

# LIMPOPO

## GROWTH AND DEVELOPMENT

Mail & Guardian  
Sponsored supplement  
November 11 to 17 2016

# Infrastructure essential for Limpopo's continued growth

Mining, agriculture and tourism identified as key drivers of growth

Thebe Mabanga

**S**trengthening governance and curbing corruption while addressing skills shortages, especially among the youth, are two of the number of key steps that Limpopo must implement to realise the province's economic potential.

This is according to Deputy President Cyril Ramaphosa, who delivered the keynote address at the Limpopo Economic Summit last week at the Ranch Resort in Polokwane.

The summit, held under the theme An Industrialisation Path Towards Creating Sustainable Jobs and Reducing Poverty for Limpopo province, was attended by representatives from government, the private sector and civil society.

Ramaphosa said that a good governance framework is key to boosting investor confidence. "We want to see government officials acting in a non-corrupt manner to achieve good governance. Corruption must be brought to an end in our country and Limpopo should take the lead," said Ramaphosa.

He told delegates that investors are attracted by sound planning, stability and astute leadership and emphasised his belief that Limpopo leadership can deliver in this area. Ramaphosa said Cabinet recently approved a framework for the participation of the private sector in infrastructure delivery.

"To grow our economy and develop our people, we need new roads, rail lines, broadband networks, port facilities, dams, power stations, colleges and clinics. We need them on a significant scale, and we need them without delay," he said.

Limpopo is host to a number of key infrastructure projects including the Waterberg railway line, which transports coal to Richards Bay, as well as water projects such as the Groot Letaba Water Augmentation project and De Hoop Dam.

Ramaphosa told the summit that helping young people earn work experience would help South Africa address youth unemployment. He said that the tide could be reversed if the private sector worked with government. "What many young people lack today is experience in the world of work. All they need is to be given a chance."

He urged the province to emulate the South East Asian tigers, economies that were grown with little or no natural resources though investment in education and infrastructure.



### Investment destination

Seaparo Sekoati, MEC for economic development and tourism, noted that Limpopo has a number of distinct advantages as an investment destination. The first is its proximity to a number of neighbouring countries; it is therefore a strategic location that can serve as a regional hub for regional integration in Southern Africa.

Seaparo Sekoati, MEC for economic development, environment and tourism, noted that Limpopo has a number of distinct advantages as an investment destination. The first is its proximity to a number of neighbouring countries; it is therefore a strategic location that can serve as a regional hub for regional integration in Southern Africa.

"Limpopo's mineral, agricultural and tourism endowment is unmatched and attractive to investors," said Sekoati, pointing out that the province hosts the eastern limb



of the bushveld mining complex and has platinum, chrome coal and copper reserves. He also noted the province's proximity to Gauteng as a financial hub and its agricultural and other outputs.

"The tourism sector is also a key foreign exchange revenue earner and a key attraction for the province," Sekoati said of a sector that is seeing improvement in the length of stays of foreign visitors.

He said the Limpopo government has identified mining, agriculture and tourism as key drivers of growth, spread across five growth regions of the Musina-Makhado corridor, Lephalale, Tubatse, Mogalakwane and Polokwane. The Musina-

**'Limpopo's mineral, agricultural and tourism endowment is unmatched'**

**Three prongs: Deputy President Cyril Ramaphosa (above), delivering the keynote address at the Limpopo Economic Summit last month. The province has many assets to exploit for its growth, says Seaparo Sekoati (far left), MEC for economic development and tourism. Anglo Platinum chief executive Chris Griffith (left) encouraged co-operation between government and the private sector. Photos: Mukurukuru Media**

Makhado corridor will benefit from a R42-billion investment aimed at creating 21 000 jobs through a metals metallurgical complex in a Special Economic Zone (SEZ).

The province has adopted a Limpopo Development Plan, which will run from 2015 to 2020. The key feature of the plan is that the province plans to move up the value chain by investing in beneficiation in mining and in agro-processing. "This [will] allow us to add value to our primary goods and reduce dependence on primary industries," said Sekoati.

The Lephalale area, recently boosted but also "overwhelmed" by the slow development of the Medupi power station due to a lack of infrastructure is envisaged to be a petrochemical hub and energy complex once Medupi's construction is complete. The Tubatse area will also see the development of a mining industry supplier park along the lines of the automotive supplier park in

Rosslyn, Gauteng. Polokwane is to become a regional logistics hub and business travel centre that will see the construction of an International Convention Centre to attract the events, conference and exhibition industry.

### Challenges in mining

Anglo Platinum chief executive Chris Griffith praised the efforts advanced at the summit and acknowledged that his company is operating in a tough environment; in the case of Limpopo this is because of the historically high unemployment rate.

"Collaboration between private sector and government is important to tackle many of the challenges," said Griffith, who serves on a technical working group that works with government in a range of areas.

He noted that delivery by municipalities is important to help create an environment where the private sector can come in and make an impact on development. He also emphasised the need for good governance to achieve desired goals.

Griffith said that the commodity price slump makes it tougher for all parties to realise their objectives: "Falling revenue means there is less money for the mine to do what it would like for the community, but it also means less payments for the municipality and less tax for national government to invest in what they would like to do for the communities."

Additional reporting by Lucas Ledwaba

# Building Limpopo's small businesses

Province has its eye on developing rural areas, co-operatives and SMMES

**Thebe Mabanga**

**T**he Limpopo Economic Development Agency (Leda) has been tasked with ensuring that small businesses in the province meet the standards that will enable them to benefit from government procurement.

The provincial department of economic development, environmental affairs and tourism (Ledet) has been allocated a budget of R1.3-billion for the 2016/17 financial year. The amount is set to increase to R1.4-billion in 2017/18 and grow to a further R1.5-billion in the 2018/19 financial year.

