

*Monitor and update Unemployment database;

*Facilitate operationalization of the Entrepreneur & Job seekers Information centre;

*Facilitate Youth related empowerment workshops, trainings, Information sessions and Expos.

Informal Traders Support

The Fetakgomo local economic also depends on the informal traders who have been making a meaningful contribution to the local economy. This programme will support the local informal traders to ensure their profitability and sustainability. The municipality will in partnership with the DTI and department of Small Business Development, implement empowerment initiatives in line with the National Informal Business development upliftment Strategy.

Most informal trading activities take place around the Bopedi Shopping complex, around local mines, Taxi Ranks and around school premises. The municipality has market stalls around the Apel Taxi rank and has since allocated to local informal traders to operate. It is

envisaged that the stall will continuously be maintained while a phase two process will be facilitated to increase the capacity or number of stalls and to also include other necessary services such as water, electricity and security facilities.

Key activities within this programme include:

- *Maintenance of market stalls;
- *Facilitation of Phase two of the Market Stalls;
- *Empowerment initiatives for local informal traders through workshops, trainings, Information sessions and Expos.
- *Facilitation and support to informal traders association.

Mining Engagement & Development Facilitation

The municipality will facilitate engagement sessions with local mines on economic development issues. The municipality will continuously ensure that mining social & labour plans are in line with the municipal IDP. The municipality will support mining engagement forums on behalf of communities for both directly and indirectly affected communities.

Key activities within this programme:

- *Facilitate engagement sessions with all local mines;
- *Build a database of all local mines both on full operation and prospecting;
- *Establish working relations with new mines;
- *Continuous Reporting to senior management and council on mining developments.
- *Facilitate for the development of municipal infrastructure investment framework.

Job Opportunities Sustained & Created

The programme will facilitate and monitor job sustained from previous financial years and further record number of jobs created through the municipality's financial and non-financial efforts. Manage and maintain unemployment database and provide support to job seekers. The LED unit will on quarterly basis conduct labour survey audits to records the number of jobs.

Key activities within this programme:

- *Conduct labour survey questionnaire;
- *prepare labour survey report;
- *Facilitate certified copies of people employed;
- *Manage and maintain unemployment database;
- *Facilitate for empowerment sessions for job seekers;

Strategic Partnerships

Collaborate with Public and Private Stakeholders in areas of common interest that will enhance local economic development.

Key activities within the programme:

- *Initiate contact with potential investors and other key stakeholders for possible areas of collaboration;
- *Formalize the relationship with stakeholders into MoUs or SLAs;
- *Implement the MoUs and SLAs;
- *Monitor and Evaluate performance of the stakeholders.

LED Strategy Implementation & Review

The implementation of the Reviewed LED strategy will be monitored through the LED Forums and other platforms for reporting either at district, provincial and national level. A desktop review of the strategy will be done annually (each financial year).

Key activities within the programme:

- *Facilitate LED forum meetings;
- *participate in other IGR platforms organized by other sectors or other spheres of government.

	community-mining engagements Coordination	N/A	N/A	N/A
	Facilitation of Mining Forums	N/A	N/A	N/A
Budget R		N/A	N/A	N/A
Project 3:				
Strengthen local economic base	Local cooperatives support	R500 000	R550 000	R600 000
	SMMEs enterprise support	R500 000	R550 000	R600 000
	Farmers support	R500 000	R550 000	R600 000
Budget		R1 500 000	1650 000	R1 200 000
Youth Development Support	Operationalization of Entrepreneurs & Job Seekers Information Centre.	R100 000	R150 000	R200 000
	Youth related empowerment initiatives facilitation (Workshops, Trainings, Information sessions and Expos).	R100 000	R150 000	R200 000
Budget		R200	R300 000	R400 000
Project 5:				

Enhancement of the spatial economic spectrum	Construction of Market Stalls (Atok, Mpanama)	R300 000	R330 000	N/A
	Construction of Phase 2 of Apel Market Stalls	R80 000	N/A	N/A
Budget (R)		R380 000	R330 000	N/A
Improved Revenue Collection	Implementation of the Revenue Enhancement Strategy	R50 000	R60 000	R70 000
Budget		R50 000	R60 000	R70 000
Job Opportunities Sustained & Created	Sustenance of Job opportunities created	N/A	N/A	N/A
	Creation of job opportunities	N/A	N/A	N/A
Budget		N/A	N/A	N/A
Strategic Partnerships	Initiation of strategic partnership through MoUs & SLA agreements	N/A	N/A	N/A
Budget		N/A	N/A	N/A
Local Poverty Elevation	Education on poverty elevation	R50 000	R60 000	R70 000

	empowerment Initiatives			
Budget (R)		R50 000	R60 000	R70 000

Monitoring

The progress regarding local initiatives will be monitored at monthly meetings and recorded in minutes of meetings. Progress will be reported to stakeholders quarterly by LED forum to meet prior to newsletters and/or an event. Utilise existing structures such as Ward councillors as a channel of communication.

Evaluation

Evaluation is much talked about and seldom done. Two factors usually contribute to this: poor results that are better kept hidden, and designed Monitoring and Evaluation processes that are complex and expensive to implement. The main reasons for evaluation are to determine the extent of progress (outcomes and impact) and to learn, both from successes and mistakes. LED stakeholders need to know which strategies / initiatives are working or which are not, and whether their LED efforts are making a worthwhile difference. Precise quantitative ensures in this context are neither essential nor affordable. Self-evaluation plus independent external evaluation should take place. Having completed the LED process cycle beyond the Rapid Appraisal stage, the Fetakgomo local leaders understood their priorities and what support was required from other public sector organisations. This need for support was subsequently promoted at the District Rapid Appraisal process where the District, provincial and national LED stakeholders engaged with local municipalities to determine how to integrate their services to support local priorities in the Sekhukhune district. Some of Fetakgomo's LED priorities will be taken up also as the District LED strategic Priorities. Whereas this forum created the ideal opportunity both for local municipalities and other public sector organisations to efficiently integrate their work, many public sector organisations unfortunately missed the opportunity. Therefore, other channels such as the Mayor – MEC meetings and further meetings will have to be arranged to secure the full scope of support needed. This document explicitly records expectations of support from other public sector organisations.

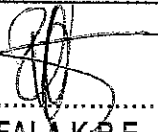
Strategy Endorsement

The policy has been endorsed by the Council to ensure that it is binding.

Policy Adoption/Approval:

Council Resolution No. C58/2015

Date Adopted 29 October 2015


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SEJALA K.R.E
MAYOR