The allocation will focus on initiatives that include development of manufacturing support centres, resuscitation of provincial resorts and creating sustainable jobs. But key to this is support to co-operatives and small, medium and micro enterprises [SMMES].

Limpopo premier Stan Mathabatha said in his state of the province address earlier this year that government "will continue to support SMMES and co-operatives to obtain growth, increase skills levels, and more importantly, create more jobs". He also committed that at least 10% of government procurement to Limpopo will go towards building SMMES and co-operatives.

"All major projects must have localisation procurement thrust to ensure that SMMES and co-oper-



Limpopo premier Stan Mathabatha has declared that 10% of government procurement for the province will go to growing small businesses. Photo: Mukurukuru Media

atives are developed into credible suppliers," said Mathabatha. He has tasked Leda to provide the necessary support to both the SMME and co-operative sectors. "An emphasis should be on bias to co-operatives in our villages and vast farmlands of Limpopo to stimulate the rural economy."

To this end Leda, through its principal Ledet committed to increase the capacity and production levels of SMMES through the provision of appropriate business development information during the recent Limpopo Economic Development Summit. It has also committed towards the co-ordination and integration of business development

support, increasing competitiveness of businesses, access to local and international markets, financial resources and entrepreneurship development and promotion.

In his budget vote speech before the Limpopo provincial legislature in April, MEC for treasury Rob Tooley further reiterated government's commitment to the support of small business. "We are convinced that with the amount of budget allocated to goods and services in this administration we must impact on the economy of this province by ensuring we purchase local and [particularly] from SMMES and co-operatives."

Minister of Finance Pravin

Gordhan told Parliament in his mid-term budget speech last month that this year's unusually difficult economic environment has landed many businesses in deep water. According to the Global Entrepreneurship Monitor Report for South Africa 2015/16, 62% of businesses closed for financial reasons last year, either because they were not profitable, or because they encountered problems in accessing financing to sustain the business.

But the good news for small businesses, said Gordhan, is that resources have been re-prioritised in the medium term for the small business development department, including efforts to strengthen

agencies that support small enterprises. In February Gordhan said during his budget speech that R475-million has been re-prioritised to this department for assisting SMMES and co-operatives.

In its efforts to increase the competitiveness of small businesses, Ledet has signed memorandums of understanding with Productivity South Africa and the South African Bureau of Standards.

The Limpopo Economic Summit heard that "more black people, and in particular women in rural areas and people with disabilities are forming and managing co-operatives".

Ledet is currently monitoring the performance of 720 SMMES and 240 co-operatives spread throughout the province. The department is also assisting 10 SMMES and 10 co-operatives to access markets.

The provincial government together with Leda have partnered with the department of trade and industry (DTI) in an ambitious project to revitalise the Seshego Industrial Park. The industrial park located near Polokwane is undergoing a R21-million facelift as part of the first phase of the DTI's R189 Industrial Parks Revitalisation Programme. The programme is aimed at promoting industrialisation, increasing job creation and stimulating the economy.

The initiative is seen as a step forward in addressing the lack of access to physical infrastructure which has been identified as one of the key contributors to business growth, especially in the small business sector, which contributes more than 50% of South Africa's total GDP and more than 60% of jobs.

## Unlocking opportunities for all players, big and small

**Thebe Mabanga**

Limpopo government and big business should do more to support small, medium and micro-sized enterprises (SMMES) if the province is to increase its share of the national economic pie. These are some of the sentiments that were expressed at the *Mail & Guardian* Critical Thinking Forum, which formed part of the Limpopo Economic Summit held recently at the Ranch Resort in Polokwane.

The panel comprised independent political analyst Ralph Mathekga, Ben Mphahlele, managing director of the Limpopo Economic Development Agency (Leda), Ashley Rasebotsa of the Polokwane Business Chamber and Levi Mashiane, acting chief director of the department of agriculture and rural development. The forum was facilitated by radio personality Thabiso Kotane.

Mphahlele pointed out that although Limpopo contributes about 7% to the South African econ-

omy. The average rate of its contribution to GDP over 19 years is the highest in the country. He pointed out that Limpopo achieved this through growing its key industries, most notably mining. The challenge now is to further diversify the economy.

Mathekga noted that government is mainly responsible for creating an environment that allows private sector participants to invest in order to create jobs. The private sector requires an expanding market so it can extend opportunities to small businesses.

An area of concern that was raised was the availability of information for small businesses as well as sector opportunities. Rasebotsa pointed out that over the past few years, government has improved its information sharing, but that there was still room for improvement.

Kotane challenged the capacity of institutions such as Leda to offer assistance to small businesses, arguing that they are staffed by bureaucrats who have never actually run businesses. But Mphahlele rejected the notion, pointing out that professional staff members in development finance institutions are suitably qualified in areas such as accounting and finance to assess the viability of businesses. The challenge they face is the resources they have at hand to offer support.

The Industrial Development Corporation and the National Empowerment Fund offer financial and non-financial support to SMMES including advice, referral



The panel at the Limpopo Economic Summit's Critical Thinking Forum: Ralph Mathekga, Ben Mphahlele, Thabiso Kotane, Ashley Rasebotsa and Levi Mashiane. Photo: Mukurukuru Media

to incubator services where they are available, and mentorship if required.

Mashiane pointed out that government sees agriculture and agro-processing as a rich source of opportunity to help SMMES grow. The department is currently challenged by drought as well as helping farmers adapt to climate change.

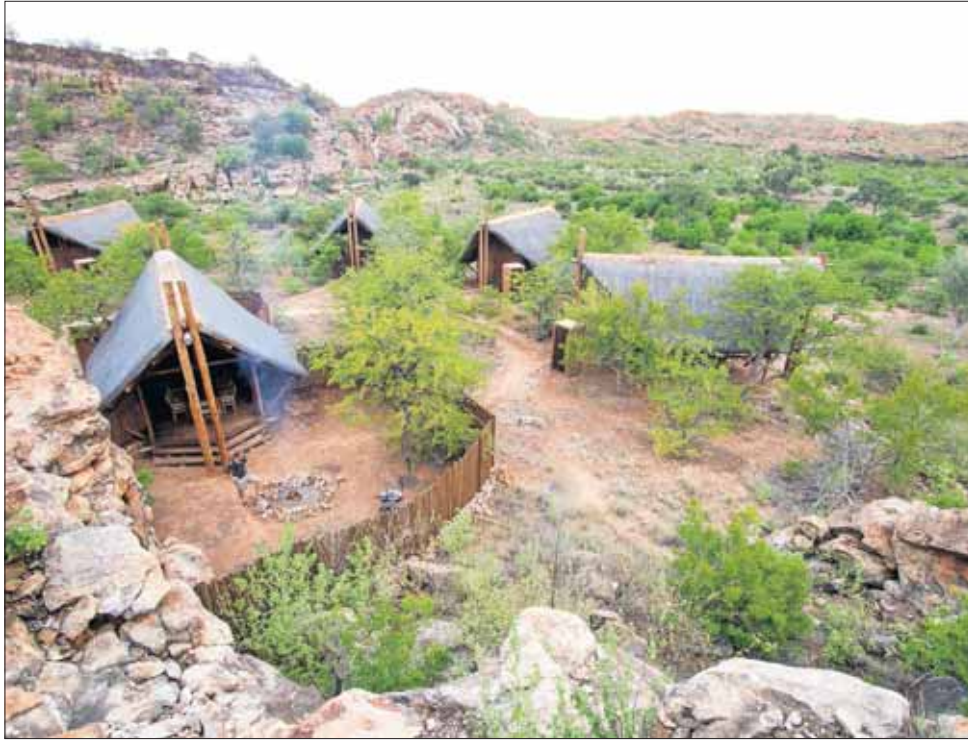
One other area that was raised was the need to improve skills levels in farming in order to improve the agro-processing value chain. Mphahlele reminded the audience that Africans were good farmers in the late 19th century, until they were dispossessed through the 1913 Land Act in order to supply their labour to the mines.

An audience member in a mining community pointed out that large mining companies simply bypass entrepreneurs in the community — even when they are registered — and urged companies to help build the capacity of small businesses in order to qualify as suppliers. One tool that corporates can use to achieve this is enterprise

### CREDITS

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The contents and photographs in this supplement were approved by Limpopo Provincial Government



Scenic route: The Mapungubwe National Park (left) is one of the jewels in Limpopo's crown when it comes to natural beauty and wildlife (right). Ndumiso Matlala (below), chief executive of the Limpopo Tourism Agency, is hoping to draw visitors to the province. Photos: Rogan Ward/ Reuters, Gallo Images/Villiers Steyn

# Polishing up the jewel of the north

The Limpopo Tourism Agency is marketing the province as the destination of choice

Lucas Ledwaba

**T**he scenic R71 road from Polokwane to Tzaneen drops 600m down the Magoebaskloof escarpment in sweet, gentle curves for just over 6km. In some parts the road twists into sharp angles, as if the engineers did this deliberately to give motorists a hair-raising adrenaline rush.

Lush subtropical vegetation hangs invitingly close to the road, which is often buried under a thick layer of mist in the early mornings and at dusk, imbuing the area with a mystic aura. Magoebaskloof, just 77km east of the Limpopo provincial and commercial capital Polokwane, is a jewel in the province's tourist destination crown. Set in the awesome scenery of the Drakensberg mountain range, it is in fact the province's adventure capital.

Both local and foreign tourists flock to this haven to indulge in hiking trails, mountain biking, fishing, birding and abseiling. Others visit simply to be seduced by its scenic beauty.

Although Limpopo is blessed with spectacular landscapes where rivers tumble down great gorges and wildlife thrives in the veld as it has for hundreds of years, the province struggles to topple Cape Town, Mpumalanga and Gauteng as the country's premier tourist destination.

But efforts are underway to turn the tide said Ndumiso Matlala, chief executive of the Limpopo Tourism Agency (LTA). The agency was restructured by premier Chupu Stanley Mathabatha during this financial year, and now has the challenging task of marketing the province as the des-

tinuation of choice to local and foreign markets.

In his state of the province address Mathabatha said the tourism sector remained one of the strategic economic competitive advantages for the province, and that it had recorded a steady growth despite the prevailing economic challenges. Matlala said they are on course to take Limpopo to the top. "We are the Mercedes Benz [of tourism]," he told the Mail & Guardian ahead of the Limpopo Economic Development Summit in Polokwane recently. "But people don't realise that. They think that we are just a [VW] Golf."

The provincial treasury has allocated a marketing budget of R30-million to the LTA for the current financial year. Matlala said the level of marketing by the LTA in the past few years was not at a satisfactory level. "If you don't do marketing sufficiently, obviously people won't know much about you," he said.

Limpopo is home to two Unesco World Heritage sites: the historic Mapungubwe National Park and the Makapans Valley. It is also home to the only savannah biosphere reserve in southern Africa – the Waterberg Biosphere Reserve – which is also on the list of Unesco's protected sites. Another interesting and often ignored fact is that at least 50% of the renowned Kruger National Park is actually located in Limpopo province, which is also blessed with a rich culture of history, music and arts in its picturesque rural villages and peri-urban settlements.

Matlala said they are also working on reviving their marketing offices internationally as part of



a renewed and aggressive strategy to sell the Limpopo brand. Earlier this year, the LTA invited and hosted international tour guides to the province in a bid to entice more visitors. Last month, the agency bought advertising space on billboards during the biggest sporting event in the country, the Soweto derby, which was played before a crowd of 80 000 in Johannesburg and watched by an audience of millions.

Tomorrow [Saturday, November 12] the province plays host to the Fifa World Cup qualifying match between the national football team Bafana Bafana and West African giants Senegal. This is part of a broader strategy to boost its image as a host of major international events.

The province already attracts thousands of visitors to its premier events such as the Mapungubwe

Arts Festival, with a line-up that includes top international acts. The annual Marula Festival injects an estimated R100-million into the provincial economy each year, said Matlala.

Although it doesn't have the capacity to compete with the likes of KwaZulu-Natal, Western Cape and Gauteng in hosting international conventions, Limpopo boasts the highest number of religious tourists in the country. The province is home to the Zion Christian Church based at Zion City Moria, just 40km from Polokwane. Every month hundreds of thousands make their way to Moria for spiritual healing and prayer. The biggest event on the church's calendar is the annual Easter pilgrimage, which attracts an estimated three million people.

The Legend Golf and Safari resort in the Waterberg has a unique 19-hole course, which has become a firm favourite among golfing enthusiasts, who travel from afar to tee off in the stunning mountainous landscape.

Matlala is hopeful that the continued exposure of Limpopo's potential by the LTA's marketing drive will bear fruit in about three years, the time it normally takes for potential tourists to respond to attempts to lure them to certain destinations.

Despite the tough economic times, the World Tourism Association forecasts better prospects for the sector all over the

world, including South Africa and Limpopo. "Global research shows tourism is not only a growing sector. It will continue to grow despite all other factors that threaten the world economy. It's so resilient that it will survive terrorism and economic decline. More and more people are waking up to the pleasures and benefits of travel," said Matlala.

While the tourism sector is expected like other arms of the economy to help create jobs and eradicate poverty, Matlala argued that agencies like the LTA should not necessarily be viewed as organisations responsible for creating jobs. "Government should not be in the business of actually creating jobs. We should in the business of creating an enabling environment, facilitating investment and activities that will lead to jobs," he said. But he acknowledges the sector also plays a huge role in job creation. "Tourism numbers should increase to help sustain jobs and establish new operations," he said.

Historically mining has been the province's top earner, followed by agriculture and tourism. But mining is in decline and agriculture has hit tough times as a result of the devastating drought of the past few years. However, Matlala said the drought has not impacted on tourism, game hunting and game breeding, all of which are massive contributors to the province's economy.

**'Tourism is not only a growing sector. It will continue to grow globally despite all other factors that threaten the world economy'**



# How Limpopo plans to rise to the challenge

Investment in infrastructure, including broadband, is key

**Thebe Mabanga**

The Limpopo government has set itself the target of raising the province's contribution to South Africa's GDP from the current level of 7% to 8% by the end of this term of government. Acting director-general in the Office of the Premier Nape Nchabeleng expresses confidence that the province now has a capable public service in place that can deliver on this goal.

Nchabeleng recently gave a brutally frank but encouraging picture of the province's attempts to meet key targets in the Limpopo development Plan. He says the province aims to maintain a growth trajectory of at least 3% to 2020 and increase its matric pass rate from the current 72% to 80% by 2020, as well as create 429 000 jobs in that period. This is meant to help reduce the unemployment rate to 14% from the current level of 19.4%.

Nchabeleng's overview shows that while the province is on track to meet its goal of providing water and sanitation as well as electricity to between

85% and 90% of the population, the province is struggling in areas such as reaching the desired numbers of people being tested for HIV, thereby placing at risk the government's goal of halving new HIV infections by 2020.

The Limpopo government has succeeded in reducing incidence of poverty from 4-million people or 80% in 2002 to below 3-million people or 69% at present.

The province has a number of key infrastructure projects. The most significant of these is Strategic Infrastructure Project (SIP), which is the largest of 18 SIPs has a value of R842 billion. The projects are centred on the Waterberg coal line to Richards Bay and has seven projects currently under construction. Three have been completed, while 21 are in pre-construction, suggesting a strong pipeline of projects.

Nchabeleng says government has also identified the need to strengthen capacity at municipalities through Local Economic Development (LEDs). The department has partnered with Wits University to roll out a training programme for LED departments in all of Limpopo's district municipalities. The LDP notes that a municipality's leadership must perform above average as a condition for sustainable development of the province.

The Limpopo Economy Summit recently adopted resolutions across six areas of work that are the pillars of the Limpopo development Plan.

## Industrialisation

Industrialisation is centred on mineral beneficiation and agroprocessing. It is centred on the province's five growth nodes and starts with targeted spatial planning.

The province then aims to manage the portfolio of investment concepts and their value chains through the entire project development cycle: from concept to bankability and implementation. The resolutions state that project development cycles should be tight but realistic.

The province aims to establish industrial parks where none existed and revitalise those that do, as well as introducing industrial development promotion incentives.

The government aims to establish a Centre of Excellence to support research, innovation and industrialisation that would link with the CSIR and similar institutions nationally and internationally.

## Mining

In mining, the province aims to have a minimum of 30% of every contract issued on capital, consumables and services for the province, subject to availability of a suitable supplier. The provincial government aims to establish a Limpopo Mining Forum to adopt an integrated approach to development and to set up a task team to deal with illegal mining. It also aims to collaborate with mines to strengthen technical colleges.



The Limpopo Economic Summit showcased underexploited aspects of the region. Among the attendees were Deputy President Cyril Ramaphosa (left) and Limpopo Premier Stanley Mathabatha. Photos: Mukurukuru Media

The province is also looking towards programmes to make entrepreneurs ready to access opportunities in mining.

## Infrastructure

The primary focus of infrastructure is in bulk water supply focused on the five growth nodes to support industrialisation. The aim is to prioritise bulk water reticulation from key dams in support of industrial development. These include De Hoop, Nwamitwa, Nandoni, Flag Boshielo & Vaalkop (Northam) and raising the Tzaneen Dam by 3m. These will also be supported by wastewater treatment plants, to be built by September 2017.

Infrastructure will see improved road linkage between growth points and revived secondary airports.

## Agroprocessing

In agroprocessing, the aim is to fast track the implementation of agri-parks and development of agri-business models. The government also encourages the establishment of co-operatives and black-owned retail enterprises. It is prioritising youth

support programmes to address the challenge of aging farmers.

## SMMEs

The government aims to develop legislative framework for informal business and strengthen regulatory framework for small business. The aim is to also develop rural development strategies in partnership with traditional leaders. Leda will also be recapitalised in order to focus on youth-owned businesses.

## ICT and knowledge economy

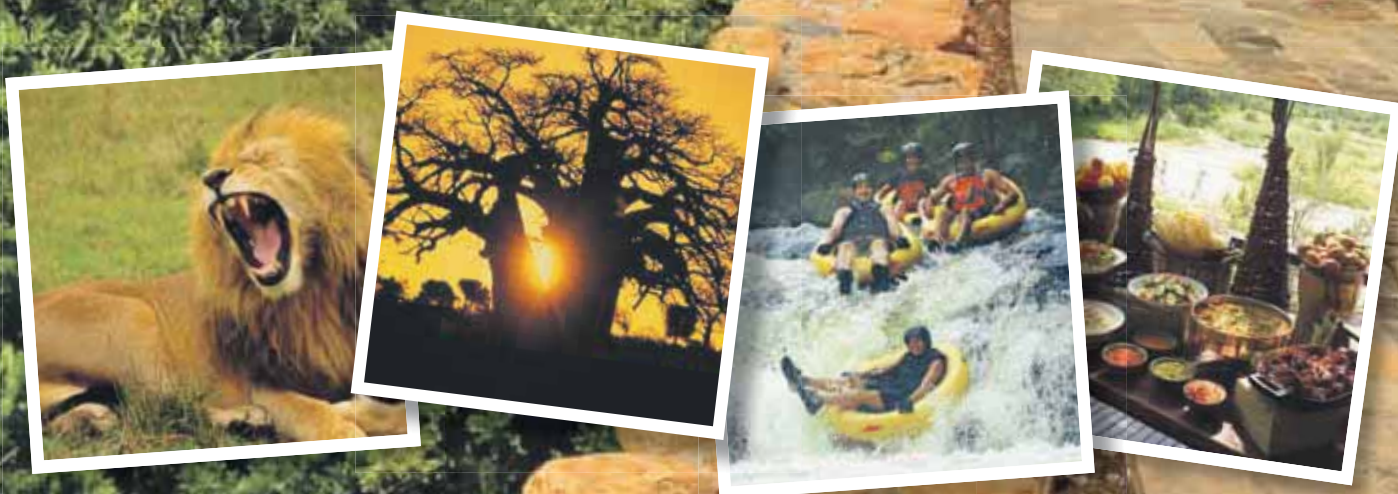
The summit resolved to establish a secure, shared, affordable and open access broadband wide area network (WAN) infrastructure footprint in line with identified growth points, providing access to citizens, government institutions and businesses. The broadband infrastructure needs to be secure and technology-neutral using a combination of wireless and fibre technologies to reduce costs. The aim is to also develop a Science and Technology Park Master Plan in line with the Polokwane Municipal Smart City 2030 Vision.



# EXPERIENCE LIMPOPO

Limpopo is an ancient land of myth and legend that is broad, boundless and exquisite. She beckons with a mystic allure that travellers far and wide find impossible to resist. This is the land of the Golden Rhino, the Rain Queen Modjadji, The Kruger National Park, the proud and majestic Baobab Tree. Whatever your pleasure, whatever your game, come and experience the warm hospitality of our people, our mouth-watering cuisine, the diversity of wildlife, the vast landscape, history and a melting pot of cultures that is admirable.

## Travel Feature



LIM1016\_2026\_AA Traveller

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# Running a tight ship

The Limpopo government is balancing growth and social needs in its R59-billion budget

**Thebe Mabanga**

**T**he Limpopo government faces the challenge of having to fund growth needs such as infrastructure development while also attending to policy priorities of health, education and social spending and maintaining a rapidly expanding civil service “It’s a tough balancing act, but I think we are getting it right” says Rob Tooley, the MEC for finance in the province.

Tooley oversees a budget of R59 billion, about R3 billion of which is made up of conditional grants, and is thus already designated and likely to fall away after some time. The balance of R 56 billion is the provinces allocation from equitable share of nationally raised revenue as well as the provinces own fund raising capacity.

About 75% of the budget is directed towards health, education and social welfare spending which are government policy priorities. At the same time, about 72% of the budget is taken up by compensation of employees, whose ranks have expanded rapidly since 2010 as government remained the only sector that had created jobs through the recession that struck in 2008 and is the largest employer in Limpopo.

This leaves a limited amount of money to invest in infrastructure and

fund industrialisation to help grow the economy. But Tooley is optimistic. “We have to be more efficient and focus more on serving the population” he says.

In spite of the budget constraints they still manage to direct about R5 billion in spending to infrastructure. “If managed well, this can go far and have the desired impact” says Tooley. Almost half of which, or R 2 billion, goes to Human Settlements; Agriculture and Rural Development and the Department of Economic Development, Environment and Tourism about R1 billion each while sports and recreation, which Tooley believes has a critical role in a diverse province like Limpopo, receives R400-million.

Government infrastructure spending is complemented at municipal level by spending the Municipal Infrastructure Grant and spending by State Owned Enterprises such as Transnet and Eskom as well as the private sector at national level. Limpopo is host to one of the largest rail projects in the R200 billion Waterberg Rail projects that carries coal from the region through Mpumalanga to Richards Bay in order to reach global markets.

Tooley says the province is steadily improving its own fundraising capabilities, increasing revenue from R500 million in 2010 to R1 billion in the last financial year. Revenue



**MEC for Sport, Arts and Culture Onicca Moloi, MEC for Treasury Rob Tooley, MEC for Co-operative Governance and Traditional Affairs Makoma Makhuruptje and MEC for Agriculture Mapula Mokaba-Phukwana talk at the Limpopo Economic Summit last month.** Photo: Mukurukuru Media

**Government remained the only sector that had created jobs through the recession that struck in 2008 and is the largest employer in Limpopo**

sources include payments for vehicle licenses and traffic fines, technical and liquor licenses as well as various permits.

Between December 2011 and March this year, parts of the Limpopo government were under administration from National Treasury under section 100 of the constitution. Tooley says the decision may have been politically correct but administratively harmed the province. This is because he feels the mismanagement that led to administration was due to a lack of accountability and administration has helped restore that. The province has managed to wipe off a R2 billion overdraft and now has the buffer of a positive cash balance.

The effects of the administration are felt in a range of areas. From infrastructure projects, including houses that stands incomplete to schools that were damaged by storms and are yet to be repaired and civil servants who have not received a performance

bonus for a number of years now.

Tooley notes that solving Limpopo’s economic challenges requires more than just financial resources but also leadership. Tooley notes that for example in land restitutions, many of the farms that were returned to rightful owners have collapsed. Tooley says the primary cause of this is a move from a single or handful of owners to multiple owners in a community. New owners require technical and financial assistance.

The province also has the challenge of developing its mineral beneficiation and agro processing capacity while mitigating the effects of climate change in agriculture. Tooley says the best way to create new jobs is through greenfield, or brand new projects, in mining and agriculture, but to achieve that, South Africa needs to transform its banking sector to be more inclined to fund new ventures. That would ease pressure on government finances.

## Rising to the leadership challenge

**Thebe Mabanga**

Increasing its contribution to the national economy, raising its skills level and reducing dependence on primary industries of mining and agriculture are some of the challenges that Limpopo has to overcome as it seeks to elevate its growth trajectory.

Although Limpopo has the fastest rate of growth in contribution to the national economy, it still contributes 7% to South Africa’s GDP, a level it has hovered around for the last decade or so. Seaparo Sekoati, the MEC for economic development, environment and tourism says the provincial government has set itself the objective of increasing Limpopo’s contribution to GDP from 7% to 8% by the end of this term of government in 2019. He reiterated this goal at the recent Limpopo Economic Summit, held in Polokwane.

Sekoati says that the province needs to change its economic profile and eventually employment profile. “Our economy is dependent on primary industries like mining and agriculture and is thus vulnerable to shock such as a fall in commodity prices, whether in mining or agriculture” he says.

He also adds that having government as the largest private employer is not ideal. “Our labour market suffers from a low labour



**Seaparo Sekoati (left), Limpopo MEC for economic development, environment and tourism, at the Limpopo Economic Summit.** Photo: Mukurukuru Media

absorption rate because of the skills mismatch in our economy”

Solly Kgopong, the head of the department at says to address these challenges the province has adopted an industrialisation strat-

egy that rests on minerals beneficiation, agro processing and an energy hub to grow alongside tourism. These are contained in the Limpopo Development Plan (LDP) Acting Director General of the

province gave a detailed picture of progress made in achieving some of the LDP targets. The province aims to maintain a growth trajectory of at least 3% to 2020 and increase its matric pass rate from the cur-

rent 72% to 80% by 2020 and create 429 000 jobs in that period. This is meant to help reduce the unemployment rate to 14% from the current level of 19,4%.

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Kgopong says government has also identified the need to strengthen capacity at municipalities through Local Economic Development (LEDs). “We have to ensure that once we have communicated our development objectives, the LEDs responsible are crucial in ensuring that programmes are carried forward” he says. The department has partnered with Wits University to roll out a training programme for LED departments in all of Limpopo’s district municipalities.

The LDP notes that a municipality’s leadership must perform above average as a condition for sustainable development of the province.

“Our leadership has to rise to the challenge” says Nchabeleng.

# Mining transforms the once sleepy Tubatse

Lucas Ledwaba

**B**enjamin Mphahlele remembers a time when travelling on the R37 road that cuts through the Tubatse region of Limpopo was as easy as driving on a highway with no traffic. The area was plagued by grinding poverty brought about by the combination of a dormant economy and years of neglect by the apartheid regime.

“But you go to Tubatse today,” enthuses Mphahlele, managing director of the Limpopo Economic Development Agency (Leda), whose role is to implement the province’s economic strategy. “The types of houses you see, the cars being driven, the traffic ... it reflects improved economic activity and living conditions.”

Indeed, the winds of change have reached this once predominantly rural backwater, thanks to aggressive economic revitalisation programmes. Shopping malls have sprung up, the R37 roars daily with heavy traffic and areas where there was once nothing but dense bush for communal grazing are now filled with thousands of stylish Tuscan houses.

Tubatse forms part of the Greater Sekhukhune district of Limpopo, which is right in the middle of the mineral-rich bushveld mining complex. Although it is the smallest in the province, making up just 11% of Limpopo’s geographical area, Sekhukhune is arguably the busiest and fastest growing economic hub. Back at the turn of the millennium it was home to only a few chrome and platinum mines. Many of its more than one million people were unemployed and relied on remittances from relatives working in Gauteng and government grants.

But, said Mphahlele, between 2001 and the present 17 new mining operations were established in the region,



**Good memory:** Benjamin Mphahlele, managing director of the Limpopo Economic Development Agency (Leda), is aware of the scale of change the province has experienced since 1994. Photo: Mukurukuru Media

which has led to an unprecedented economic and population boom. The area which incorporates the towns of Burgersfort, Steelpoort and more than 116 rural villages and settlements is set for further economic growth with a proposed 22 new mining ventures set to begin operations in the near future and the proposed Special Economic Zone (SEZ) that will grow the manufacturing sector.

Leda has applied to the national government through the department of trade and industry to grant the Tubatse region SEZ status, to expand the strategic and competitive indus-

tries that will attract more and more investments in the area.

The provincial government hopes the SEZ will help increase exports of value added manufactured goods, and foreign and domestic investment. The Greater Tubatse Municipality, which is in the heart of the proposed SEZ, is hoping that retail and service businesses will respond to the opening of mines and the development of housing by also locating close to these areas. In time, this may eventually alter the current fragmented spatial pattern by creating a few large urban settlements, if

the expected scale of mining activities materialises.

It is also expected that the development will help Limpopo improve on the 147 000 jobs it created last year. According to Statistics South Africa’s Labour Force Survey the province created 59 000 jobs in the last quarter of 2015. Mphahlele believes that this will also go a long way towards eradicating the poverty that continues to gnaw at many of the area’s households.

Mphahlele said the poverty levels and underdevelopment encountered by the democratic government in the

area in 1994 were horrifying. At the time, every R1 earned in employment was shared among 20 people in the district. He said the goal is to eventually reduce this to three people for every R1 earned. The rate currently stands at eight people for every R1 earned.

“That’s serious progress. You can see that is fast growth by any other definition. [But] because the level and depth of poverty has been so deep, it would appear [on the surface] that there hasn’t been anything that changed,” said Mphahlele.

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## Limpopo: Powering towards prosperity

Lucas Ledwaba

The signatories of the African Union’s Agenda 2063 declare in the founding document titled *The Africa We Want*: “We aspire that by 2063, Africa shall be a prosperous continent, with the means and resources to drive its own development, with sustainable and long-term stewardship of its resources...”

The Limpopo Economic Development Agency (Leda) together with other stakeholders is powering ahead with plans to ensure that this declaration rings true not only on paper, but in practice. The province is awaiting the completion of an Environmental Impact Assessment (EIA) before commencing work on the Musina-Makhado Special Economic Zone (SEZ).

The Musina-Makhado SEZ is an ambitious industrialisation and development project that was approved by Cabinet earlier this year. It has already received a whopping R40-billion investment commitment from a Chinese con-

sortium led by Hong Kong Mining Exchange.

The investment is set to contribute towards the establishment of an energy and metallurgical industrial park, which will include steel and stainless steel, power, coking, ferrochrome, ferromanganese, ferrosilicon, pig iron metallurgy and lime plants. The projects are expected to be implemented over a period of five years, with a projected job creation of almost 21 000.

Ben Mphahlele, managing director of Leda, told the *Mail & Guardian* that they are waiting for the EIA to be concluded and for the SEZ to be gazetted, a process that is expected to take about a year. The project heralds a welcome relief for a province, which had an unemployment rate of more than 18% during the first quarter of this year.

The SEZ faces a stern environmental test as it’s earmarked to be rolled out in an ecologically and environmentally sensitive area, within close proximity of the Kruger National Park and the Mapungubwe National Park, a Unesco World Heritage Site.

The area is also considered a natural orchard of the revered baobab tree, which, together with Mapungubwe, lends its name to some of the country’s most prestigious national orders.

Mphahlele said the ecological sensitivities carried in the EIA would guide the construction process. He added that they are now looking beyond the borders for water supply sources for the project, as the SEZ lies close to the borders of Zimbabwe, Mozambique and Botswana. “Limpopo’s geographical location makes it advantageous for regional integration,” he said.

The SEZ will include a dry port zone that will link up with seaports in neighbouring countries, such as Beira and Maputo in Mozambique. It will also include a petrochemical zone, boasting a water treatment plant and methanol plants, among others. The province is still awaiting feedback from national government on its application for the declaration of the Tubatse Special Economic Zone.

One of Limpopo’s key economic

inputs comes from agriculture, second only to mining. Leda is at the forefront of initiating agro-processing plants in the province’s agri-cluster, which stretches over 300km between Polokwane and the north-eastern borders of Zimbabwe and the Kruger National Park. These will include factories for the manufacture of agricultural byproducts such as tomato paste, juices and other commodities.

Mphahlele said plans are already in motion to procure land near Phalaborwa to build a factory that will process byproducts of the marula tree, which grows in abundance in the area. These will include cosmetics, soaps, food and oils. Although plans to industrialise a province revered as the breadbasket of the country and known for its scenic beauty are good news, there is concern that agriculture may in the long term suffer as a result.

“They won’t cannibalise each other because they happen in different areas,” explained Mphahlele. “The agri-cluster happens in the northeastern part, platinum in the

southeast and the petro energy in the western region, which is the Waterberg.” In fact, said Mphahlele, there are already plans to construct the Nwamitwa Dam along the Letaba river, “to help unleash agricultural potential”.

Leda, established after an amalgamation of various provincial economic bodies, helps to identify key opportunities in the regions and plays a facilitation role among the five key stakeholders. These include government, research institutions, investors, tertiary services and institutions such as labour unions.

“Research has shown that we are the richest province in the country if we were to operationalise or exploit the endowments that the province has,” said Mphahlele. He added that Leda’s programmes are aligned to fulfilling the ideals of Africa 2063, the United Nations Sustainable Development Goals 2030 and the National Development Plan, which also seeks to achieve its goals by 2030. Perhaps future generations will look back in 2063 and say: “This is the Limpopo we want.”

# SA's greengrocer, butcher and grain merchant

Thebe Mabanga

**T**he Limpopo province is without a doubt South Africa's greengrocer, supplying three-quarters of the country's mangoes and two-thirds of its tomatoes. But it can also be regarded as South Africa's butcher, as a key red meat supplier and a grain merchant through the Sekhukhune region. The province's challenges are to grow and diversify its agriculture, bring new, mainly black players into the fold and deal with the effects of climate change.

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Ramatsimele Maisela, head of the department of agriculture and rural development, says agriculture is a key strategic sector for a province that is 80% rural. Although agriculture contributes just 2% to South Africa's economy, it contributes 7.6% to Limpopo's economy while agro-processing, which entails activities such as fruit juice and puree manufacturing, accounts for 4.1% and is an area that the Limpopo government has identified as one that must grow.

Agriculture is the cornerstone of Comprehensive Rural Development, one of the key outcomes of the Limpopo Development Plan. The outcome also includes pursuing sustainable agrarian reform, improved



Ramatsimele Maisela, head of the department of agriculture and rural development. Photo: Mukurukuru Media

food security and the development of smallholder farmers. It also includes the growth of strong rural enterprises and industries with strong urban linkages, and includes investment in agro-processing. The aim is to improve Limpopo's food security, as a significant portion of the province's households is food insecure and 60% of the population depends on grants.

Maisela says agriculture is a key job creator, even if employment is seasonal and cyclical in nature. Limpopo services a fragmented market. Gauteng is the largest market, through the Johannesburg and Tshwane Fresh Produce markets.

Citrus fruit from Limpopo is exported to the US and the EU, with new markets opening up in the Middle and Far East.

She also points to a large, vibrant "informal" market in the neighbouring countries of Botswana, Zimbabwe and Mozambique, comprising people with bakkies and small trucks driving to various regions to sell and buy wares.

Maisela notes that their most pressing challenge at present is to help farmers deal with the devastating effects of drought. In the medium term, the government needs to revitalise the sector and boost its skills

levels.

The government's comprehensive agricultural support includes infrastructure support for small farmers. Government also helps farmers use electricity more efficiently so as to reduce its costs. Farmers are advised on initiatives such as co-operative marketing and pooling their production resources in transport and logistics so as to share the costs and risks involved.

Limpopo is host to five of the 44 Agri Parks being set up nationally. Limpopo's Agri Parks are set up roughly according to commodities being grown in various regions.

An Agri Park is a large defined area of about 50 hectares, which brings together the primary production facilities of a commodity as well as the agro-processing facilities such as packaging and processing machinery. An Agri Park then provides access to markets by providing research on prices and forecasting demand from various places such as the Joburg Fresh Produce market. Agri Parks also have office space to offer administrative support to farmers.

Capricorn is regarded as the potato developing region of Limpopo while Vhembe produces subtropical and citrus fruits. The Mopani district has cash crops as well as sub-tropical and citrus fruits; the Waterberg area is the Red Meat Cluster as it is removed from the Foot and Mouth disease area that borders the Kruger National Park, where the epidemic spreads from buffalo. The Sekhukhune region produces mainly grain.

Maisela points out that in 2012 an agro processing strategy was adopted but implementation was, at best, ad hoc. The department has now built capacity to fully support its strategy. She says the first thing that is required to make agro processing viable is to strengthen primary agriculture. "This ensures that we have the supply of raw materials for agro-processing." She spoke of the need to ensure that some output is processed, but there must still be enough produce left to supply the primary market.

The next is to strengthen agro-processing infrastructure, including upgraded machinery and irrigation systems. The province is also working with its local universities, the University of Limpopo and University of Venda, to improve ways of producing crops under changing climatic conditions.

## SA's FRUIT & VEGETABLE BASKET

Limpopo has 11,3 million hectares available for production



88% of its population live in non-urban areas, while

60% are involved in agriculture, well above the national average of 46,2%

### LIMPOPO PRODUCES:

- 75% of South Africa's mangoes
- 65% of its papayas (pawpaws)
- 60% of its avocados,
- 25% of its bananas and citrus
- 20% of its litchis
- The province also produces 60% of SA's macadamia nuts
- Two thirds of its tomatoes
- 285 000 tons of potatoes



## Mining transforms the once sleepy Tubatse

From page 8

The province's economy grew from second smallest – just above Northern Cape – at an annual R31-billion in 1995 to R231-billion in 2014. This was achieved mainly through the opening up of the bushveld mining complex. Mining contributes 27% to Limpopo's provincial GDP and the province has 41% of the country's platinum group metals, mostly in Tubatse. The province also accounts for 50% of the country's coal reserves, mainly in the Waterberg region.

Mphahlele said it took lots of research and consultation with investors to lure them to the bushveld mining complex. One of Leda's functions is to ensure that key stakeholders share a common vision and pull in the same direction. "We had to negotiate nose-to-nose with mining companies to say to them, come and mine," said Mphahlele.

A provincial mining roundtable, which sits every two years, was established to enable all stakeholders to iron out obstacles. He said they had to first understand the

investors' needs and also lay down the groundwork for mutually beneficial co-operation. Government worked on ensuring that mining houses have access to water resources, which are key to their operations. This included structural changes to the Flag Boshielo Dam to release 16 cubic million metres of water for mining operations.

But now, with almost two-dozen new mines set to start operations in the area, the need to upgrade the road infrastructure has been identified.

According to Mphahlele, when the mines eventually begin operating at optimum level, it will translate into a heavy-duty truck taking to the already congested road every five minutes to transport mineral ore to the smelter near Polokwane, in the northwest of the area. "We need to improve the road infrastructure. The R37 is under pressure."

To this end, said Mphahlele, they are now looking into a long-term solution: creating a rail link to ease the pressure on the road, which is the main artery that connects the Tubatse region to the northern and western parts of the province.